SERAPHIM
SPACE INVESTMENT TRUST PLC

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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Please note that the Glossary on pages 162 and 163 provides definitions for defined terms used through the Annual Report.

KEY HIGHLIGHTS

For the year ended 30 June 2023

AVERAGE PORTFOLIO COMPANY REVENUE GROWTH[(1)]

34%

AVERAGE PORTFOLIO COMPANY BOOKINGS GROWTH[(1)]

199%

INVESTMENT INTO NEW PORTFOLIO COMPANIES

£4.9M

FOLLOW ON INVESTMENTS

£12.2M

KEY PERFORMANCE INDICATORS

For the year ended 30 June 2023

NAV PER SHARE MOVEMENT[(2)]

-7.1%

SHARE PRICE MOVEMENT[(2)]

-49.1%

DISCOUNT (AS AT 30 JUNE 2023)[(2)]

70.9%

ONGOING CHARGES[(2)]

1.89%

FAIR VALUE VS.INITIAL COST (AS AT 30 JUNE 2023)[(2)]

98.5%

[(1)] Fair value weighted average (as defined in the Glossary on page 162) year-on-year growth for the 12 months ended 30 June 2023 of the top 10 holdings, representing 86% of fair value (72% of NAV) at the year end. Source: Portfolio company data.
[(2)] Alternative performance measure – see Alternative Performance Measures on pages 160 and 161.

FINANCIAL SUMMARY

	30 JUNE 2023	30 JUNE 2022	CHANGE
NAV	£222.4m	£239.3m	-7.1%
NAV per share[1]	92.90p	99.97p	-7.1%
Portfolio valuation	£187.4m	£186.1m	0.7%
Fair value vs. cost[1]	98.5%	104.3%	
Market capitalisation	£64.6m	£126.9m	-49.1%
Share price[1]	27.0p	53.0p	-49.1%
-Discount/ +premium[1]	-70.9%	-47.0%	
Ongoing charges[1], [2]	1.89%	1.72%	
Number of shares in issue	239.4m	239.4m	0.0%
Liquid resources	£35.3m	£57.7m	-38.8%

[1] Alternative performance measure – see Alternative Performance Measures on pages 160 and 161.
[2] For the 12-month period ended on the relevant year-end date.

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.

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 100 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.

Find us online: **investors.seraphim.vc**

SECTOR HIGHLIGHTS

The year ended 30 June 2023 was another year of break throughs for the space sector. It was marked by new scientific boundaries being pushed, SpaceTech's central role in geopolitics being reinforced, Big Tech (the most dominant and largest technology companies) further embracing satellite communications, multi-billion Dollar mergers and acquisitions and concerted efforts to protect the sustainability of space.

JUL 2022

First images from James Webb Space Telescope

SEP 2022

NASA DART mission alters trajectory of asteroid

OCT 2022

Construction of the Chinese Space Station completes

NOV 2022

Apple/ Globalstar deal establishes direct to smartphone satcoms

NOV 2022

Successful first launch of NASA's Space Launch System (SLS), marking the first step in the next era of lunar exploration

NOV 2022

Satcoms operator Eutelsat announces plans to merge with 'mega constellation' OneWeb for $3.4bn

SECTOR HIGLIGHTS

(continued)

DEC 2022

New US Federal Communication Commission rules on de-orbiting all space craft within five years of end of life

DEC 2022

Private equity group, Advent International, acquires Maxar for $6.4bn

APR 2023

SpaceX attempts first launch of its next generation Starship launch vehicle that is projected to decrease launch costs by a further 10x

APR 2023

Virgin Orbit files for bankruptcy following its failed launch in Jan-23

MAY 2023

Satellite operators Viasat and Inmarsat complete $7.3bn merger

SIZEABLE MARKETS ADDRESSED BY SPACE

SIZEABLE MARKETS ADDRESSED BY SPACE

SIZE OF THE OPPORTUNITY

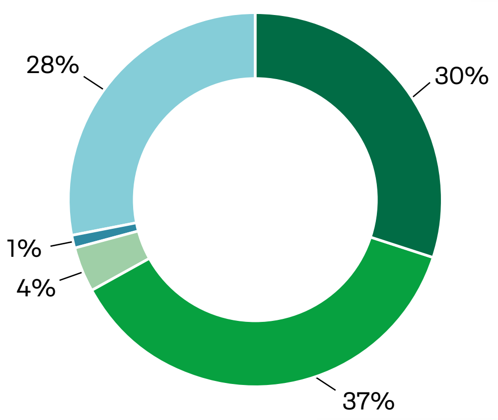
The space industry has evolved beyond the confines of traditionally being classified within 'aerospace and defence', with the utilisation of space data in large, well-established terrestrial markets. Telecommunications, navigation and transportation represent the most significant opportunities, after defence, in the near term, and have become increasingly reliant on space-based assets to drive business.

With climate change taking centre stage among global priorities, earth observation data has played a crucial role in monitoring the planet. With meteorology heavily reliant on space technology for weather forecasting, space data has also helped us better monitor deforestation and the health of oceans and ecosystems. Satellites equipped with multispectral and hyperspectral imaging sensors can detect and map mineral deposits, oil reserves and vegetation health.

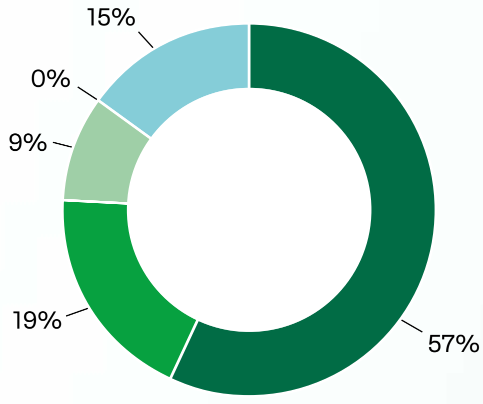
As the applications of space data remain diverse, a common factor among all of them is that SpaceTech has brought a welcome move of modernisation to traditionally large markets slow to innovate. From a venture perspective, large markets such as telecommunications and navigation remain ripe for disruption by new technologies.

The global space economy is valued at $386bn, with 72% of this attributed to the satellite industry and its downstream applications. This sub-sector is well-represented across SSIT's portfolio with 57% of companies operating within satellite services.

$386BN GLOBAL SPACE ECONOMY



SSIT PORTFOLIO BY FAIR VALUE



- Satellite Services (Telecommunications, Remote Sensing)
- Ground Equipment
- Satellite Manufacturing
- Launch
- Non-satellite Industry (Government Space Budgets, Commercial Human Spaceflight)

Source: 2022 State of the Satellite Industry Report, BryceTech, SIA

Source: Seraphim Space analysis

SIZEABLE MARKETS ADDRESSED BY SPACE

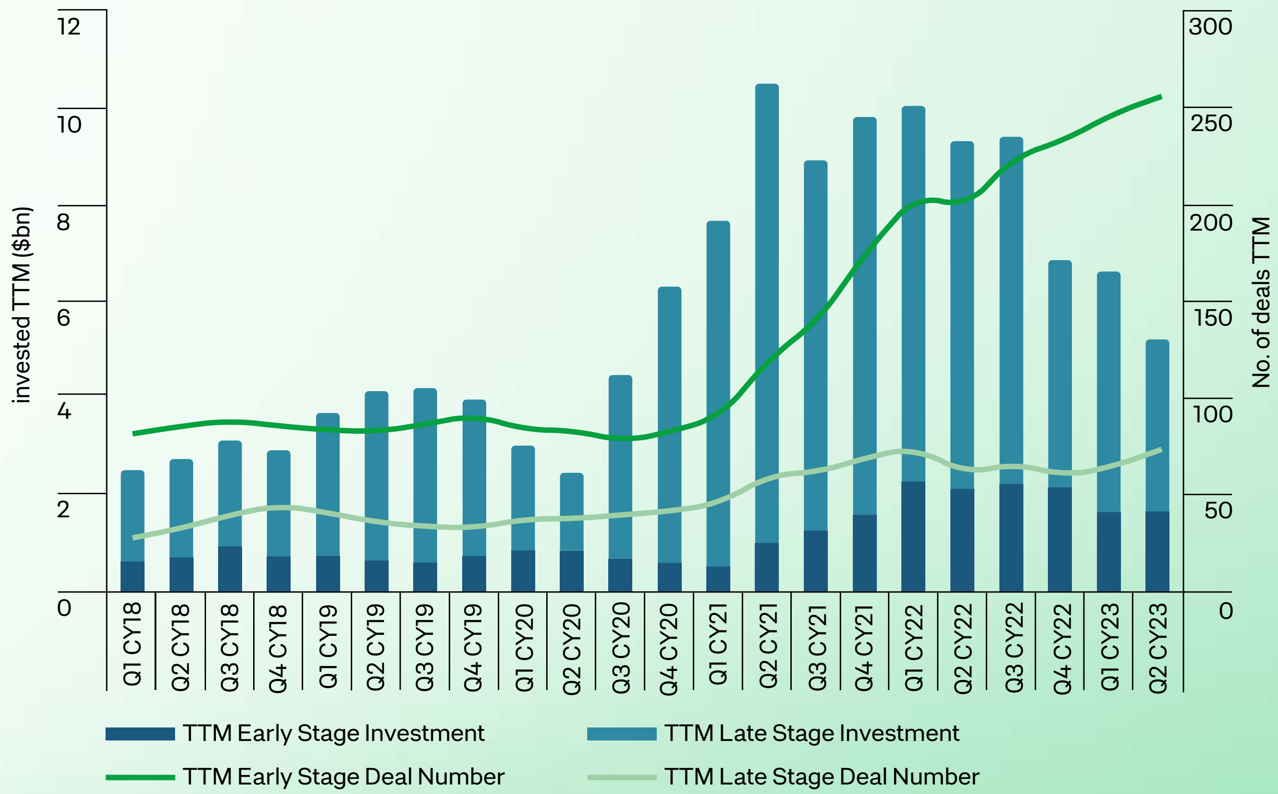
(continued)

INVESTMENT ACTIVITY

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') that provides insights into the latest trends in the SpaceTech investment market. The charts below are drawn from this index.

- SpaceTech venture capital investment for the 12 months ending June 2023 totalled $4.5bn, down from $9.2bn the previous year. However, this decline is primarily attributable to unusually large funding rounds in CY21 and CY22 such as those by SpaceX[1] and Sierra Space[2]. Excluding these, investment activity was down less than one third compared to the previous period.
- The sector has shown strong signs of recovery in the first half of CY23, where there was a 57% increase in investment compared to the second half of CY22.
- The overall number of deals in the sector has increased this year, underlining a robust early stage investment environment. Early stage investments reached an all-time high, with 257 deals in Q2 CY23, showing that investor interest remains strong at Seed and Series A.
- The number of late stage investments also saw a notable uptick in H1 CY23, particularly in Series C deals in Q2 CY23, reinforcing growing investor confidence in established SpaceTech companies.

SPACETECH INVESTMENT ACTIVITY, TRAILING 12 MONTHS (TTM), BY QUARTER



Source: Seraphim Space Index

[1] SpaceX raised $1.16bn in Q2 CY21, $1.72bn in Q2 CY22 and $750m in Q1 CY23.
[2] Sierra Space raised $1.4bn in Q4 CY21.

SIZEABLE MARKETS ADDRESSED BY SPACE

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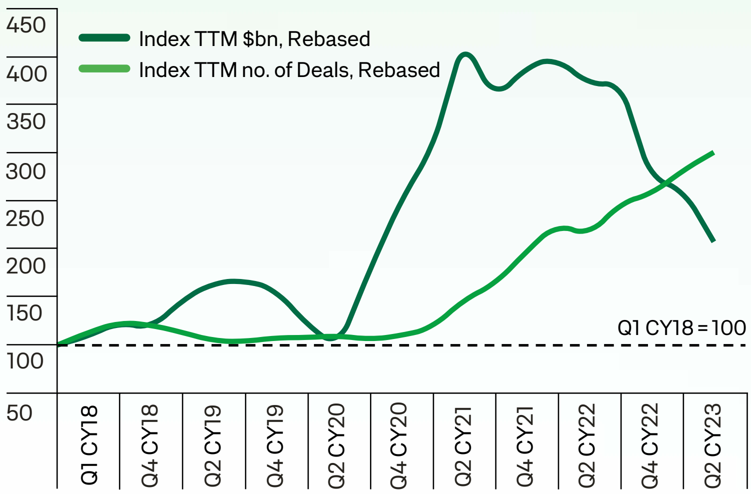
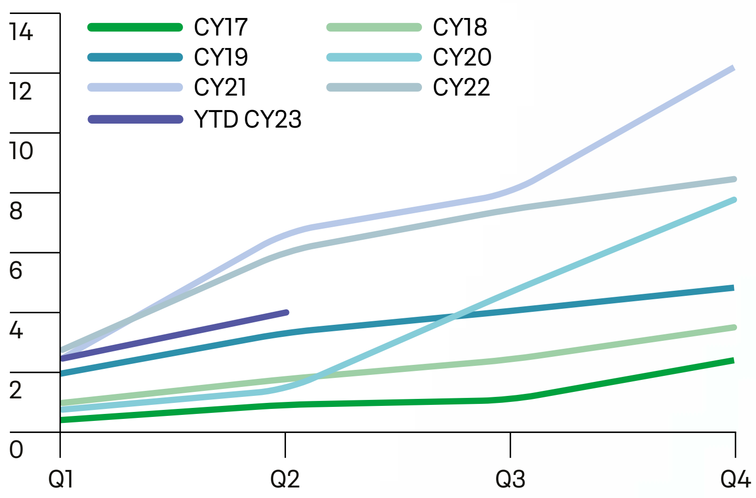
TRAILING 12 MONTHS SPACETECH INVESTMENT ACTIVITY INDEX



Source: Seraphim Space Index

- The Seraphim Space Index serves as an investment activity barometer, indexing global SpaceTech VC deals against Q1 CY18.
- Investment activity peaked at an index value of 417 in Q2 CY21 and remained strong through Q3 CY22, declining to 178 in Q2 CY23 due to less growth investing.
- Despite general market declines affecting SpaceTech, underlying startup activity continues to reach new heights with 301 deals in Q2 CY23, indicating robust sector health.

SPACETECH ANNUAL CUMULATIVE INVESTMENT TRACKER ($BN INVESTED)



Source: Seraphim Space Index

- H1 CY23 showed a SpaceTech investment rebound, marked by a resurgence in growth deals absent in H2 CY22.
- Notable funding rounds included SpaceX's $750m, Astranis' $200m, and Isar Aerospace's $165m, signaling renewed investor interest.
- Despite being down due to weak H2 CY22, trailing 12 months' data shows early signs of recovery.
- Even though H1 CY23 investment lagged behind CY21 and CY22, it still outpaced all previous years, confirming enduring market strength.

SIZEABLE MARKETS ADDRESSED BY SPACE

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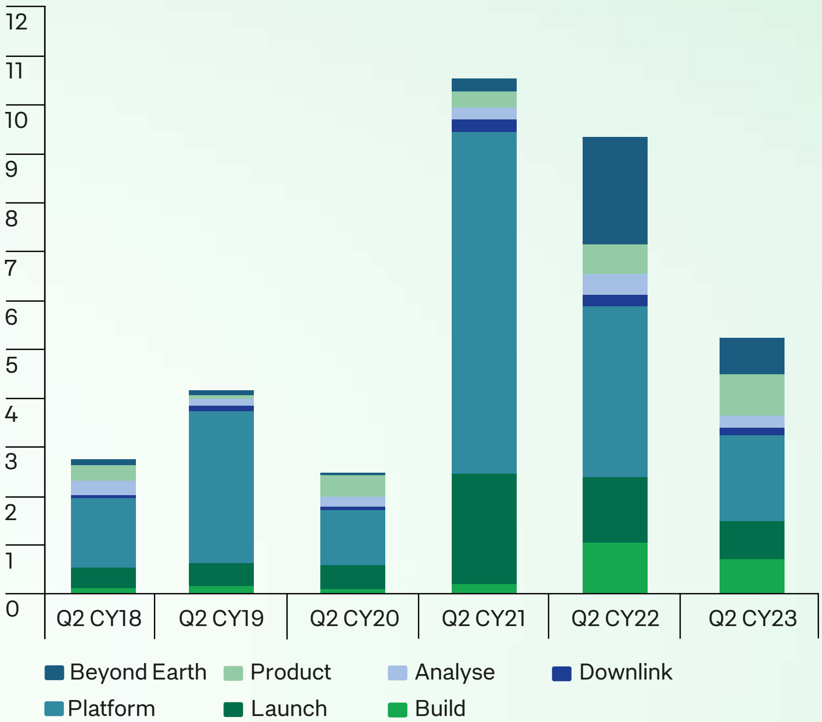
TRAILING 12 MONTHS SPACETECH INVESTMENT BY SUB-SECTOR[1] ($BN)

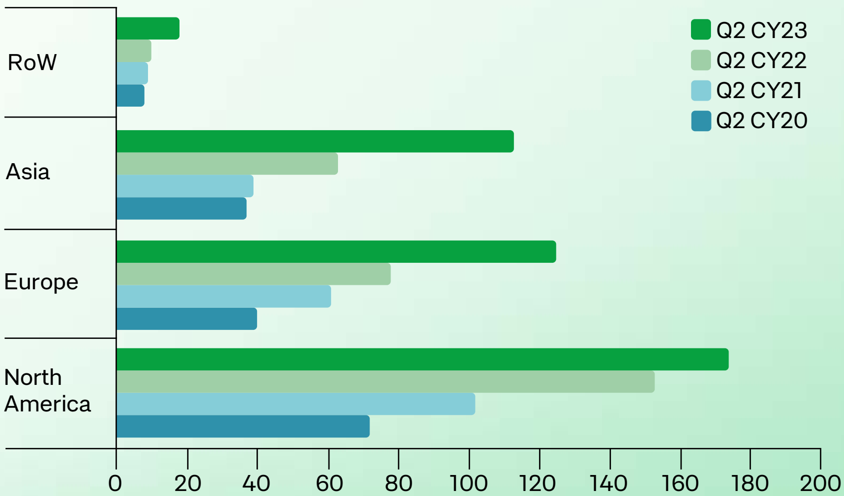


- From CY17 to CY22, the Platform segment led in venture capital investment, primarily funding next-gen communications and earth-sensing networks.
- Investment is now more diversified across the SpaceTech ecosystem, with rising interest in newly emerging sectors like Beyond Earth.

Source: Seraphim Space Index

[1] Seraphim Space's taxonomy to describe the SpaceTech sector:
Build – satellite construction/ manufacturing/ components.
Launch – rockets.
Platform – 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.

NUMBER OF SPACETECH DEALS BY REGION (12 MONTHS ENDED Q2 CY)



- Europe surpassed the US in Q1 CY23 investment, marking an early recovery in the region.
- The US regained its lead in Q2 CY23, but Europe still saw a 60% surge in deal numbers year-over-year.
- Asian investment also showed robust growth, increasing by 79% over the prior year.

Source: Seraphim Space Index

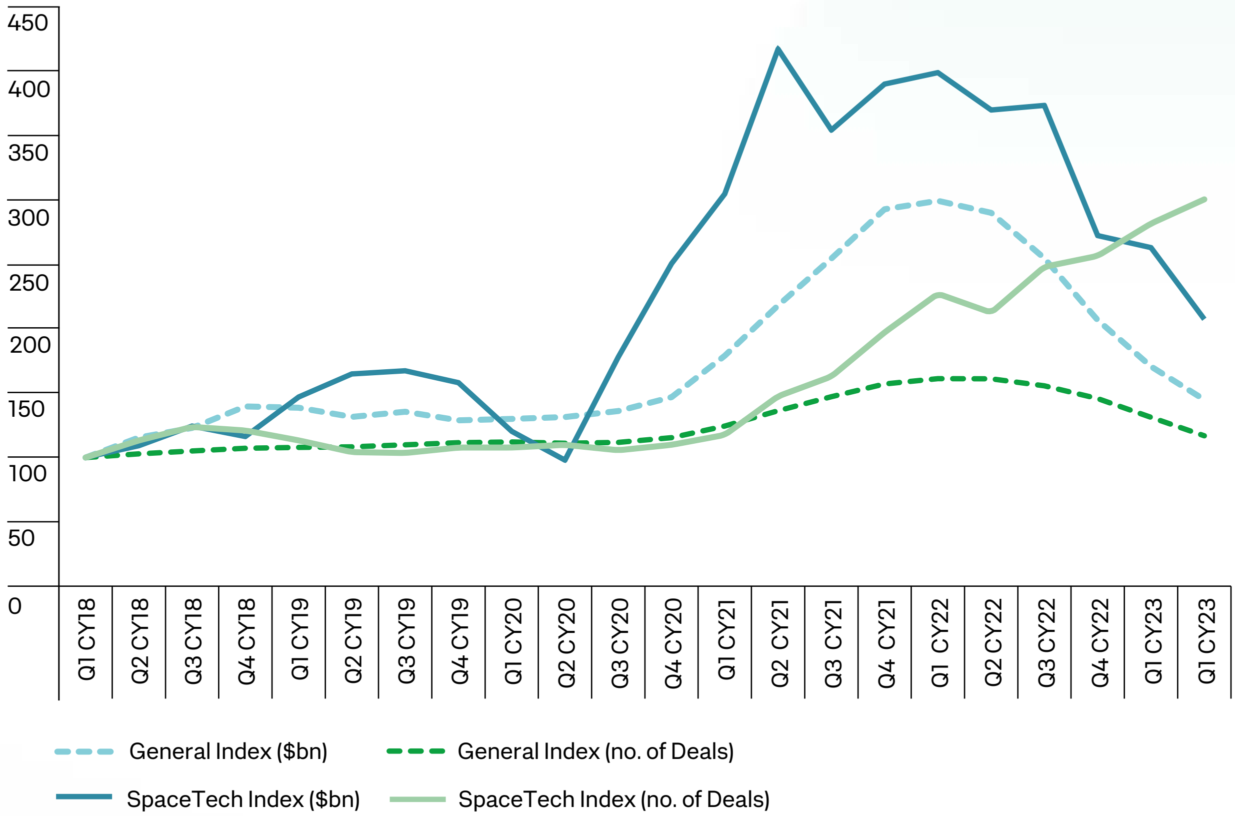
SIZEABLE MARKETS ADDRESSED BY SPACE

(continued)

SPACETECH VC ACTIVITY COMPARED TO GENERAL TECHNOLOGY VC ACTIVITY

- Compared to the broader technology venture capital landscape, SpaceTech has shown superior performance when indexed against Q1 CY18.
- Despite a 50% drop in investment from CY22 peaks, SpaceTech investment is still over twice its Q1 CY18 levels, whereas general technology VC investment is at 1.25x.
- SpaceTech has demonstrated greater resilience amid macroeconomic uncertainty, contrasting with broader technology VC trends.
- The sector's resilience is evident in its growing deal activity, in stark contrast to five quarters of decline in general technology.

TRAILING 12 MONTHS SPACETECH VS. GLOBAL TECHNOLOGY VENTURE CAPITAL



Source: Seraphim Space Index; Pitchbook; Crunchbase

SIZEABLE MARKETS ADDRESSED BY SPACE

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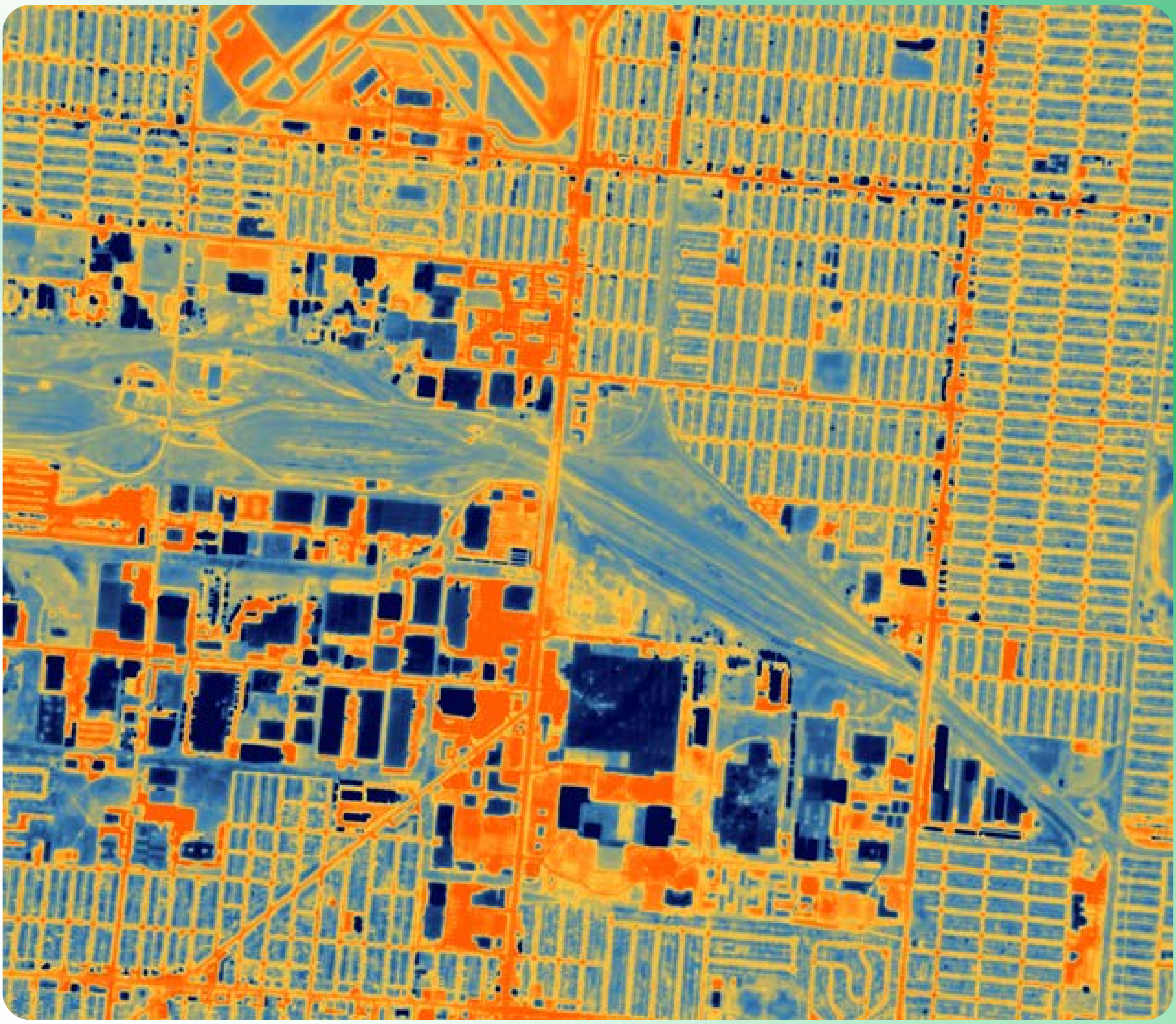


The heat of a Chicago locomotive is detected by SatVu's HOTSAT1 at night.

CHAIR'S STATEMENT

CHAIR'S STATEMENT

SSIT addresses two of the biggest threats we collectively face over this decade: firstly, geopolitical tensions and the ever-present potential for escalation of war and, secondly, the growing symptoms of climate change, including increasing instances and severity of wildfires, flooding and hurricanes. Our portfolio companies are delivering innovative ways to gather unique datasets about our planet in high resolution from space and then applying AI to create insightful solutions. The portfolio is largely well-capitalised following robust fundraising activity, with a total of 11 companies successfully closing funding rounds, the majority led by external investors and priced higher than previous rounds. This positive activity demonstrates the continued strength of the SSIT portfolio and the increasing market recognition of its potential.

In July 2023, the Board commenced a share repurchase programme which has resulted in a share price recovery to a discount level comparable to our broader peer group. We have confidence that underlying portfolio performance will instil confidence in investor sentiment going forward.

Will Whitehorn
Chair

I am pleased to present the Annual Report of Seraphim Space Investment Trust PLC for the year ended 30 June 2023.

I would like to thank all shareholders for their continued support during the challenging macroeconomic climate of 2022/ 23.

PROGRESS IN THE YEAR

£4.9m was invested in six new portfolio companies during the year, two of which were sourced through accelerator programmes managed by an affiliate of the Investment Manager. In addition, a further £12.2m was deployed as follow-on investments in eight existing portfolio companies during the year.

Highlights include the following:

- ***World firsts:*** Several portfolio companies achieved major milestones showcasing new capabilities that set the path for the space sector's future:
  - **AST SpaceMobile** (NASDAQ: ASTS) successfully demonstrated its ability to deliver space-based cellular communications at 4G speeds direct to unmodified smartphones, marking a major development in the convergence of space-based and terrestrial connectivity.
  - **SatVu** (formerly Satellite Vu) successfully launched 'HOTSAT 1', its first smallsat capable of measuring the thermal footprint of any building on the planet. This marked an important step in space's critical role in helping the world achieve Net Zero.
  - **Tomorrow.io** successfully launched its first two miniaturised radar satellites for collecting real time precipitation data to turbo charge global weather forecasting capabilities.
  - **Xona** was the first private company ever to launch a GPS satellite which demonstrated its ability to provide centimetre-level user positioning with its proprietary satellite hardware and software stack.
- ***Traction:*** Buoyed by a spike in demand by governments for commercial space capabilities to enhance global security and combat climate change, several portfolio companies witnessed record contract wins:
  - **ICEYE's** deal with Bayanat to provide five of its SAR satellites to the United Arab Emirates.
  - **D-Orbit** closing multi-million Euro contracts with the European and Italian Space Agencies.

CHAIR'S STATEMENT

(continued)

- ***New additions, new horizons:*** The six new companies invested in during the year have reinforced the Company's focus on the intersection of space technology and climate change, alongside first forays into the opportunities presented by space to the life sciences sector.

At the year-end, the Company's portfolio consisted of 30 active SpaceTech companies with an aggregate fair value of £187.4m and its cash reserves were £35.3m.

The war on Ukraine and the global macroenvironment have had a significant impact on global capital markets. As a consequence, the Company continued to implement its decision to reserve cash by deliberately slowing the pace of deployment in order to follow its rights in key existing portfolio companies whilst also continuing to actively seek to invest smaller ticket sizes in new target companies. As outlined in the Investment Manager's Report, overall, the portfolio continues to be well-capitalised, with a significant number of portfolio companies completing funding rounds during the year.

NAV

A reduction in the fair value of the portfolio caused the NAV per share to decrease by 7.1% over the year, from 99.97p to 92.90p at 30 June 2023.

The private companies in the portfolio which accounted for 87.1% by number and 97.4% by fair value of the portfolio (2022: 88.5% by number, 90.0% by fair value), represented £182.6 million of NAV (2022: £167.5 million) and continued to be relatively stable in aggregate over the year, despite the challenging macroeconomic environment. 11 completed funding rounds during the year, only one of which was priced at a lower price than the previous round. The fair value of the private companies in the portfolio was 119.2% of cost (2022: 122.9%) or 122.5% excluding FX impact (2022: 117.1%). A combination of underperformance against expectations, limited cash runways and lower priced funding rounds led to write downs of PlanetWatchers, ALL.SPACE, Altitude Angel, Edgybees, Xona Space Systems and LeoLabs, which was more than offset by mark-ups of SatVu, D-Orbit, ICEYE, Astroscale and HawkEye 360 in the main portfolio and also two early stage companies. The Investment Manager's Report includes a more detailed review of the performance of portfolio companies.

The listed element of the portfolio (13.0% in fair value vs. cost (2022: 44.7%)) continued to experience reducing share prices. We continue to believe that this is distinct from the performance of the private portfolio, and continues to be in line with other companies which went public via mergers with special purpose acquisition companies ('SPACs') as explained on page 38, precipitated by rising interest rates, global energy prices, high inflation and the war on Ukraine, as well as being driven by fundraises at two of the companies which put pressure on their share prices.

Continued strengthening of Sterling against the US Dollar over the year, resulting in £6.8m in FX loss in the year (2022: £16.8m gain).

CHAIR'S STATEMENT

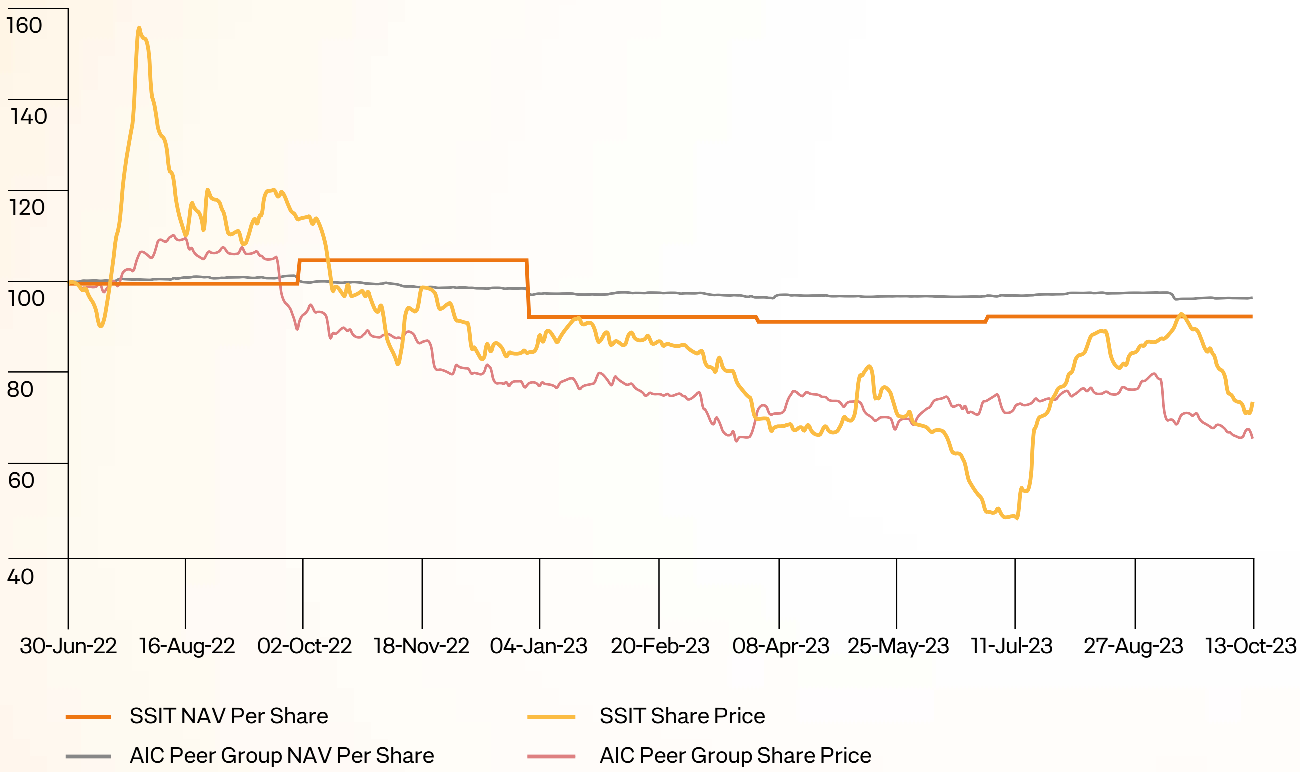
(continued)

SHARE PRICE

The Company's share price continued to fall over the year driven by significant volatility experienced by global stock markets in 2022/ 23. In particular, the heavy falls suffered by growth and smaller technology stocks and alternative investment vehicles, which continue to be depressed, has also impacted the broader peer group. The NAV per share has remained more resilient, in line with performance of the underlying private portfolio companies which continue to develop their products and services. At 30 June 2023, the share price was 27.0p, a decrease of 49.1% from 53.0p at 30 June 2022.

SSIT underperformed the peer group, particularly in relation to its share price, over the period, although the share price recovery since the year-end has led to significant improvement, with SSIT outperforming its peer group since early August 2023, as shown in the chart below.

SSIT NAV PER SHARE AND SHARE PRICE VS. AIC PEER GROUP[1] (£, TOTAL RETURN REBASED TO 100)



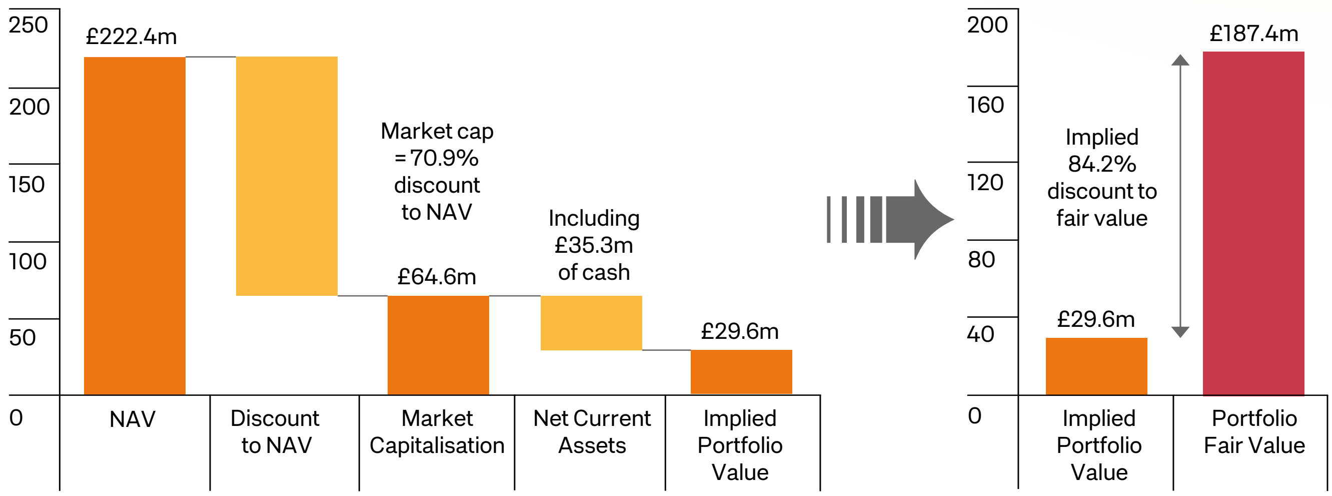
Source: Datastream; Morningstar; Bloomberg
[1] AIC peer group is average of AIC Growth Capital peer group.

The share price as at 30 June 2023 represented a 70.9% discount to NAV, a further decline from the 47.0% discount as at 30 June 2022, and an implied 84.2% discount to the fair value of the portfolio (once cash on balance sheet is discounted) (2022: 62.8%). The Board continues to believe this does not reflect the performance of the portfolio or how downside protections in well-capitalised companies are effectively protecting shareholder value (see pages 25 to 27 of the Investment Manager's Report for more detail). Post the year-end, the share price decline continued, reaching a low of 26.1p on 12 July 2023. The Company announced a share repurchase programme on 13 July 2023 and the share price has improved to 39.5p on 13 October 2023.

CHAIR'S STATEMENT

(continued)

SHARE PRICE IMPLIES A SIGNIFICANT DISCOUNT TO FAIR VALUE



EARNINGS AND DIVIDEND

The Company made a revenue loss after tax of £4.5m for the year, equal to -1.88p 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.

RESPONSIBLE INVESTMENT

The Board is keen to demonstrate the Company's commitment to responsible investing through objective reporting metrics for ESG factors. The Investment Manager continues to use its proprietary due diligence tool in order to assess sustainability opportunities and ESG risks associated with each potential investment, and has been able to identify risks that have led it to turn down opportunities in the year, as well as to identify opportunities that portfolio companies can take advantage of in order to deliver positive ESG and sustainability impacts.

More detail on the Investment Manager's Responsible Investment Policy and ESG metrics for the portfolio starts on page 62. In addition, examples of some of the ESG impact being delivered by the portfolio is included in the case studies on pages 58 and 59.

BOARD

From the Annual General Meeting which took place on 13 November 2022, Angela Lane succeeded Christina McComb as Chair of the Audit Committee and Christina succeeded me as Chair of the Management Engagement Committee.

AVAILABILITY OF ANNUAL REPORTS

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

ANNUAL GENERAL MEETING

The AGM of the Company will be held at 12.00 p.m. on 20 November 2023 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 2023. 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.

CHAIR'S STATEMENT

(continued)

The Directors and representatives of the Investment Manager will be available at the AGM (either in person or via video conference) 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 on 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.

EVENTS AFTER THE YEAR END

As mentioned under 'Share Price' above, the Company announced a share repurchase programme on 13 July 2023. The weighted average share price at which the shares were brought back represents a discount of 51% to the NAV per share at 30 June 2023. In the period to 13 October 2023, the Company bought back a total of 2,186,344 shares (0.9% of the shares in issue on 12 July 2023) at an aggregate cost of £1.0m. The shares bought back are being held in treasury. The closing share price on 13 October 2023 was 39.5p, an increase of 51% from the closing share price of 26.1p on 12 July 2023.

Since 30 June 2023, five further investments (two new investments and three follow-on investments) have been concluded for an aggregate cost of £4.1m, and terms have been agreed on another potential addition to the portfolio. A further additional potential investment is in due diligence.

On 7 October 2023, conflict broke out between Israel and Palestine. We are working with the Israeli companies in the portfolio to support them as necessary, but there has been limited impact to date.

OUTLOOK

The Board continues to believe that the SSIT portfolio is well-positioned given the strong global tailwinds of increased defence spending and an openness to adopt solutions to address the climate and sustainability agenda. The top 10 companies saw their bookings increase by 199% on average[1] over the year. Therefore, these companies have solid contracted orders for the years ahead, providing great confidence to investors.

Encouragingly, we have seen some well-known private equity investors, such as KKR, Advent and BlackRock, entering the sector to build their SpaceTech exposure and indicating interest from new investor groups. Given their broad mandate to invest across sectors, their focus on space gives us confidence of increasing growth aspirations for the domain. Furthermore, with significant amounts of dry powder (capital which has been committed to but not yet invested by investment vehicles) sat in impact and climate funds from across the globe, we remain confident that there is a large and growing pool of motivated capital to support the needs of companies in the SSIT portfolio in the years ahead.

We have reserved cash to support portfolio fundraisings as required in the year ahead, leaving a modest sum for new investment until the market improves and more capital can be raised. Experience demonstrates that some of the best investments are undertaken at the bottom of the economic cycle. The SSIT deal flow pipeline is healthy and, given cash constraints, we are focused on participating in only the most exceptional opportunities, carefully selecting those with a strong growth premise that offer the highest returns for shareholders.

WILL WHITEHORN
Chair

16 October 2023

[1] Fair value weighted average (as defined in the Glossary on page 162) year-on-year growth for the 12 months ended 30 June 2023 of the top 10 holdings, representing 86% of fair value (72% of NAV) as at 30 June 2023. Source: Portfolio company data.

INVESTMENT MANAGER'S REPORT

INVESTMENT MANAGER'S REPORT

‘In a challenging and volatile macroeconomic environment, our portfolio companies have demonstrated resilience and leadership, resulting in strong revenue (+34%) and bookings (+199%) growth. We've been heartened by the support from both existing co-shareholders and new investors, reflecting a flight to quality during uncertain times. This year, 11 portfolio companies successfully raised funding, with the majority led by new external investors, and we actively participated in two-thirds of these rounds. Our portfolio's valuations have remained robust, with a fair value of £187.4m, experiencing a marginal 0.7% year-on-year increase. The structuring of investments using a combination of preference shares and anti-dilution protection has made us less susceptible to short-term fluctuations in enterprise value.

During the year, the Company invested £4.2m into two additions to the Company's main portfolio, Taranis and Voyager. We also continued to support the portfolio companies in which we have the highest conviction, investing £12.2m in eight companies, split between our main portfolio (£10.7m) and early stage, non-material positions (£1.5m). The cash position within the portfolio is robust with 20 months of cash runway on average in the private portfolio. Looking ahead we remain focused on essential follow-on investments and smaller transactions, as we prioritise cash preservation in the current economic climate. Overall, we remain committed to our strategy and are confident in the performance outlook of our portfolio.’

Mark Boggett
CEO, Seraphim Space

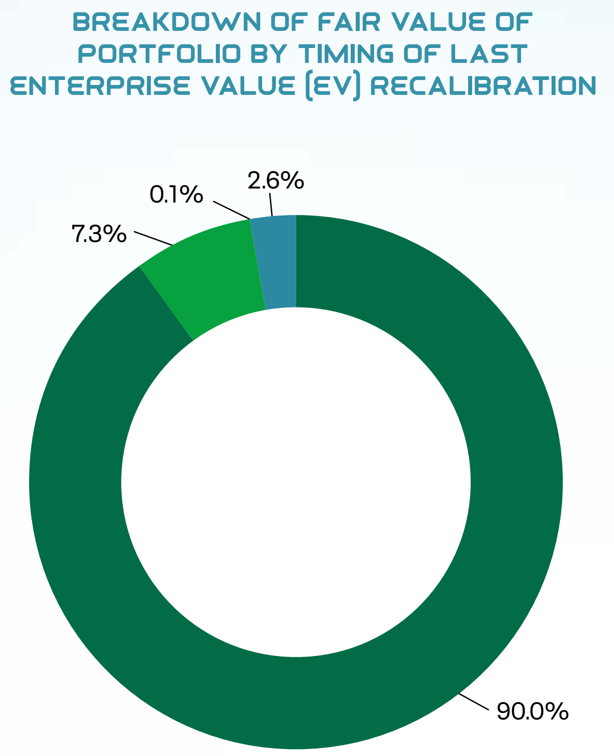
OVERVIEW

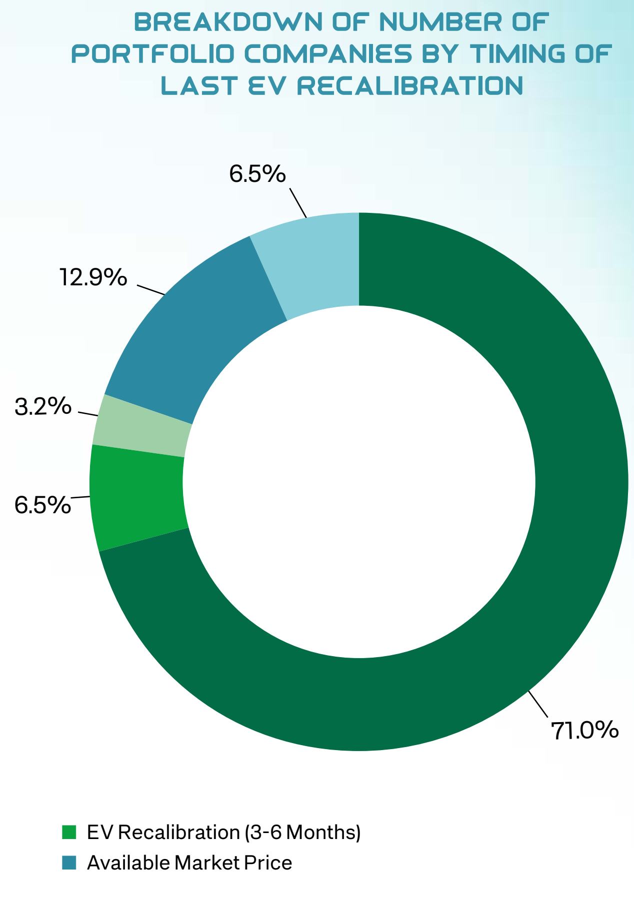
We moved to a slower rate of deployment in Q1 CY22 and established a framework to preserve cash, support the portfolio and continue to make limited new investments. This strategy has played out in line with expectations, and we have been encouraged by both the performance of the underlying portfolio companies and the continued appetite of co-shareholders and new investors to support the capital needs of the portfolio companies. In challenging times there is always a flight to quality, and we can confidently assert that many portfolio companies have extended their leadership positions during this more challenging and volatile macroeconomic period and are delivering strong revenue and bookings growth, as outlined on page 1, as they address strong demand for their products and services. The value of the Company's investments has been robust, with the portfolio fair value at £187.4m, up 0.7% year-on-year. As explained below, 11 portfolio companies raised funding, with the majority of rounds led by new external investors. SSIT participated in two-thirds of the rounds. Seven of the rounds were made at higher valuations relative to previous rounds, one was flat and one was lower, with the remainder being unpriced convertible loan notes. This positive investment activity demonstrates the continued strength of the portfolio companies and the increasing market recognition of their potential.

This also brings into sharp focus the underlying investment structuring employed across the portfolio, including liquidation preference and anti-dilution clauses, which is an important part of our investment toolset. This approach to structuring makes SSIT less vulnerable to short-term negative fluctuations in the enterprise value of a portfolio company. In the case of liquidation preference, the last monies invested stand first in line to get back the original subscription price paid before any other prior round shareholders are paid. Anti-dilution provides for additional shares to be issued to rebalance the stake in a company in the event that future rounds are undertaken at a lower share price.

Portfolio valuation methodologies

As outlined in the charts below, 92.6% of the portfolio by fair value is valued using either available market price or an enterprise value that has been recalibrated in the last three months.





Downside protection

An important consideration in relation to valuation is the structuring of individual investments. We routinely seek to obtain downside protection measures across the private companies within the portfolio via preference shares, rather than common equity. All the top 10 private companies in the portfolio are structured via preference shares with weighted average anti-dilution protection and/ or liquidation preference.

Preference shares sit above common equity in the capital structure in the event of a liquidity event, but below creditors such as banks. Preference shares offer more defensive exposure to an asset with their 'liquidation preference'. Liquidation preference provides a prioritised return ahead of other previously issued share classes, which means value can be preserved even in scenarios where a business is sold at a far lower valuation than that used to make the investment.

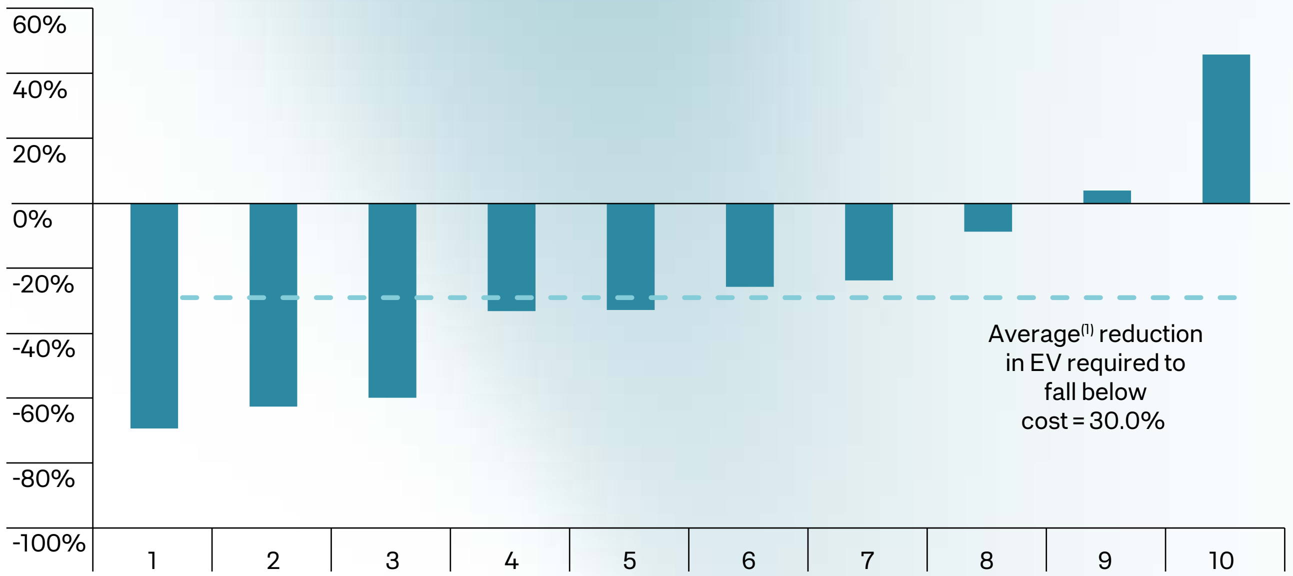
Anti-dilution rights retrospectively amend the price paid or the number of shares owned where a subsequent funding round is done at a lower valuation (a down round). These measures can help mitigate dilution in the event of a down round, but it rarely results in no dilution. Additional shares are often issued at par to ensure that the shareholdings of existing investors are at least partially protected in a down round. We typically apply weighted average dilution, which provides a proportion of adjustment and less protection, but still a better outcome than if no anti-dilution measures were applied in the event of a down round.

INVESTMENT MANAGER'S REPORT

(continued)

Downside protection afforded by liquidation preferences means that, relative to the most recent valuation event used to calculate fair value, valuations within the top 10 holdings would on average need to fall by more than 30.0% before fair value would fall below cost (on a fair value weighted basis). The chart below shows how much the enterprise value of each company in the top 10 private companies (on an anonymised basis) would need to fall in order to return cost. In order to deliver cost, companies 9 and 10 need to see an increase in enterprise value, as their enterprise values are currently below cost.

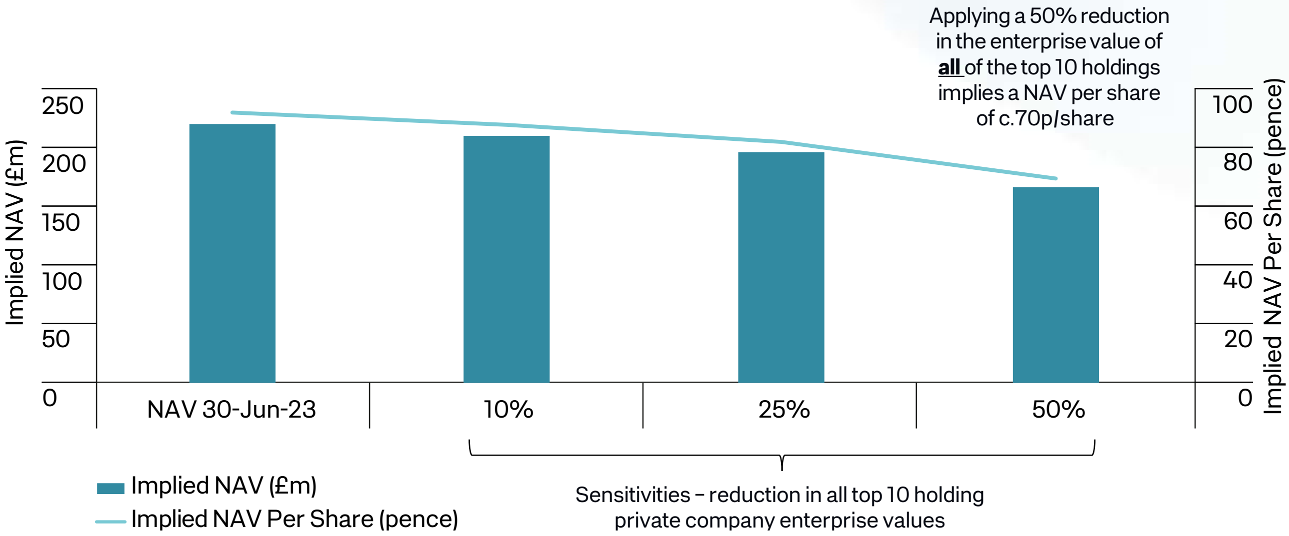
IMPLIED CHANGE IN EV REQUIRED BEFORE FAIR VALUE WOULD FALL BELOW COST



[1] Fair value weighted average (as defined in the Glossary on page 162) year-on-year growth for the 12 months ended 30 June 2023 of the top 10 holdings, representing 86% of fair value (72% of NAV) as at 30 June 2023.

As outlined in the chart below, applying sensitivities of a 10-50% reduction in the enterprise values of the top 10 holdings results in an implied NAV per share of 70p to 93p.

EV SENSITIVITY ANALYSIS OF THE TOP 10 HOLDINGS AS AT 30 JUNE 2023



INVESTMENT MANAGER'S REPORT

(continued)

Preference shares

What are they?

- Class of shares that rank senior to ordinary shares/common stock.
- 'Liquidation preference' provides for priority return ahead of other previously issued classes of shares.

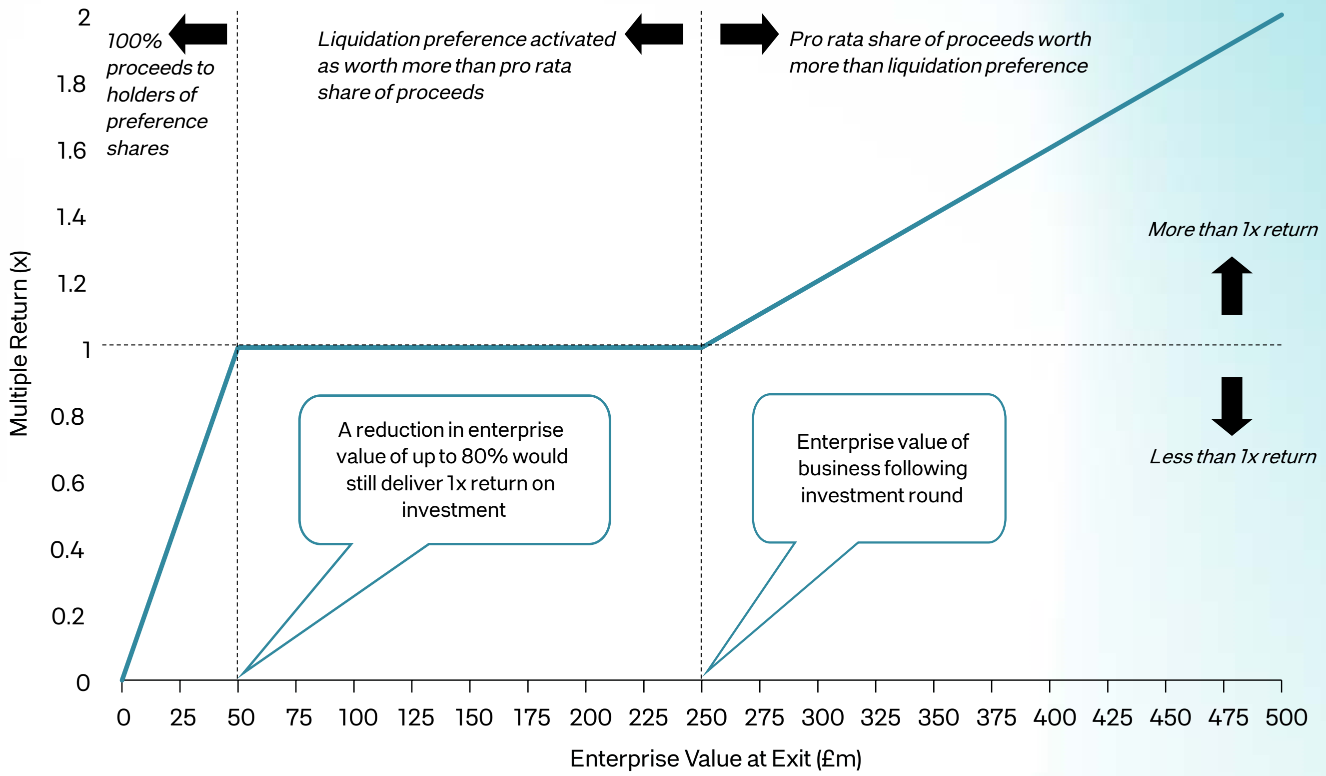
How do they work?

- Ranks junior to debt and, typically, future issues of preference shares, but senior to ordinary shares/ other classes of existing shares.
- At exit, holder receives amount – normally equivalent to 1x return – ahead of any other proceeds being distributed to junior ranking shares.

What is their purpose?

- Protect value of investment.
- Provide downside protection by potentially delivering 1x return in low exit scenarios.

WORKED EXAMPLE: LIQUIDATION PREFERENCE PROTECTING 80% EV REDUCTION



Assumptions: £50m invested at £200m valuation; New class of preference shares ranking senior to all other share classes; Preference shares have 1x return non-participating liquidation preference.

INVESTMENT MANAGER'S REPORT

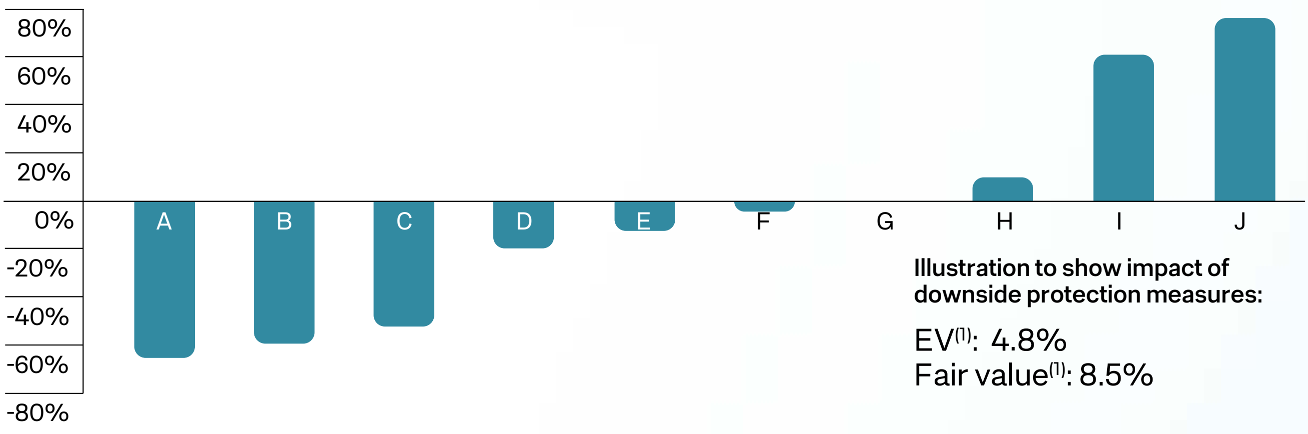
(continued)

Enterprise value recalibrations

PROPORTION OF FAIR VALUE WHERE EV WAS RECALIBRATED IN THE 3 MONTHS TO 30 JUNE 2023	TOP 10 PRIVATE COMPANIES' EV CHANGE[1] IN THE YEAR
92.6%	4.8%
NUMBER OF PORTFOLIO COMPANIES THAT WERE EXISTING PORTFOLIO COMPANIES AT THE START OF THE YEAR AND RAISED A PRICED ROUND IN THE YEAR	NUMBER OF PORTFOLIO COMPANIES THAT WERE EXISTING PORTFOLIO COMPANIES AT THE START OF THE YEAR AND RAISED A PRICED ROUND POST THE YEAR END
9	4

The chart below shows, on an anonymised basis, the percentage change in the underlying EV of each of these companies for the year ended 30 June 2023. Changes in EV relate to either new funding rounds or adjustments from quarterly valuation recalibration exercises. It is worth noting that, as a result of the downside protections in place, most particularly liquidation preferences, where there were reductions in underlying EV, these have not necessarily translated directly into commensurate reductions in fair value. Therefore, while the underlying EV of the private companies within the top 10 holdings has increased by 4.8%, the aggregate fair value has increased more, 8.5% (both on a fair value weighted average basis).

TOP 10 HOLDINGS UNDERLYING EV CHANGE 1 JULY 2022 TO 30 JUNE 2023



Source: Seraphim Space analysis

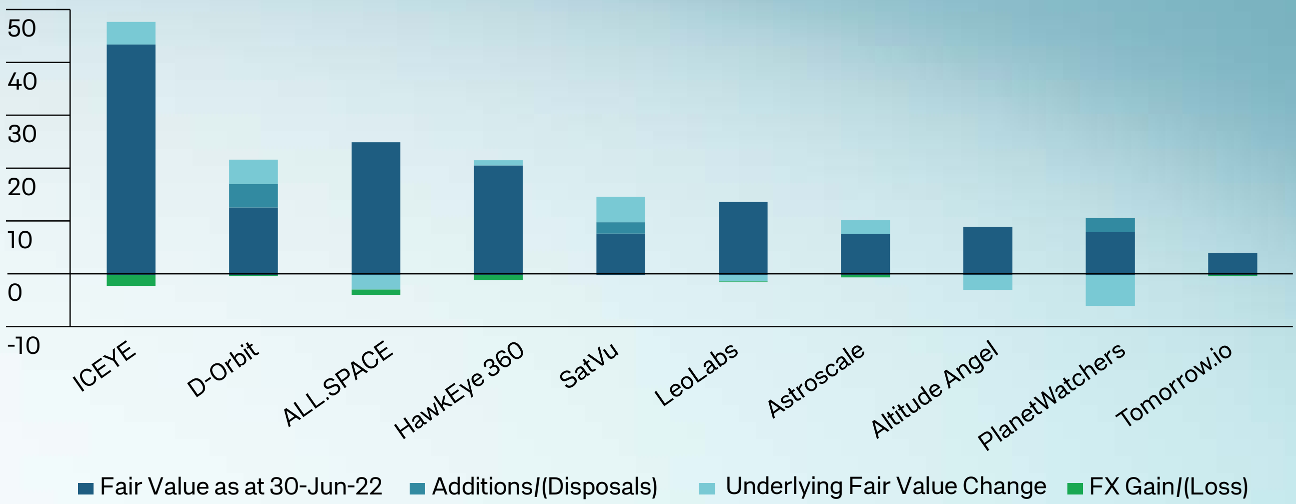
[1] Fair value weighted average (as defined in the Glossary on page 162) year-on-year change for the 12 months ended 30 June 2023 of the top 10 holdings, representing 86% of fair value (72% of NAV) as at 30 June 2023.

INVESTMENT MANAGER'S REPORT

(continued)

The chart below shows the fair value changes for the top 10 holdings from 1 July 2022 to 30 June 2023. Amounts below the axis are reductions in fair value.

TOP 10 HOLDINGS' FAIR VALUE CHANGES 1 JULY 2022 TO 30 JUNE 2023 (£M)



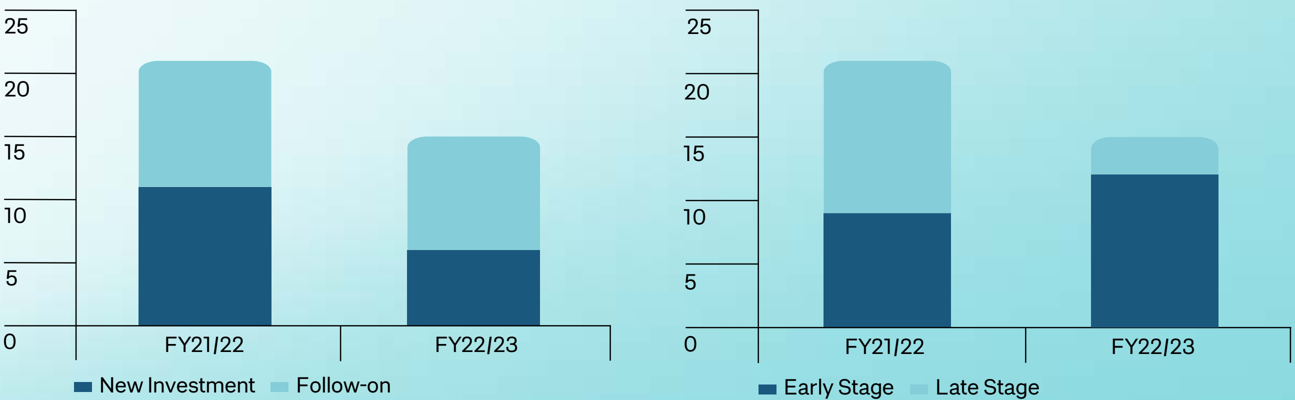
As explained above, more recently we have seen an uptick in the number of new funding rounds being raised. Portfolio companies representing more than 60% of the fair value of the portfolio were existing companies at the start of the year and managed to raise a priced round during the year or post the year end. Of the nine priced funding rounds completed during the year, seven were priced higher than the previous round, one was priced lower and one was flat. We believe this indicates improvement in the market.

INVESTMENT ACTIVITY

Year ended 30 June 2023

In light of global markets and the continued share price discount restricting the ability to raise additional capital, we slowed down the pace of investment significantly from the beginning of 2022. The chart below shows the number of deals done in the year ended 30 June 2023 vs. the previous year. The number of follow-on investments remained relatively constant. New investments and late stage (Series B+) deals were both lower than in the year ended 30 June 2022 as we focused on required follow-on investments and favoured smaller transactions due to the need to preserve cash in the current environment.

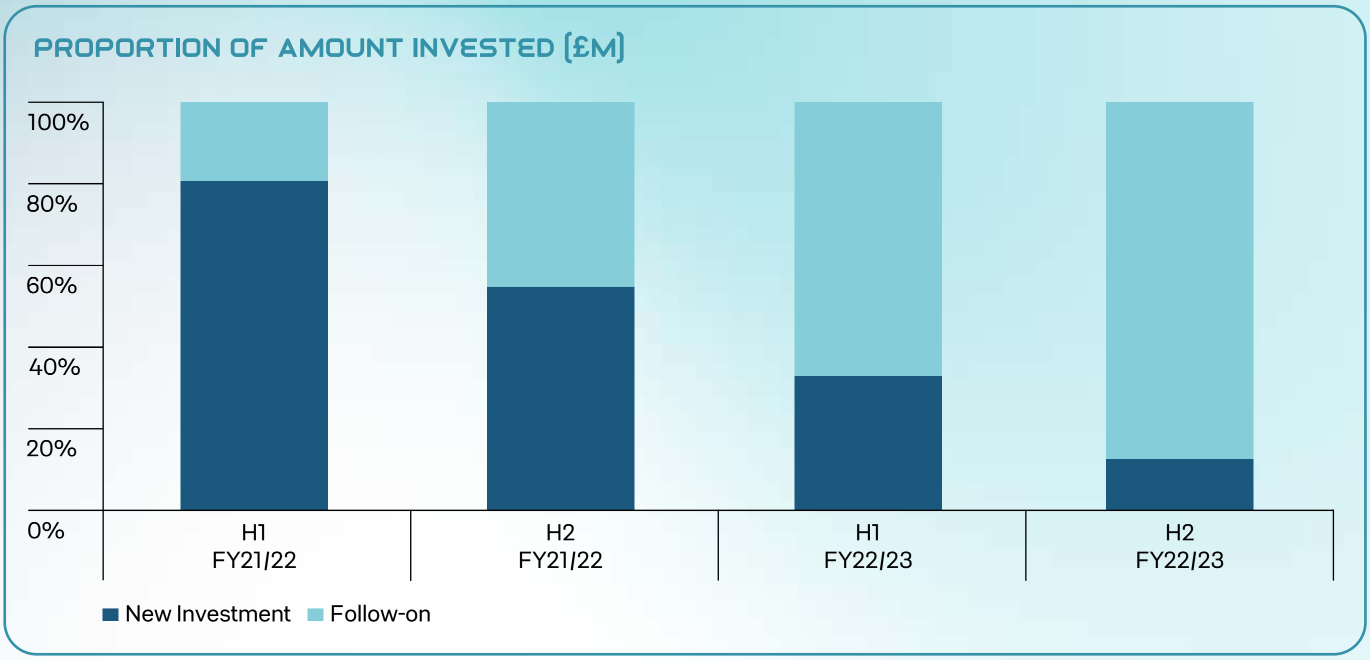
NUMBER OF INVESTMENTS



INVESTMENT MANAGER'S REPORT

(continued)

As a proportion of amount invested, follow-ons have significantly increased over the life of the Company.



New investments

During the year, the Company invested £4.2m into two additions to the Company's main portfolio: (**Taranis** and **Voyager**) and funded the investment in **Tomorrow.io** which had closed at the end of the previous financial year. In addition, there were four new investments into early stage portfolio companies for a total of £0.7m.

Taranis is an agriculture-focused AI company that uses earth observation data to optimise crop yields and increase global food supply. Taranis is improving agricultural efficiency by providing insights to growers on field health. Taranis uses satellite and drone imagery, in combination with its extensive library of crop health indicators, for early detection of disease or nutrient deficiencies. These accurate and local assessments improve crop yields by better tailoring the use of fertilisers and pesticides. In August 2022, the Company completed a $2.5m (£2.1m) investment in Taranis' Series B investment round. Taranis received investment from numerous top Israeli venture and growth investors. With this round, Taranis will build out its US sales capability, and gain early traction with its new carbon monitoring product.

Voyager is a next generation Space Prime that is developing Starlab, a free flying space station. Starlab will provide the facilities to host public and private astronauts, as well as forming the critical infrastructure required to support research, development and manufacturing in space. The Company completed a $2.5m (£2.1m) investment into Voyager's Series B investment round in July 2022. Voyager intends to use the funds raised to continue to finance the development of Starlab and expand its capabilities through strategic M&A.

NEW INVESTMENT CASE STUDY:

TOMORROW.IO

Investment thesis

Tomorrow.io is revolutionising weather forecasting by enabling companies across industries to easily build, standardise and automate weather-related operating protocols. This is possible through high-accuracy, hyperlocal short-term forecasts that are unrivalled within the industry.

Round

New investment: Convertible Loan Note Pre-Series E round.

SSIT investment/ round size

$5m/ $87m.

Co-investors

Activate Capital, Canaan Partners, Clearvision Ventures, Pitango, Square Peg, Stonecourt Capital.

Problem

Billion Dollar industries, including aviation, logistics and utilities are, adversely impacted by weather events. Traditional weather forecasts are not sufficient to translate into operational decisions.

Solution

Tomorrow.io provides industry-specific actionable weather insights via APIs/ platforms that are embedded into the operational processes of its customers. Insights are based on both proprietary weather models and satellite data.

Market

Global spend on weather was estimated to be $56bn in 2015[1]. Assuming growth has continued at the historic 8% CAGR, the market would have been valued at roughly $104bn in 2022.

Latest news

- Successfully closed $87m Series E round in June 2023.
- Launched its first two weather radar satellites in Q2 CY23 to provide proprietary global precipitation data.
- Released new Unified Precipitation (UP) solution to provide real-time and nowcast (0-6 hours) global precipitation with unparalleled accuracy.

[1] Global disparity in the supply of commercial weather and climate information services by Lucien Georgeson, Mark Maslin and Martyn Poessinouw, 24 May 2017.

NEW INVESTMENT CASE STUDY:

VOYAGER

Investment thesis

The commercial and government ecosystem in low earth orbit is experiencing sustained growth that will create sufficient demand for a new Space Prime akin to incumbent defence prime contractors such as Lockheed Martin. The most agile and adaptable companies are expected to be competitive given existing primes are hampered by engrained procedures and operations, making them ill-suited for the prime contracts of tomorrow.

Round

New investment: Series B.

SSIT investment/ round size

$2.5m/ $92m.

Co-investors

Walleye Capital, Senvest, Juniper, Scout.

Problem

Today, the only organisations capable of delivering cutting edge space infrastructure, like space stations and CisLunar missions are the existing base of large defence primes. These organisations are notoriously slow moving, costly and regularly subject to delays and cost overruns due to outdated working practices. They are unsuited to the evolving and dynamic needs of the in-space economy.

Solution

Voyager's lean, fast-moving organisation, with a strong commercial mindset, will provide the next generation hardware demanded by the evolving userbase of space. Voyager will be best positioned to capitalise on the demand from a customer base increasingly prioritising commercial considerations for the businesses which they operate in space.

Market

With Voyager's Starlab space station, the business is well-placed to address the approximately $4bn annual spend on the International Space Station. Furthermore, new markets of in-space manufacturing and R&D at maturity are expected to be worth $5bn annually.

Latest news

- Acquired its 7th subsidiary, ZIN Technologies. ZIN Technologies brings decades of experience in engineering, design and integration of human-rated spaceflight systems.
- Announced its $80m Series B raise.
- Announced a joint venture with Airbus to build and operate the Starlab space station.

Follow-on investments

The Company continues to invest in line with the strategy articulated at the time of its IPO, seeking to increase the level of support for those portfolio companies which we have the greatest conviction in. During the year, the Company invested £12.2m of additional funding in eight companies (five in the main portfolio totalling £10.7m and three early stage, non-material positions totalling £1.5m). The main follow-ons are outlined below.

In August 2022, the Company completed a $3m (£2.5m) follow-on investment in **PlanetWatchers**, acting as co-lead alongside Creative Ventures as part of PlanetWatchers' Series A investment round. With this round, PlanetWatchers is looking to invest in automation and fuel its commercial growth through expanded sales efforts. PlanetWatchers uses synthetic aperture radar data to tell the story of every field, helping crop insurers and farmers to automate data capture and claims validation.

In December 2022, the Company invested a further €5m (£4.4m) alongside other shareholders in **D-Orbit** to help consolidate its position as the market leader within the in-space transportation market. D-Orbit is the market leader in space logistics, providing last-mile satellite delivery, space cloud computing and hosted payload operations.

In March 2023, the Company completed a €1.0m (£0.9m) follow-on investment in **QuadSAT** as part of the company's €6.3m Series A investment round led by IQ Capital. QuadSAT will utilise this funding to execute on its increasingly strong commercial pipeline. QuadSAT provides satellite operators, antenna manufacturers and service providers with a flexible and cost-efficient solution to test and validate the performance of antennas. Its drones, equipped with specialised instruments, collect data efficiently and accurately without the need for manual labour.

In May 2023, the Company completed a £2.1m follow-on investment in **SatVu** as part of the company's £13m Series A2 round. Shortly after the closing of this round, SatVu launched its first satellite (HOTSAT1). This funding round will allow the business the runway to start executing on over £100m of commercial interest and provide meaningful headway to the launch of the second satellite in its constellation. SatVu is deploying a constellation of infrared sensing satellites. Using this constellation, the business will be able to monitor the temperature of any building on the planet in near real time to determine valuable insights about economic activity, energy efficiency and carbon footprint.

FOLLOW-ON CASE STUDY:

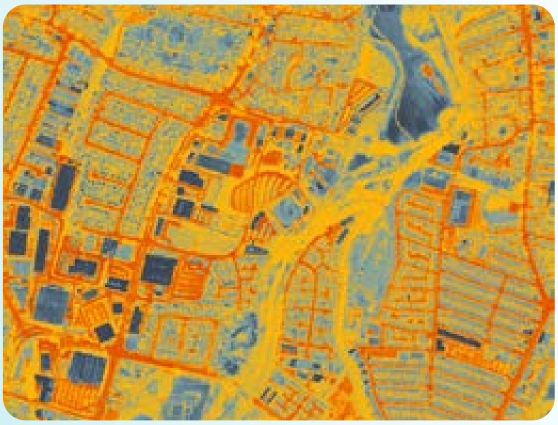
SATVU

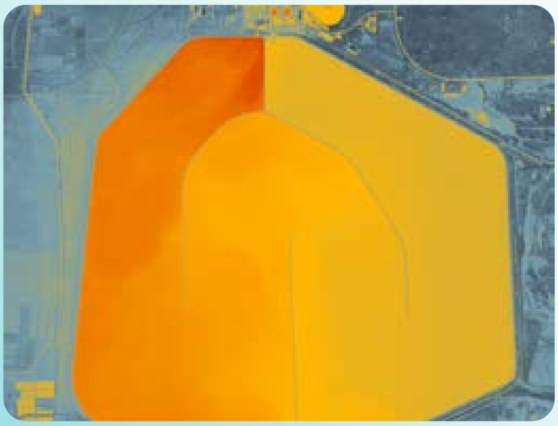
Investment thesis

Finding a way to pinpoint the worst energy-wasting buildings on a global scale is a pressing issue if the world is to achieve Net Zero.

By measuring the thermal footprint of any building on the planet, SatVu's high resolution, high revisit infrared satellite constellation holds the key to resolving this issue.

SatVu





Round

£13m Series A2.

SSIT investment

Total : £6.7m (Seed, Series A and Series A2).
Series A2: £2.1m.

Co-investors

Molten Ventures, AO Proptech, Lockheed Martin, In-Q-Tel.

Problem

Infrared (IR) has a unique capability to 'see' inside buildings/objects. This holds vast potential for gathering intelligence for defence, economic activity and energy efficiency applications. Existing IR satellites are government-operated, cost hundreds of millions of Dollars and lack the resolution or revisit required for these applications.

Solution

SatVu is developing the world's first constellation of mid-wave IR small satellites that represent a 10-100x reduction in cost and weight versus existing government satellites.

Market

Defence, intelligence, industrial monitoring, climate.

Latest news

- First satellite launched by SpaceX on 12 June 2023.
- Closed £13m Series A2 round, extending cash runway until at least September 2024.
- Gathered pipeline of 50+ pre-contracts with options to purchase £100m+ in imagery.

FOLLOW-ON CASE STUDY:

D-ORBIT

Investment thesis

D-Orbit is the leader in the nascent 'space taxi' market offering last mile delivery services for customers' satellites. Beyond its pioneering space taxi services, the company innovates with high-margin ancillary offerings, including using its ION spacecraft for on-orbit cloud computing and in-space logistics, carving a path to become a cornerstone in the new space economy. Leveraging its unique capabilities and vision, D-Orbit is on track not only to dominate the space taxi sector but also to explore lucrative avenues in space servicing and cloud infrastructure, promising substantial growth and value.

Round

Convertible loan bridge round.

SSIT investment

Total: £10.7m.
Bridge round: €5m.

Co-investors

Large Ventures, Indaco, Neva.

Problem

Rideshare models, like SpaceX, are limited in the orbits they can achieve. The rapidly growing smallsat market lacks reliable, efficient means to deliver satellites to specific orbits.

Solution

D-Orbit's breakthrough IONs combine low-cost rideshare with targeted, quick satellite delivery. After launch, IONs form a 'pseudo constellation', adaptable for varied high-margin applications and potential in-orbit services.

Market

Space logistics (€1bn+), in-space computing (€3bn+).

Latest news

- Launched 11th successful mission.
- Delivered over a hundred payloads in total to orbit.
- Won €26m contract from ESA for IRIDE, an earth observation programme. D-Orbit will design and build a synthetic aperture radar satellite with an additional €24m option.
- Won another 3 multi-million Euro contracts with ESA and ASI.
- Completed 10-month in-orbit cloud computing demonstration with AWS.

INVESTMENT MANAGER'S REPORT

(continued)

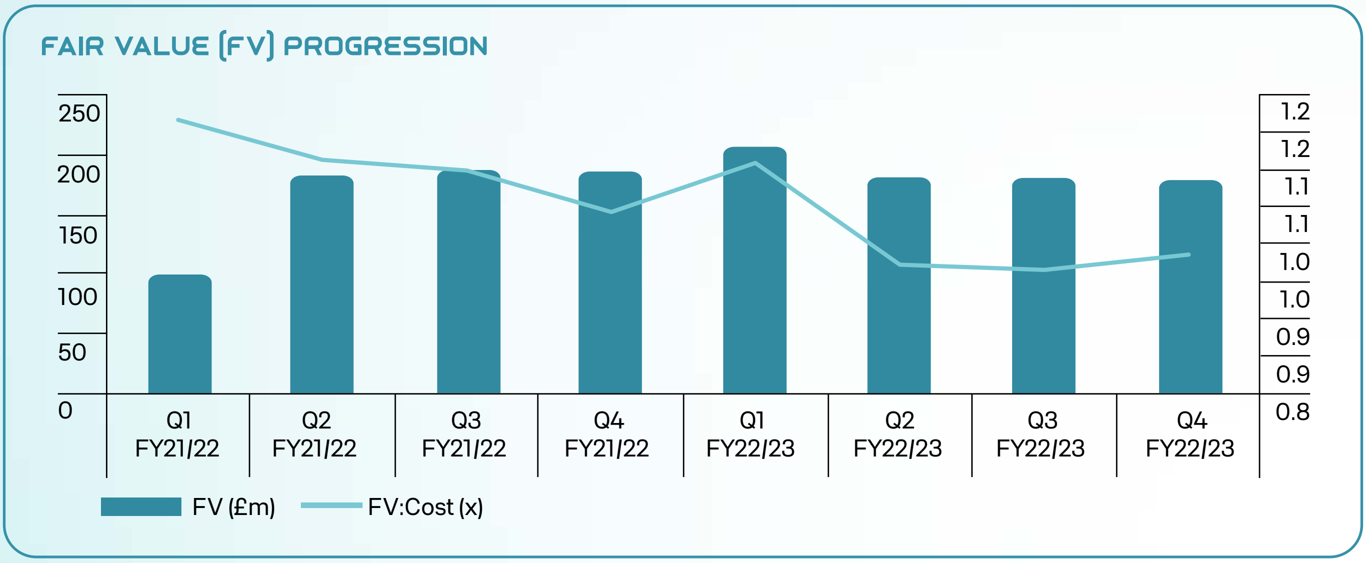
Disposals

In the year, the Company received £3.3m in proceeds from disposals. During a rally in November 2022, we took the opportunity to sell down some of the **Arqit** holding at an average price of $8.48 per share in order to provide some additional liquidity to support private portfolio companies. In addition, we sold one of the early stage portfolio companies which had been fully written down back to its founder for a diminimis sum.

PORTFOLIO PERFORMANCE

Year ended 30 June 2023

Portfolio fair value change



Portfolio cash runway

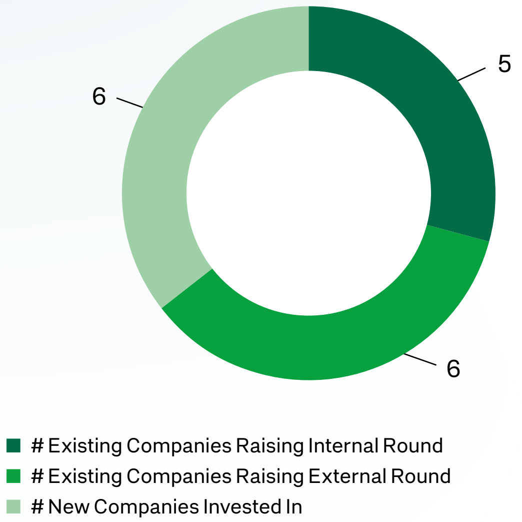
During the year, a number of the Company's investments completed funding rounds supported by new investors, which provides strong external validation of the valuation progression of individual investments. 11 portfolio companies that were in the portfolio at the start of the period raised 12 rounds. SSIT participated in the rounds of seven of these portfolio companies.

The companies in the portfolio at the start of the year which raised rounds during the year largely experienced positive valuations in those rounds as outlined below.

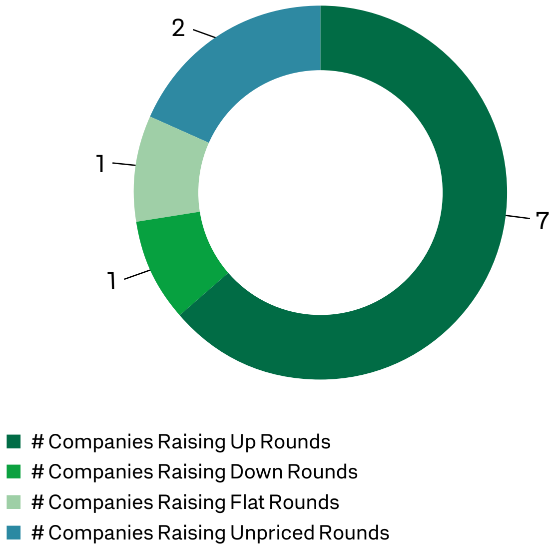
INVESTMENT MANAGER'S REPORT

(continued)

17 PORTFOLIO COMPANIES CLOSED FUNDING ROUNDS FY22/ 23

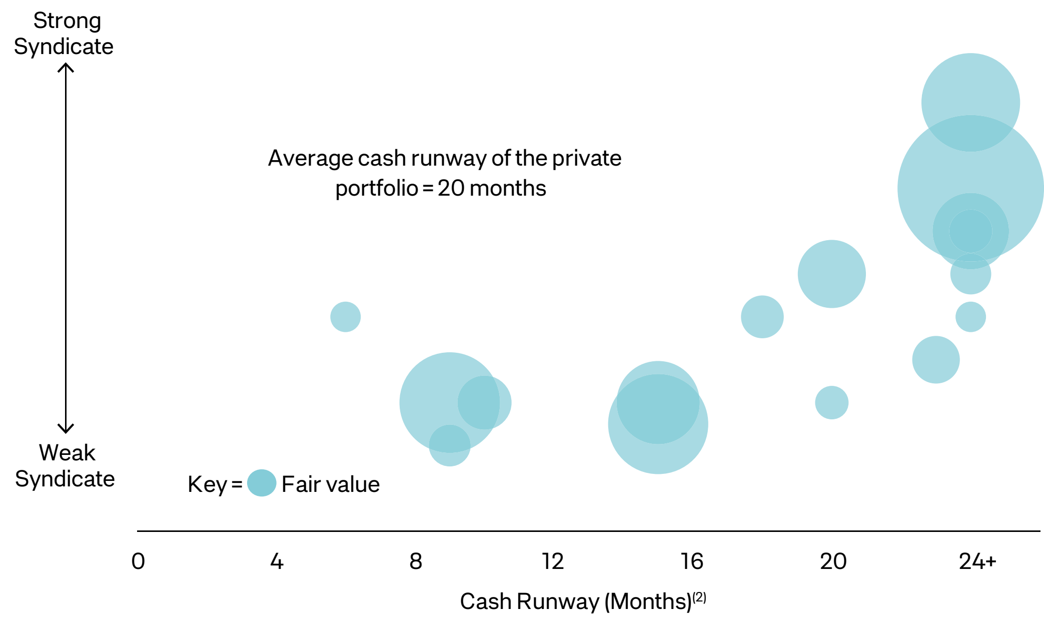


11 EXISTING PORTFOLIO COMPANIES' (AS OF START OF YEAR) ROUND PRICING FY22/ 23



The average cash runway of the private portfolio from 30 June 2023[1] is 20 months. 87% of the fair value of the private holdings has a cash runway to 30 June 2024 or beyond. The chart below shows the material holdings' cash runways and their syndicates' strength and ability to support future capital needs of the businesses. Syndicate strength is an area we assess prior to investment. We note that some of the larger holdings with 12 months' or less cash runway are in the advanced stages of closing significant additional capital before the end of 2023 which will materially extend their cash runways. In addition, some of the larger holdings are now forecasting that they will become cashflow positive without requiring additional funding.

MATERIAL HOLDINGS[1] CASH RUNWAY VS. STRENGTH OF SYNDICATE



(1) Private holdings with fair value of more than 1%, bubble size represents fair value.
(2) Runway (months from 30 June 2023) including post period-end raise.

(1) Fair value weighted average (as defined in the Glossary on page 162) number of months of cash runway from 30 June 2023 for the private holdings representing 97% of fair value, taking into account cash as at 30 June 2023 and any funding raised post period end. Source: Portfolio company data.

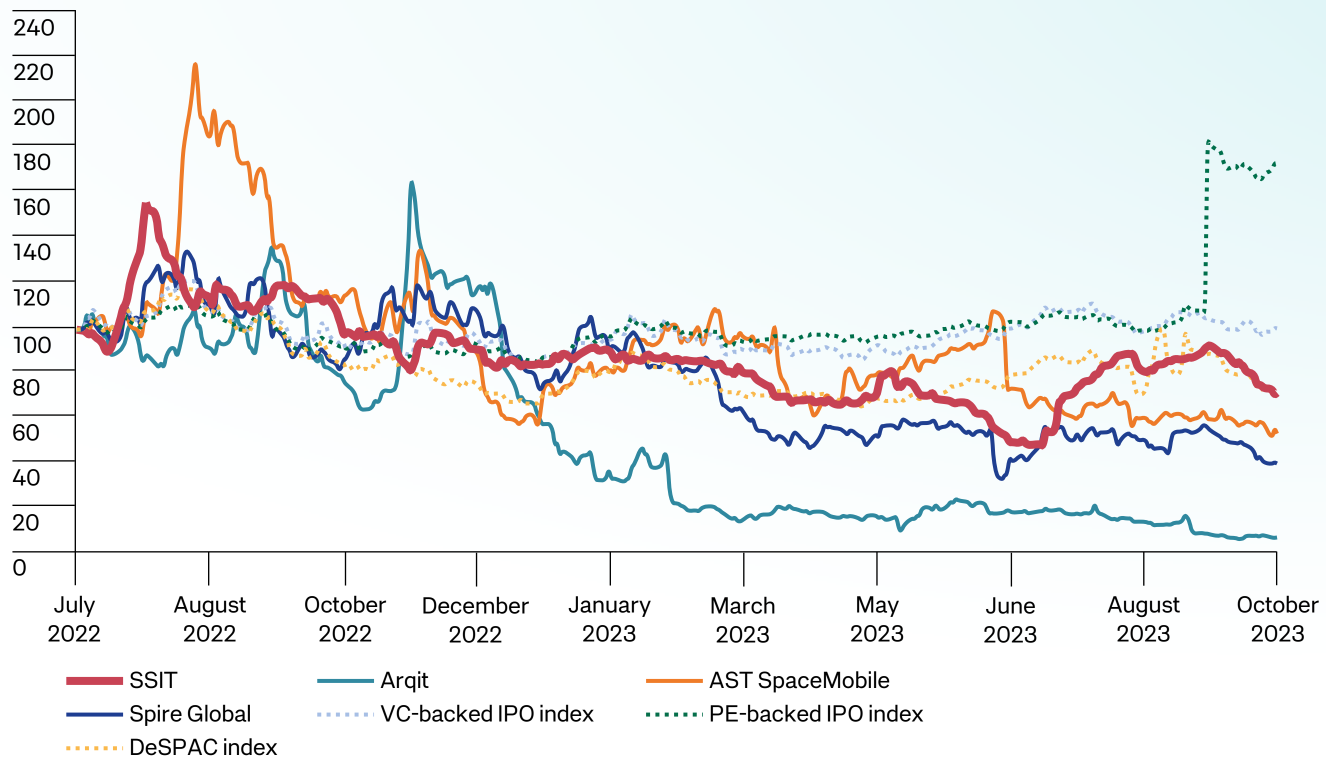
INVESTMENT MANAGER'S REPORT

(continued)

Listed portfolio

Continued share price reductions of three of the listed portfolio companies (**Arqit**, **Spire Global** and **AST SpaceMobile**) led to an aggregate fair value decrease of £9.1m (£8.0m excluding FX losses) over the year. In aggregate, the listed portfolio represented just 2% of NAV and 3% of portfolio fair value at the end of the year (fair value vs. cost: 13.0%, down from 44.7% at 30 June 2022). These listed companies continue to experience depressed share prices, similar to that experienced by other companies which went public via mergers with special purpose acquisition companies ('SPACs'), as shown on the chart below by the DeSPAC Index. We believe that the greater reductions seen by the listed portfolio companies' share prices than that experienced by the DeSPAC Index is likely driven by the fact that both Arqit and AST SpaceMobile were able to raise additional funding in the year (albeit at a discount to their share prices which would have caused further downward pressure). Positively, there appear to be some signs of improvement in the IPO market, with the venture capital-backed and private equity-backed IPO indices both up at the year end and since.

PRICE TOTAL RETURN SINCE 1 JULY 2022 (REBASED TO 100)



Source: Datastream and Pitchbook as at 11 October 2023 (most recent data)

On 18 November 2022, **Nightingale** listed on the Australian Stock Exchange raising AUD5m (ASX: NGL; fair value vs. cost: n/ m). The Company had previously fully provided against this portfolio company, which had been acquired for zero consideration from Seraphim Space LP as part of the Initial Portfolio, and the fair value was £0.1m as at 30 June 2023. Nightingale offers an autonomous drone perimeter security service designed to enhance physical security at large, sensitive facilities, including critical infrastructure such as ports and nuclear power facilities through to Fortune 500 companies.

INVESTMENT MANAGER'S REPORT

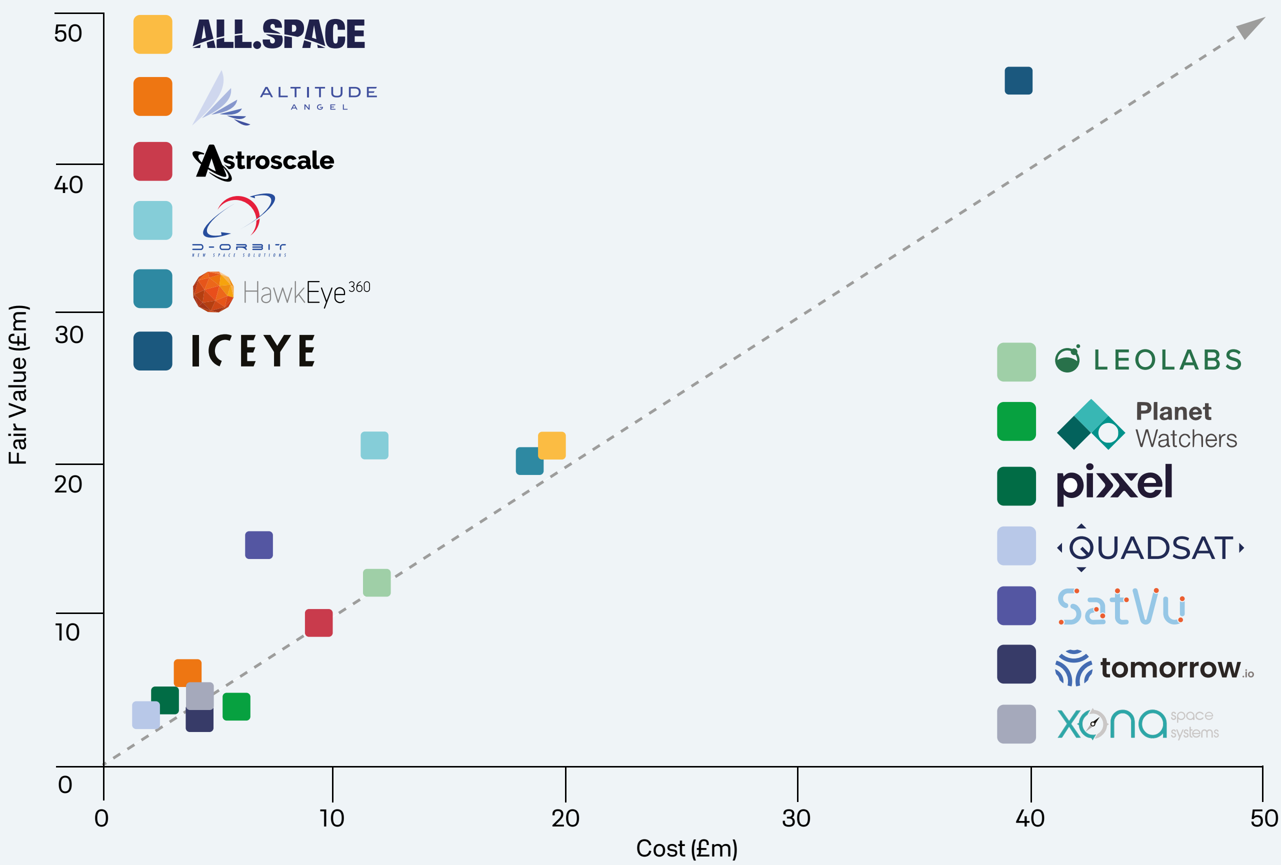
(continued)

Private portfolio

The private portfolio, which comprises the main part of the Company's investments representing 97% of fair value and 82% of NAV, continued to deliver robust performance, with its fair value closing the year at 119% vs. cost (123% excluding FX losses), down from 122% on 30 June 2022 (117% excluding FX). These businesses continue to deliver solid revenue and bookings growth driven by solid fundamentals in their core focus areas (especially global security and climate change/ sustainability).

As explained above, a number of portfolio companies raised funding at flat or higher prices than their previous rounds. This led to increasing underlying fair value for a number of the main portfolio companies, **SatVu** (fair value vs. cost: 218%), **D-Orbit** (fair value vs. cost: 183%), **Astroscale** (fair value vs. cost: 105%), **QuadSAT** (fair value vs. cost: 150%) and **Pixxel** (fair value vs. cost: 153%). In addition, the recalibration exercise and sustained strong performance led us to mark up the value of **ICEYE** (fair value vs. cost: 115%). This was more than offset by the combined impact of FX losses and portfolio companies which saw reducing fair value driven by reductions in enterprise values due to a combination of underperformance against expectations, limited cash runways and lower priced rounds, including **PlanetWatchers** (fair value vs. cost: 86%), **ALL.SPACE** (fair value vs. cost: 109%), **Altitude Angel** (fair value vs. cost: 167%), **Edgybees** (fair value vs. cost: 0%), **Xona Space Systems** (fair value vs. cost: 84%) and **LeoLabs** (fair value vs. cost: 106%).

MATERIAL PRIVATE HOLDINGS FAIR VALUE VS. COST



INVESTMENT MANAGER'S REPORT

(continued)

Valuation policy

In respect of private company valuations, fair value is established by using recognised valuation methodologies, in accordance with the International Private Equity and Venture Capital Valuation ('IPEV') Guidelines. The Company has a valuation policy for unquoted securities to provide an objective, consistent and transparent basis for estimating their fair value in accordance with IFRS as well as the IPEV Guidelines. The unquoted securities valuation policy and the associated valuation procedures are subject to review on a regular basis, and updated as appropriate, in line with industry best practice.

In summary, the Company determines fair value in accordance with the IPEV Guidelines by focusing on updating the enterprise value (either through there being a new funding round or through a valuation calibration exercise or adjustment for milestones) and then applying the implied equity value (based on adjustments for new debt, etc) to the company's capital structure (i.e. preference stack). In the event of commercial (or technical) underperformance of a portfolio company, a write down can then also be applied, typically in increments of 25% to reduce fair value.

All valuations are considered on a quarterly basis and calibrated against the price of the last funding round. However, given valuation volatility during 2022/ 23, to ensure appropriate NAV reporting, the Board initiated a process to recalibrate, across an increased number of datapoints, the material portfolio companies (i) whose last funding rounds took place more than 12 months earlier or (ii) which had experienced a significant milestone event or material under- or over-performance (each a 'recalibration event'). This process entails assessing the enterprise value following the most recent round against a composite of four elements: observable market data (where possible), recent relevant private investment transactions, public market valuations of comparable companies and the company's internal metrics and performance. This exercise further strengthens the valuation process with the goal of preserving shareholder confidence in the NAV during volatile market conditions and will be conducted when a recalibration event occurs and every quarter thereafter until a new priced funding round is completed.

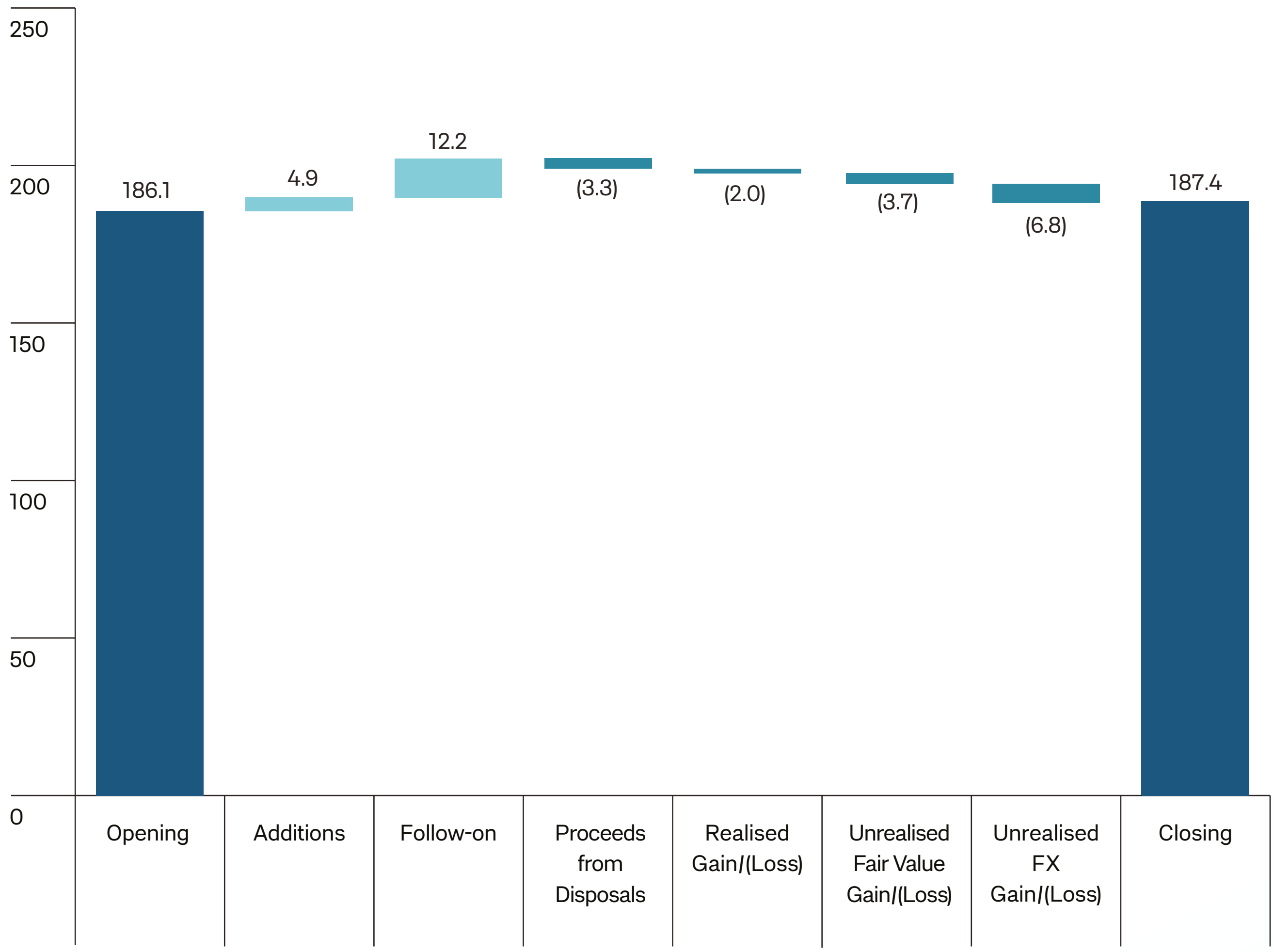
PERFORMANCE OF THE COMPANY

Year ended 30 June 2023

Portfolio attribution

- £4.9m in new investments (2022: £117.5m) and £12.2m of follow-ons in the year (2022: £32.5m).
- £3.3m in proceeds from disposals in the year (2022: £0.0m).
- £2.0m realised loss from partial sale of Arqit and the exit of one of the early stage portfolio companies.
- Reduction in unrealised fair value of £3.7m during the year (2022: £9.2m) and a £6.8m unrealised FX loss (2022: £16.8m gain).
- £187.4m fair value of portfolio at the end of year (2022: £186.1m).
- 576bps decrease in closing portfolio fair value vs. portfolio cost, including FX movements (2022: 429bps increase).

ATTRIBUTION ANALYSIS OF MOVEMENTS IN THE FAIR VALUE OF INVESTMENTS (£M)



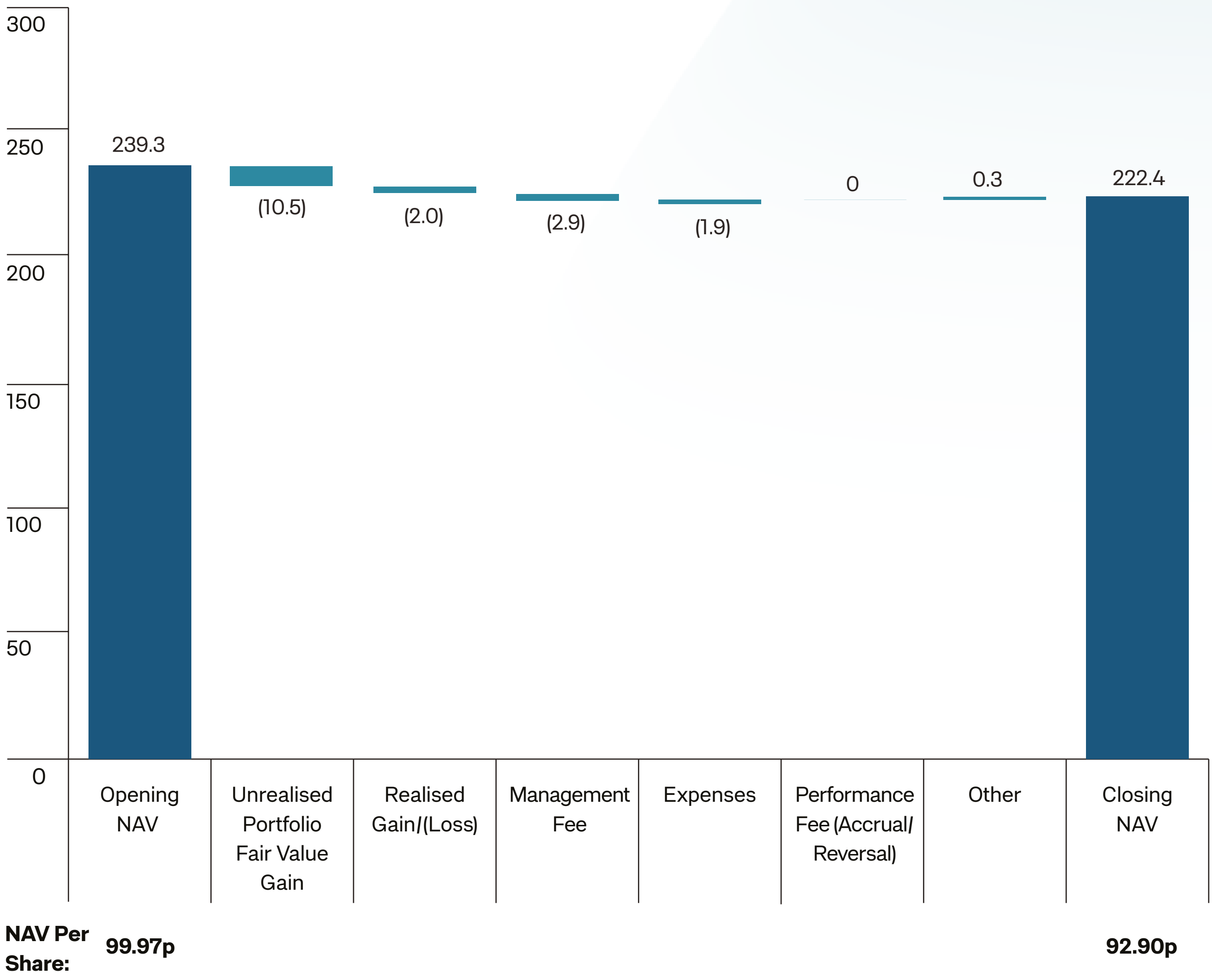
INVESTMENT MANAGER'S REPORT

(continued)

NAV

- £16.9m decrease in NAV (7.1% decrease) over the year to £222.4m (30 June 2022: £239.3m).
- £35.3m liquid resources (15.9% of NAV) at 30 June 2023 (30 June 2022: £57.7m).

NAV BRIDGE (£M)



NAV decreased from £239.3m to £222.4m during the year. This decrease of £16.9m was primarily a result of a portfolio fair value decrease (including FX movements) with a £6.8m FX loss across the portfolio and a £8.0m reduction in the underlying fair value of listed companies in aggregate more than offsetting a £4.3m increase in the underlying fair value of private companies. Please see pages 38 and 39 for details of the fair value movement over the year.

INVESTMENT MANAGER'S REPORT

(continued)

The other movements in the chart above consist of a realised loss for the year (£2.0m) from the sale of some of the Arqit holding and one of the early stage companies, management fees (£2.9m) and operating expenses (£1.9m), partially offset by interest received (£0.3m).

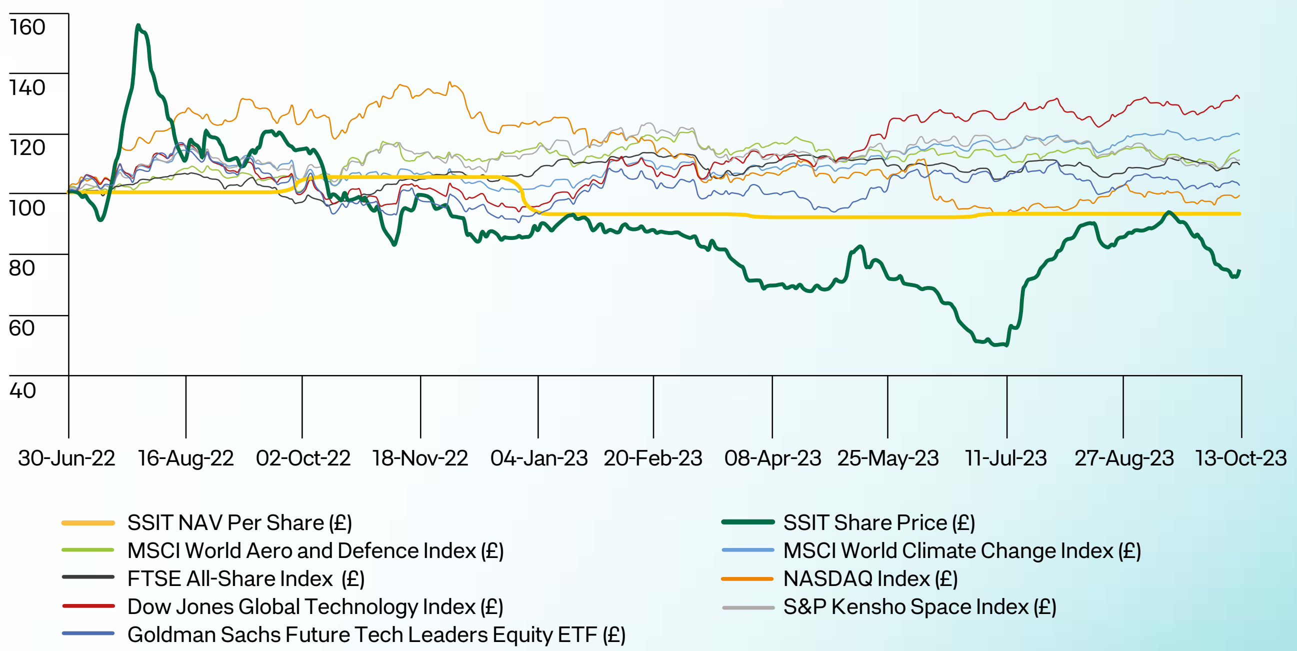
The NAV per share decreased from 99.97p to 92.90p over the year.

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 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 have governments as significant customers.
- 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.
- S&P Kensho Space Index (£) – the Company invests globally in SpaceTech, a subset of the broader space sector.
- Goldman Sachs Future Tech Leaders Equity ETF (£) – the Company invests globally in SpaceTech, a subset of the broader technology market.

On 30 June 2023, all indices were up year-on-year other than NASDAQ.

SSIT NAV PER SHARE AND SHARE PRICE VS. VARIOUS INDICES (£, TOTAL RETURN REBASED TO 100)



Source: Datastream; Morningstar; Bloomberg

As explained in the Share Price section on pages 18 and 19, the Company's share price has been significantly more volatile than its NAV per share.

INVESTMENT MANAGER'S REPORT

(continued)

QUARTERLY VALUATION CHANGES

In the three months ended 30 June 2023

During the quarter ended 30 June 2023, the fair value (adjusted for acquisitions and disposals over the quarter) rose by £3.9m, increasing fair value to 98.5% vs. cost (101% excluding FX losses).

An FX loss of £4.2m and fair value reductions at Altitude Angel (£3.6m), Xona Space Systems (£1.1m) and PlanetWatchers (£0.9m), driven by underperformance, were more than offset by fair value increases driven by new funding rounds at D-Orbit (£3.8m), LeoLabs (£3.5m), Pixxel (£1.2m) and SatVu (£0.7m) as well as a premium being applied to ICEYE's enterprise value due to strong performance leading to a £4.1m increase in fair value.

POST YEAR END DEVELOPMENTS

Investment activity has continued since the end of the year, with a further £4.1m invested. One follow-on investment of £2.8m was made into ALL.SPACE, an existing portfolio company in the main portfolio. In addition, there were two follow-on investments, totalling £0.5m, and two new investments, totalling £0.9m, into early stage companies.

TEAM UPDATE

Investment team members Andre Ronsoehr, Maureen Haverty and Lewis Jones were all promoted recently to Investment Partner, Investment Principal and Investment Vice President, respectively. In addition, Zainab Qasim joined the investment team as an Investment Analyst on 1 April 2023 having previously worked at the affiliated Seraphim Space Accelerator.

OUTLOOK

We remain confident with the outlook for the space domain globally and SSIT's portfolio of best-of-breed SpaceTech companies. We continue to enjoy the privileged position of seeing the majority of the sector's global deal flow. This provides an information asymmetry over the sector that informs our every move.

With the secular trends relating to global security, food security, climate change and sustainability expected to accelerate, we believe the Company is well-positioned to take advantage of the resultant opportunities. We anticipate that demand for the products and services of the Company's portfolio companies, particularly from governments, should result in the portfolio delivering strong growth metrics.

As at 13 October 2023, cash was £29.4m, with a potential further £3.0m of liquidity available in the holdings of listed companies. We believe this liquidity should be sufficient to provide the necessary levels of support to the portfolio over the course of the next 12 months. 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 small, with investment activity expected to be more weighted in favour of supporting the existing portfolio until a time when the market provides the appropriate conditions to fundraise.

MARK BOGGETT

CEO

SERAPHIM SPACE MANAGER LLP

Investment Manager

16 October 2023

PORTFOLIO

PORTFOLIO

At 30 June 2023

PORTFOLIO SNAPSHOT

FAIR VALUE

£187.4M

(2022: £186.1M)

TOP 10 INVESTMENTS AS % OF FAIR VALUE

85.7%

(2022: 87.0%)

PRIVATE PORTFOLIO FAIR VALUE VS. INITIAL COST

119.2%

(2022: 122.5%)

LISTED PORTFOLIO FAIR VALUE VS. INITIAL COST

13.0%

(2022: 44.7%)

AVERAGE PORTFOLIO COMPANY REVENUE GROWTH1[1]

34%

AVERAGE PORTFOLIO COMPANY BOOKINGS GROWTH[1]

199%

TOTAL MONEY RAISED BY PRIVATE PORTFOLIO COMPANIES[2]

$>360M

AVERAGE CASH RUNWAY OF THE PRIVATE PORTFOLIO FROM 30 JUNE 2023[3]

20 MONTHS

[1] Fair value weighted average (as defined in the Glossary on page 162) year-on-year growth for the 12 months ended 30 June 2023 of the top 10 holdings, representing 86% of fair value (72% of NAV) at the year end. Source: Portfolio company data.

[2] Between 1 July 2022 and 30 June 2023. Source: Portfolio company data.

[3] Fair value weighted average (as defined in the Glossary on page 162) number of months of cash runway from 30 June 2023 for the private holdings representing 97% of fair value, taking into account cash as at the year end and any funding raised post period end. Source: Portfolio company data.

PORTFOLIO HIGHLIGHTS

“We are delighted with the progress the portfolio has made during the year. The portfolio has proven itself adept at successfully accessing capital at a time when the wider fundraising environment has been challenging. It is particularly gratifying that many of these companies have closed funding rounds led by new investors and on improved terms relative to their previous funding rounds. The success in capital raising across the portfolio is in no small part due to the impressive commercial traction achieved, allied to the scale of the opportunities these companies are addressing. With the majority of the portfolio now well-funded through the next 12-18 months, we are excited to see what will be achieved over the year ahead.”

James Bruegger
CIO, Seraphim Space

ICEYE

ICEYE signed contract to service the government of Ukraine by providing access to constellation; the only company to make such a deal. Signed five satellite deals with Bayanat in UAE. Announced partnership to provide radar imaging satellite for BAE Systems' new multi-sensor satellite constellation. Awarded multi-year purchase agreement by NASA.

Astroscale

Company successfully closed $76m Series E funding in early 2023. Awarded $25.5m contract by US Space Systems Command and $80m SBIR from Japanese Government after the end of the year.

ALL.SPACE

ALL.SPACE started deliveries of its game-changing antennas and announced a strategic partnership with Kratos Defense & Security Solutions, Inc. (NASDAQ: KTOS).

ALTITUDE ANGEL

Altitude Angel announced the development of 265km of drone super highways in the UK and received £5m in backing from BT.

HawkEye 360

HawkEye 360's cluster 7 of satellites launched to orbit in April, bringing its constellation to 21 satellites. In July 2023, it announced a new $58m funding round led by BlackRock (NYSE: BLK).

LEOLABS

LeoLabs accelerated coverage in Europe with the commissioning of its Azores Space Radar and now has global radar coverage, with 7 operational radars achieving c75% market share in LEO.

PORTFOLIO

(continued)

D-Orbit secured four multi-million Euro contracts with the European and Italian Space Agencies to test intersatellite optical links, for satellite servicing and to establish an in-orbit space lab.

PlanetWatchers won new customers and grew its footprint across the North American crop insurance market. It also launched its CropCycle webapp, a second product line.

SatVu launched its first satellite on a SpaceX launch in June 2023, and signed £100m in pre-contracts as part of its early-adopters programme. In May 2023, the company announced an additional £12.7m in funding.

Tomorrow.io launched its first two precipitation radar satellites, beginning to build the world's most comprehensive precipitation dataset, with a 10x improvement in revisit rate. Announced $87m Series E funding round in June 2023.

Voyager and Airbus announced a joint venture to build and operate the Starlab space station. It also completed its seventh acquisition, of ZIN Technologies, in March 2023.

PORTFOLIO LOWLIGHTS

- One of ICEYE's satellites failed to deploy on a SpaceX launch.
- A number of portfolio companies were affected by the Silicon Valley Bank failure.

Spire Global tracking ships using RF signal technology; vessel tracking enhances safe navigation, operational efficiency, transparency and security.

PORTFOLIO

(continued)

HOLDINGS

Company	Sub-sector	HQ	30 June 2023 Cost[1] £m	Fair value[1] £m	% of NAV	30 June 2022 Fair value £m
ICEYE	Earth Observation	Finland	39.6	45.5	20.4%	43.3
D-Orbit	In-orbit Services	Italy	11.7	21.4	9.6%	12.7
ALL.SPACE	Ground Terminals	UK	19.5	21.2	9.5%	24.9
HawkEye 360	Earth Observation	US	18.6	20.6	9.3%	20.6
SatVu	Earth Observation	UK	6.7	14.7	6.6%	7.8
LeoLabs	Data Platforms	US	11.7	12.4	5.6%	13.7
Astroscale	In-orbit Services	Japan	9.4	9.8	4.4%	7.7
Altitude Angel	Data Platforms	UK	3.7	6.2	2.8%	9.0
PlanetWatchers	Data Analytics	UK	5.6	4.8	2.2%	8.1
Tomorrow.io	Data Platforms	US	4.2	3.9	1.8%	4.1
Top 10 investments			**130.7**	**160.6**	**72.2%**	**151.9**
Other investments			53.5	19.9	8.9%	29.7
Non-material investments			6.0	7.0	3.1%	4.5
Total investments			**190.2**	**187.4**	**84.3%**	**186.1**
Net current assets				35.0	15.7%	53.2
Total assets				**222.4**	**100.0%**	**239.3**

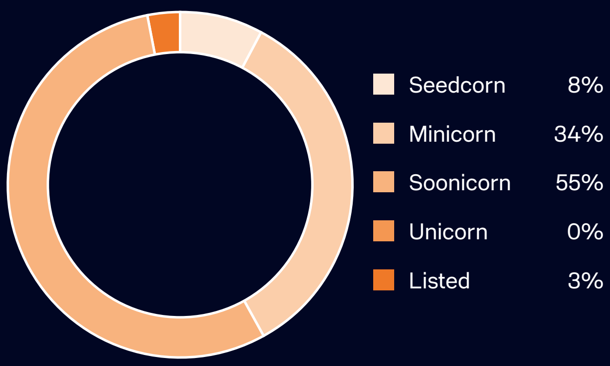
[1] Includes new and follow-on investments and disposals, where relevant, made since 30 June 2022 of £11.8m in aggregate.

One of LeoLabs' global radar sites enabling continuous monitoring of space objects and characterisation of events in space.

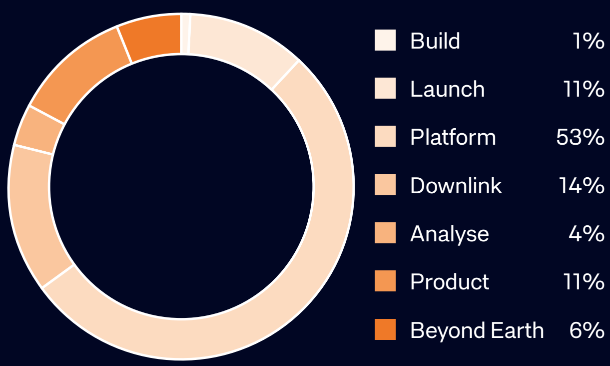
PORTFOLIO
(continued)

PORTFOLIO BREAKDOWN (BY FAIR VALUE)[1]
As at 30 June 2023

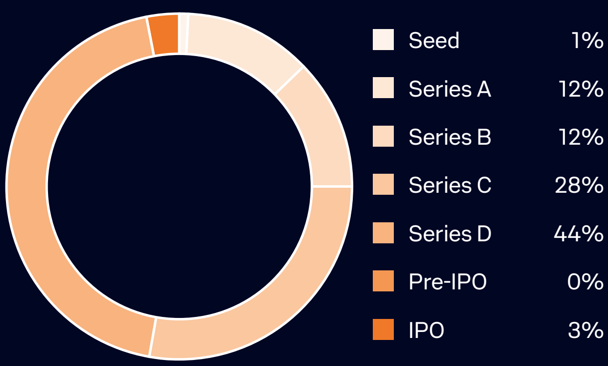
Stage[2]



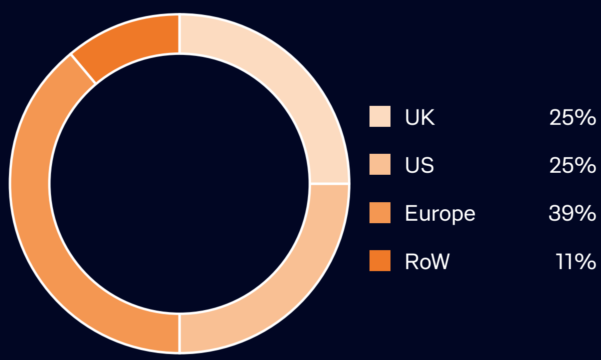
Ecosystem[3]



Last round



Geography



(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.
Platform – 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.

TOP 10 INVESTMENTS

Web	iceye.com
HQ	Finland
Taxonomy	Platform/ Earth Observation
Status	Private/ Soonicorn
Stake category	>5-10%
Fair value vs. cost	115%
Valuation method	Premium to price of recent investment

ICEYE operates the world's first and largest constellation of miniaturised satellites that use radar to image the earth both during the day and night, even through cloud. ICEYE's radar technology has the ability to monitor change in near real-time.

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

Key sectors addressed:
Insurance, defence, climate

Recent key developments:
- ICEYE US awarded 5-year blanket purchase agreement by NASA for use in Earth Science and Research.
- Announced beta release of Wildfire Insights product, a first of its kind with building-level data in near real-time.
- Entered data agreement with Global Parametrics to drive disaster risk management.
- Announced partnership with Bayanat and Yahsat to build national satellite and remote sensing capabilities within the UAE.
- Signed contract with Government of Ukraine to provide access to constellation.
- Announced partnership to provide radar imaging satellite for BAE Systems' new multi-sensor satellite constellation.

Seraphim Space podcast link:

Principal UN SDG alignment:

13 CLIMATE ACTION
11 SUSTAINABLE CITIES AND COMMUNITIES
2 ZERO HUNGER

Web	dorbit.space
HQ	Italy
Taxonomy	Launch/ In-orbit Services
Status	Private/ Soonicorn
Stake category	>5-10%
Fair value vs. cost	183%
Valuation method	Calibrated price of recent investment

D-Orbit is the market leader in the space logistics and orbital transportation services industry.

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

Key sectors addressed:
Space logistics, datacentres

Recent key developments:
- Successfully launched its eleventh ION mission.
- Secured four multi-million Euro contracts with European Space Agency and Italian Space Agency, including one of €26m and one of €6m.
- Featured in Sifted as one of Europe's leading SpaceTech companies.
- Completed 10-month edge computing in space demonstration with Amazon Web Services.

Seraphim Space podcast link:

Principal UN SDG alignment:

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
8 DECENT WORK AND ECONOMIC GROWTH
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

PORTFOLIO

(continued)

Web	all.space
HQ	UK
Taxonomy	Downlink/ Ground Terminals
Status	Private/ Minicorn
Stake category	>10-15%
Fair value vs. cost	109%
Valuation method	Calibrated price of recent investment (post period)

ALL.SPACE 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

Recent key developments:
- Rebranded from Isotropic Systems to ALL.SPACE.
- Making strong progress in delivering its first products during 2023.
- Announced a strategic partnership with Kratos Defense & Security Solutions, Inc. (NASDAQ: KTOS).
- Delivered first terminal to SES for testing and verification.

Seraphim Space podcast link:

Principal UN SDG alignment:

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES

Web	he360.com
HQ	US
Taxonomy	Platform/ Earth Observation
Status	Private/ Soonicorn
Stake category	0-5%
Fair value vs. cost	111%
Valuation method	Calibrated price of recent investment (post period)

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

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

Key sectors addressed:
Maritime, defence

Recent key developments:
- Cluster 7 of satellites launched to orbit in April, bringing constellation to 21 satellites, with meaningful drop in overall latency.
- Established new customers in India, Australia, Europe and Nigeria, with customers now over 6 continents.
- Working with Pacific Islands Forum Fisheries Agency for greater maritime visibility in the Pacific Islands.
- Further $58m funding closed in July 2023.

Seraphim Space podcast link:

Principal UN SDG alignment:

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
16 PEACE, JUSTICE AND STRONG INSTITUTIONS
8 DECENT WORK AND ECONOMIC GROWTH

PORTFOLIO

(continued)

Web	satellitevu.com
HQ	UK
Taxonomy	Platform/ Earth Observation
Status	Private/ Minicorn
Stake category	>15-25%
Fair value vs. cost	218%
Valuation method	Calibrated price of recent investment

SatVu is aiming to monitor the temperature of any building on the planet in near real time 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

Recent key developments:
- Launched its first satellite (HOTSAT 1) on Falcon 9 transporter 8 on 12 June 2023.
- Closed additional £13m of funding as part of Series A2 round.
- Gathered pipeline of 50+ pre-contracts with options to purchase £100m+ in imagery.

Seraphim Space podcast link:

Principal UN SDG alignment:
7 AFFORDABLE AND CLEAN ENERGY; 11 SUSTAINABLE CITIES AND COMMUNITIES; 13 CLIMATE ACTION

Web	leolabs.space
HQ	US
Taxonomy	Product/ Data Platforms
Status	Private/ Minicorn
Stake category	0-5%
Fair value vs. cost	106%
Valuation method	Calibrated price of recent investment (post period)

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.

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

Key sectors addressed:
Space, insurance, defence

Recent key developments:
- Expanded its radar network to 6 sites with another under construction for greater coverage.
- Awarded contract with the Japanese MoD to provide space situational awareness.
- Won sole source contract with US Department of Commerce, validating that LeoLabs is the only real viable alternative data source to US Space Surveillance Network.
- Continued success in growing commercial/ recurring revenue base, including several large satellite constellations.
- Showcased its new manoeuvre-detection dashboard, demonstrating suspicious movements from adversary spacecraft.

Seraphim Space podcast link:

Principal UN SDG alignment:
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 17 PARTNERSHIPS FOR THE GOALS

PORTFOLIO
(continued)

Web	astroscale.com
HQ	Japan
Taxonomy	Beyond Earth/ In orbit Services
Status	Private/ Soonicorn
Stake category	0-5%
Fair value vs. cost	105%
Valuation method	Calibrated price of recent investment

Astroscale is a global leader of space sustainability solutions. It is currently developing a set of capabilities around satellite monitoring, refuelling, upgrading, repairing and disposal to enable a vibrant in-orbit economy.

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

Key sectors addressed:
Space, defence

Recent key developments:
- Following successful $76m Series E funding round in Q1 CY23, Astroscale added Gayle Sheppard, former Corporate VP and CTO at Microsoft, and Erica Newland, former Finance Director at Intel, to its board.
- Opened subsidiary and office in France and announced partnership with CNES (the French Space Agency) that includes funded study for active debris removal of French space debris.
- Announced partnership with Astro Digital US Inc., which will incorporate Astroscale's Generation 2 Docking Plate into its satellite bus.

Seraphim Space podcast link:

Principal UN SDG alignment:

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
8 DECENT WORK AND ECONOMIC GROWTH
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Web	altitudeangel.com
HQ	UK
Taxonomy	Product/ Data Platforms
Status	Private/ Minicorn
Stake category	>15-25%
Fair value vs. cost	167%
Valuation method	Milestones, market comparables

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

Recent key developments:
- 256km drone super highway announcement made in UK.
- Received backing from BT Group's Incubation Hub.
- Began rolling out purpose-built low-altitude aviation surveillance network.

Seraphim Space podcast link:

Principal UN SDG alignment:

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES
8 DECENT WORK AND ECONOMIC GROWTH

PORTFOLIO

(continued)

Web	planetwatchers.com
HQ	UK
Taxonomy	Analyse/ Data Analytics
Status	Private/ Seedcorn
Stake category	>25-50%
Fair value vs. cost	86%
Valuation method	Partial write down to price of recent investment

PlanetWatchers has developed an AI-enabled analytics platform using satellite radar imagery for crop monitoring, insurance and automated insurance claims assessments.

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

Key sectors addressed:
Agriculture, insurance, climate

Recent key developments:
- Successfully expanded customer footprint within North American crop insurance market during CY23 growing season.
- Launched CropCycle webapp as second product line to provide easier access to crop intelligence.
- Satellite-based acreage reporting product now reaching precision higher than 90% in many cases.

Seraphim Space podcast link:

Principal UN SDG alignment:

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
2 ZERO HUNGER
8 DECENT WORK AND ECONOMIC GROWTH

Web	tomorrow.io
HQ	US
Taxonomy	Platform/ Data Platforms
Status	Private/ Soonicorn
Stake category	0-5%
Fair value vs. cost	93%
Valuation method	Calibrated price of recent investment

Tomorrow.io is powering actionable weather insights around the world. The company's mission is to help countries, businesses and individuals better manage their weather-related challenges with the best information and insights.

Total estimated long-term addressable market:
$30bn+

Key sectors addressed:
Logistics, aviation, maritime, government civil, government defence

Recent key developments:
- Successfully launched first two satellites of its planned weather radar constellation to provide global coverage.
- Completed $87m Series E fundraising, led by US growth investor, Activate Capital.
- Launched 'Gale', generative AI platform to effortlessly convert climate and weather data into predictive and actionable insights.

Seraphim Space podcast link:

Principal UN SDG alignment:

8 DECENT WORK AND ECONOMIC GROWTH
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

CASE STUDY 1: WILDFIRE

Background[1]

Climate change has increased the frequency, severity and behaviour of wildfires, making them far more difficult to predict and prevent. According to the US's National Oceanic and Atmospheric Administration and NASA, the earth's average surface temperature has risen by about 1°C since 1880, which has made extreme heatwaves five times more likely than 150 years ago. This is a major contributing factor in drying vegetation and soil, making land more combustible and wildfires more likely. This has led to unprecedented economic losses from some of the most devastating fires in recorded history. It was estimated that, in 2021, California's wildfires resulted in over $45bn in economic losses. The Dixie fire in July 2021 burned over 960 thousand acres and destroyed 1,300 buildings.

Local fire departments need to monitor large areas of wildfire-prone land. Under certain conditions, fires can grow extremely quickly, making them difficult to contain.

Wildfires and other natural catastrophe events often damage critical infrastructure leaving first responders without the necessary tools to carry out disaster response and save lives.

Insurers do not have the necessary tools to understand wildfire risk and exposure. Two of the largest insurers in the US, AllState and StateFarm, have halted property insurance policy sales in California, citing rapidly growing wildfire exposure as making it difficult for them to build profitable portfolios. This has left millions struggling to find homeowner's insurance.

Following a catastrophe, insurers must ensure they have the necessary capital to cover insured losses. Damage assessment has historically involved on the ground claims assessment, making it time consuming and costly.

Role of space in solving the problem

Solutions from space provide the unique ability to provide cost effective sensing solutions on a global scale, which is necessary for monitoring vast areas of wildfire-prone land. Historically, this monitoring was limited to small areas with terrestrial sensors or by plane.

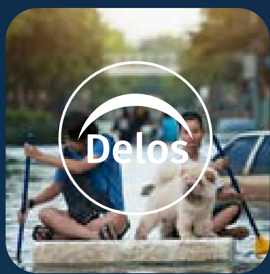
Pre-event risk modelling: Earth observation satellites collect imagery across many sensor types that help better qualify the risk of a wildfire event by understanding vegetation health, the vulnerability of structures, topology and a variety of different contributing factors. This has applications in insurance and is used as a tool by government agencies to identify areas for controlled burns and reduce risk.

Identifying emerging fires: Imagery can also be used to identify fires early to prevent widescale disaster. New sensors in multispectral and infrared are capable of detecting small heat signatures which can be used to alert fire departments.

Post-event situational awareness: Imagery is also being used following insured events to better estimate potential losses to insurers' portfolios, and by first responders to better coordinate disaster responses.

Role of SSIT portfolio in solving the problem

ICEYE operates the world's first and largest constellation of miniaturised satellites that use radar to image the earth both during the day and night, even through cloud. ICEYE's radar technology has the ability to monitor change in near real-time. With reliable (night/day and through clouds) and rapid imaging, the business provides situational awareness solutions for disaster relief following a significant wildfire event whereas optical imagery would be obscured by smoke. The business also offers solutions to the insurance industry to estimate loss exposure following a wildfire.



Using proprietary algorithms to analyse satellite imagery and high-resolution weather forecasts, Delos Insurance can more accurately price wildfire risk to offer wildfire cover as part of homeowner insurance policies. In addition, the business also delivers insights to consumers wishing to purchase insurance on how they can better harden their homes to reduce their insurance premiums and the risk of loss in the case of a wildfire.

SatVu's constellation of infrared imaging satellites will be able to detect fires as soon as they have begun. Using its imagery, the business can inform first responders and local fire departments to act quickly before they become uncontrollable.

Spire Global is one of the leading satellite manufacturers globally. Through its satellite-as-a-service products, the business designs, builds and operates satellites on behalf of customers. OroraTech, a Spire Global satellite-as-a-service customer, is focused on persistent monitoring of wildfire-prone areas to inform first responders.

(1) https://www.climate.gov/news-features/climate-qa/what-evidence-exists-earth-warming-and-humans-are-main-cause
https://www.npr.org/2021/11/08/1052198840/1-5-degrees-warming-climate-change
https://www.imperial.ac.uk/news/241572/wildfires-becoming-more-dangerous- heres/#:~:text=A%20big%20contributing%20factor%20is,climate%20change%20discussions%20and%20science
https://www.cnbc.com/2023/08/22/moodys-hawaii-wildfires-caused-up-to-6-billion-in-economic-losses.html
https://www.swissre.com/risk-knowledge/mitigating-climate-risk/remote-sensing-technology-in-claims-assessment.html

PORTFOLIO

(continued)

CASE STUDY 2: UKRAINE

Background on case study[2]

Overview and death toll: Russia's invasion of Ukraine in February 2022 has resulted in a devastating human toll and widespread displacement. As of July 2023, over 9,000 civilians have been recorded dead and more than 16,000 injured, though the UN believes the actual numbers are higher. The war has also left nearly 500,000 troops either dead or injured, with estimates of up to 120,000 Russian and 70,000 Ukrainian soldiers killed.

Displacement: The conflict has forced millions of Ukrainians to flee their homes. With a national population exceeding 41 million, about 17.6 million people now require urgent humanitarian support. Over 5 million people have been internally displaced, and Europe is hosting nearly 6 million Ukrainian refugees.

Territorial losses and economic impact: Russia now controls approximately 17.5% of Ukraine's territory, including the annexed Crimea. As a result of the war and loss of significant territories, Ukraine's economy shrank by 30% in 2022. Predictions for 2023 estimate modest growth of 1-3%. The exact financial toll of the war on Ukraine remains unclear.

Global ramifications: Russia's invasion and the subsequent Western sanctions have disrupted global markets. Key commodities like oil, wheat and metals have witnessed price surges, triggering a global food crisis and contributing to recent increases in inflation. Western support for Ukraine has also been substantial, with the US alone committing over $43 billion in security assistance, supplying advanced weaponry and protective equipment.

Role of space in supporting Ukraine

Commercial satellite imaging: Satellite imagery provided by commercial providers and that is shareable with allies has been integral to Ukraine's defence. Satellite imagery has provided invaluable intelligence on Russian troop locations and movements. Satellite images post-attacks have assessed damage, such as after the Kakhovka hydroelectric dam incident. SAR imaging can monitor troop movements under diverse conditions (cloud and night). Infrared can detect artillery fire and locations of intense fighting[3].

Communication and coordination: Commercial satellite constellations like Starlink and Viasat have ensured that military units and civilian groups remain connected, especially during communication blackouts in certain regions. It has even been used to stream live feed imagery back from drones to command centres[4].

Open-source intelligence (OSINT) in Ukraine: Activists and independent analysts have used satellite images to track troop build-ups along the Ukraine-Russia border. This has allowed for real-time assessments of the situation on the ground[5].

GPS denial and its impact: Russian forces have deployed jamming equipment to interfere with Ukrainian military GPS systems, required for weapons targeting. Ukrainian forces are losing up to 2,000 drones per week as a result. Ukrainian forces have resorted to alternatives like terrain matching and supplementing GPS with communication satellite signals[6] from commercial providers.

Radio frequency (RF) signal detection in Ukraine: The detection of RF signals from Russian communication hubs or moving battalions could indicate preparations for major offensives. Ukrainian forces can use this intelligence to anticipate enemy movements[7].

Role of SSIT portfolio in solving the problem

ICEYE, a Finnish SAR (Synthetic Aperture Radar) satellite company, has significantly impacted the conflict between Ukraine and Russia. Its technology, capable of imaging through cloud cover and darkness, provides an unparalleled view of ground activities[8].

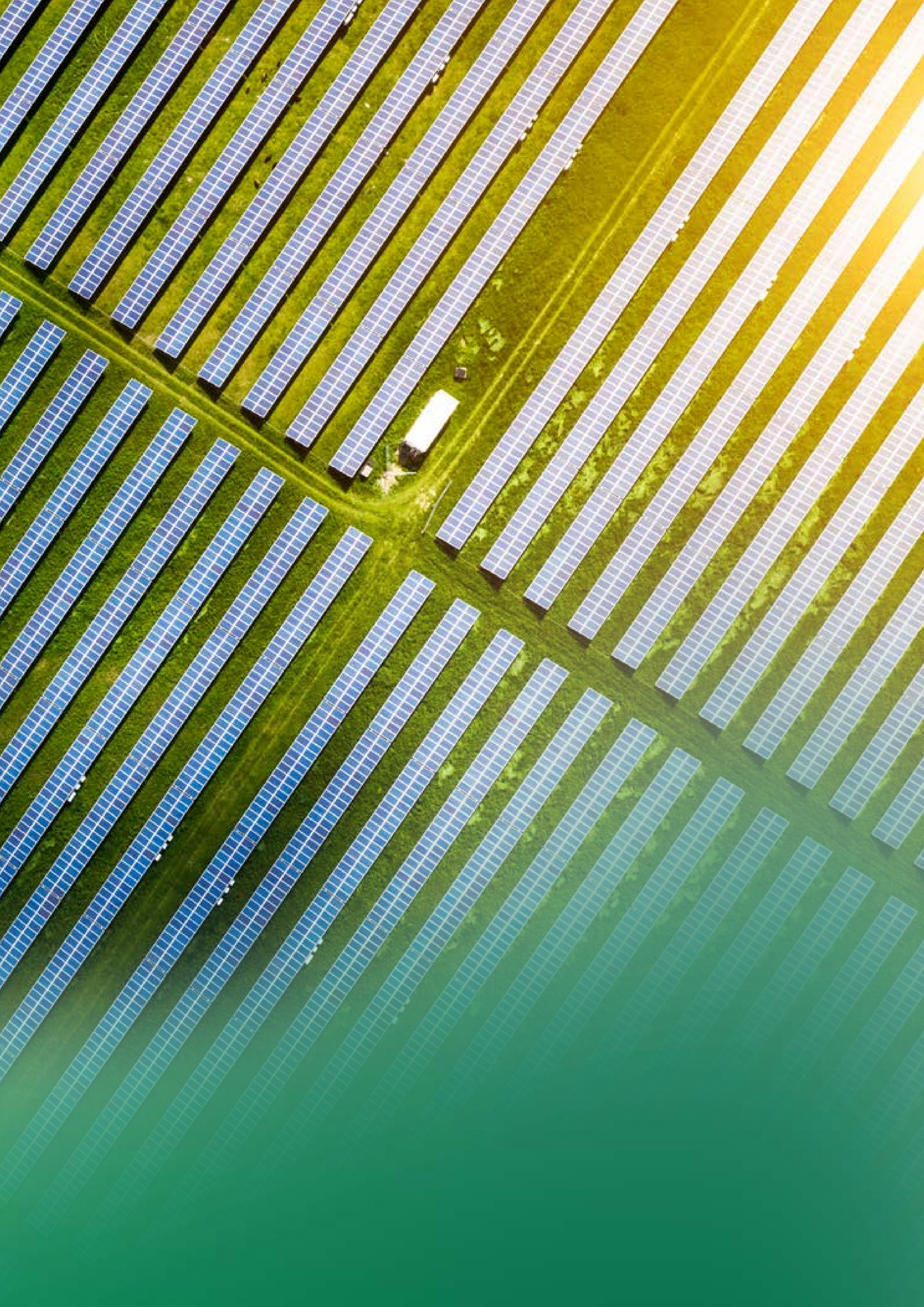
ICEYE delivered the capacity of one of its satellites to the Ukrainian government through a partnership with the Serhiy Prytula Charity Foundation. This 'people's satellite', purchased with donations from Ukrainians, has since played a pivotal role. Within five months of its deployment, the satellite enabled Ukrainian Defence Intelligence to detect and target 7,321 pieces of Russian military equipment[9].

HawkEye 360 is significantly aiding efforts in the Ukraine conflict through its unique satellite technology. Established with the mission of offering commercial space-based RF data and analytics, HawkEye 360's satellite constellation can detect radio waves emitted by communication equipment and other electronic devices[10].

This capability allows for the identification of enemy troop concentrations, which is crucial for understanding troop movements and potential threats on the battlefield. In Ukraine, HawkEye 360's capabilities provide invaluable insights that help in strategic decision-making on the ground. The company's satellite data, combined with advanced analytics, offers a comprehensive view of activities, strengthening Ukraine's situational awareness amidst the conflict[11].

(2) https://www.reuters.com/world/europe/blood-billions-cost-russias-war-ukraine-2023-08-23
(3) https://www.economist.com/interactive/briefing/2023/02/23/data-from-satellites-reveal-the-vast-extent-of-fighting-in-ukraine
(4) https://www.defenseone.com/technology/2023/03/black-swan-starlinks-unexpected-boon-ukraines-defenders/383514/
(5) https://www.economist.com/interactive/international/2023/01/13/open-source-intelligence-is-piercing-the-fog-of-war-in-ukraine
(6) https://www.economist.com/special-report/2023/07/03/the-latest-in-the-battle-of-jamming-with-electronic-beams
(7) https://www.economist.com/special-report/2023/07/03/the-war-in-ukraine-shows-how-technology-is-changing-the-battlefield
(8) https://interactive.satellitetoday.com/via/november-2022/how-satellite-imagery-magnified-ukraine-to-the-world/
(9) https://news.yahoo.com/defence-intelligence-reports-quantity-russian-110700367.html?guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce_referrer_sig=AQAAAEnf9fTV0GF1Z-HuKF3hFM49Di78yhJ3R8NaBaQZkI_uE4MvgafFLc-E9nkhyBwaQ5rLDP4cR3VsxkUuR_ci8ZOLD28eHjQT6Oj5bnfL0ZLWLAn_352aupTWENB71sEhwpOLJ5xsu9XjmbZvzrrgvP4NM2RjUCWw5-ewgQdC76iR&guccounter=2
(10) https://interactive.satellitetoday.com/via/august-2023/unleashing-the-power-of-rf-data/
(11) https://www.nytimes.com/2023/05/21/us/politics/start-ups-weapons-pentagon-procurement.html

RESPONSIBLE INVESTMENT



RESPONSIBLE INVESTMENT

"Many of the technologies being developed by the portfolio companies are delivering ESG impact in key areas such as climate change, sustainability and security. In addition, as the portfolio companies continue to grow and develop, their ESG resourcing and risk management is maturing. The Investment Manager is focused on helping portfolio companies on this ESG journey and engaging in industry forums to ensure the potential impact that space can make is understood and leveraged."

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').

During the year, Seraphim Space was involved in the consultation process to develop the Space Sustainability Principles by the Earth & Space Sustainability Initiative ('ESSI')[1].

RESPONSIBLE INVESTMENT POLICY

The Investment Manager's Responsible Investment Policy, which has been adopted by the Company, 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.

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.

[1] https://www.essi.org/news/essis-memorandum-of-principles-for-space-sustainability-full-signatory-list-published

RESPONSIBLE INVESTMENT

(continued)

Potential Sustainability Impact

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 contribute 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. Each portfolio company contributes to at least two, and up to 11, SDGs. In addition, every SDG is addressed by at least one portfolio company. SDG 8 (economic growth) and SDG 9 (innovation/ infrastructure) are, unsurprisingly, the most common SDGs, with at least 20 portfolio companies contributing to each of these.

The scorecard below shows the SDGs being addressed by the companies in SSIT's main portfolio.

Portfolio company name	SDG 1	SDG 2	SDG 3	SDG 4	SDG 5	SDG 6	SDG 7	SDG 8	SDG 9	SDG 10	SDG 11	SDG 12	SDG 13	SDG 14	SDG 15	SDG 16	SDG 17
ALL.SPACE								✔	✔	✔							✔
Altitude Angel								✔	✔		✔		✔			✔	
Arqit									✔							✔	✔
AST SpaceMobile	✔		✔	✔	✔			✔	✔	✔	✔					✔	
Astroscale								✔	✔			✔					
D-Orbit								✔	✔			✔					
Edgybees								✔	✔							✔	✔
HawkEye 360								✔	✔							✔	
ICEYE		✔				✔			✔		✔	✔	✔	✔	✔	✔	✔
LeoLabs									✔			✔					✔
Nightingale								✔	✔		✔					✔	
Pixxel		✔				✔	✔		✔		✔	✔	✔	✔	✔		
PlanetWatchers		✔						✔	✔			✔					
QuadSAT								✔	✔								
SatVu						✔	✔		✔		✔	✔	✔	✔	✔	✔	✔
Spire Global	✔	✔				✔		✔	✔			✔	✔	✔	✔	✔	✔
Taranis								✔	✔			✔	✔	✔	✔		
Tomorrow.io	✔	✔					✔	✔	✔	✔	✔	✔	✔		✔		
Voyager		✔	✔	✔					✔								✔
Xona Space Systems	✔								✔		✔	✔					

Source: Portfolio company information; Seraphim Space analysis

RESPONSIBLE INVESTMENT

(continued)

Seraphim Space recently accepted an invite to participate in the United Nations' Data Expert Group convened to support the UN's efforts for designing and implementing a global environmental data strategy by 2025. The symposium was focused on how 'Big Data' can be used more effectively to support the achievement of the SDGs. Space data will be integral to achieving this, and through Seraphim Space's continued participation in the UN's Data Expert Group, we will continue advocating for the critical role we expect many of our portfolio companies to play in ensuring our planet has a sustainable future.

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 sustainability risks, capitalise on opportunities and meet established ESG objectives in their own operations and throughout their value chains and with co-investors to increase collective influence in these areas.

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.

In September/October 2022, Seraphim Space organised training sessions delivered by sustainability consultancy Sancroft International for the management teams of the portfolio companies. Intended as an introduction to ESG and the general topics of focus for funders and society as a whole, it also covered the key opportunities and risks specific to the SpaceTech sector, including materiality, climate change and human rights, as well as the SDGs and examples of impact in the portfolio.

Following the first collection of ESG data from the portfolio, as explained below, Seraphim Space is engaging with the portfolio companies to encourage them to implement further measures to mitigate risk and drive impact and opportunities.

OBJECTIVE REPORTING METRICS FOR ESG FACTORS

PERCENTAGE OF DESIRED MEASURES[(1)] IN PLACE ACROSS THE PORTFOLIO[(2)] TO MANAGE ESG RISK

67%

PROPORTION OF THE ACTIVE PORTFOLIO WITH A FOUNDER WHO IDENTIFIES AS FEMALE OR FROM AN ETHNIC MINORITY

20%

SENIOR MANAGEMENT IDENTIFYING AS FEMALE OR FROM AN ETHNIC MINORITY WITHIN THE PORTFOLIO[(2)]

21%

SERAPHIM SPACE STAFF[(3)] IDENTIFYING AS FEMALE/ FROM AN ETHNIC MINORITY

50%/20%

AVERAGE PORTFOLIO COMPANY HEADCOUNT GROWTH[(4)]

22.1%

PERCENTAGE OF ENERGY CONSUMPTION THAT IS RENEWABLE[(2)]

30%

(1) Desired measures as explained in the 'ESG governance and risk management section' on page 65. Source: Portfolio company data.
(2) Fair value weighted average (as defined in the Glossary on page 162) of the portfolio companies providing information (which represents 95% of the fair value as of 30 June 2023). Source: Portfolio company data.
(3) Includes Seraphim Space's affiliates.
(4) Fair value weighted average (as defined in the Glossary on page 162) year-on-year growth for the 12 months ended 30 June 2023 of the top 10 holdings, representing 86% of fair value (72% of NAV) as at 30 June 2023. Source: Portfolio company data.

RESPONSIBLE INVESTMENT

(continued)

The Company began collecting ESG metrics, such as carbon emissions, job creation and diversity, from CY22 (hence there are no comparable metrics for the prior year in this report) and plans to increasingly report on such metrics for the aggregate portfolio in the future. In addition, the Company also collects qualitative information around the following topics:

- effective board and risk management;
- business ethics, legal and compliance;
- data security and customer privacy;
- health and safety;
- employee engagement, diversity and inclusion;
- product quality and safety;
- community relations;
- energy management;
- GHG emissions; and
- materials management.

95% of the portfolio (by fair value as at 30 June 2023) provided the above data, with the remaining 5% comprised predominantly of listed portfolio companies or private companies where SSIT has no information rights.

ESG governance and risk management

The Investment Manager allocated points (up to a maximum of 15) to private portfolio companies based on the number of measures that it would like to see and which they have in place to manage ESG risk, including frequency of discussion of such topics by the board and the policies and processes to assess and mitigate such risks. On a fair value weighted basis, 67% of the desired measures are in place across the portfolio (71% for portfolio companies that are post Series A).

Diversity

A growing body of evidence suggests that diverse teams are more innovative and achieve higher returns than those with just one gender and/ or one race or ethnicity represented[1]. The World Economic Forum cites that teams that include a female founder outperform all-male led teams by 63%[2]. Forbes also outlines the outperformance of diverse teams, explaining that companies with at least one female or ethnically diverse founder generate over 60%+ in business value[3]. Despite this, 2019 data from Pitchbook and the National Venture Capital Association suggests that venture investors continued to be white (80%) and male (84%), predominantly backing white, male founders (85% or $136.5bn in 2019)[4]. The SSIT active portfolio includes six companies (20%) with a founder that identifies as female or from an ethnic minority.

Satellite imagery is used to track the development of a flood by measuring the depth of water on the ground.

[1] https://www.forbes.com/sites/committeeof200/2020/09/22/diversity-as-uperpower-the-well-known-data-against-homogeneous-teams-in-venture-capital/?sh=228846b52019

[2] https://www.weforum.org/agenda/2021/05/close-gender-gap-venture-capital/

[3] https://www.forbes.com/sites/forbesbusinesscouncil/2022/05/26/diversity-the-holy-grail-of-venture-capital/?sh=9eb823a41787

[4] https://www.forbes.com/sites/committeeof200/2020/09/22/diversity-as-uperpower-the-well-known-data-against-homogeneous-teams-in-venture-capital/?sh=228846b52019

RESPONSIBLE INVESTMENT

(continued)

SSIT PORTFOLIO DIVERSITY STATISTICS

	SSIT portfolio[1]		
	Average	Fair value weighted average[2]	Industry comparisons
Board members identifying as female	9%	4%	High tech companies 2020 – 8%[3]
Board members identifying as from an ethnic minority	7%	9%	
Senior management identifying as female or from an ethnic minority	19%	21%	
Staff identifying as female or from an ethnic minority	27%	23%	Venture capital-backed startups 2020 – men (89.3%) and white (71.6%)[4]

Sources: Portfolio company information; Seraphim Space analysis

(1) Data provided by portfolio companies representing 95% of the fair value as of 30 June 2023.

(2) Fair value weighted average (as defined in the Glossary on page 162).

(3) https://techcrunch.com/2021/08/29/diversifying-startups-and-vc-power-corridors/

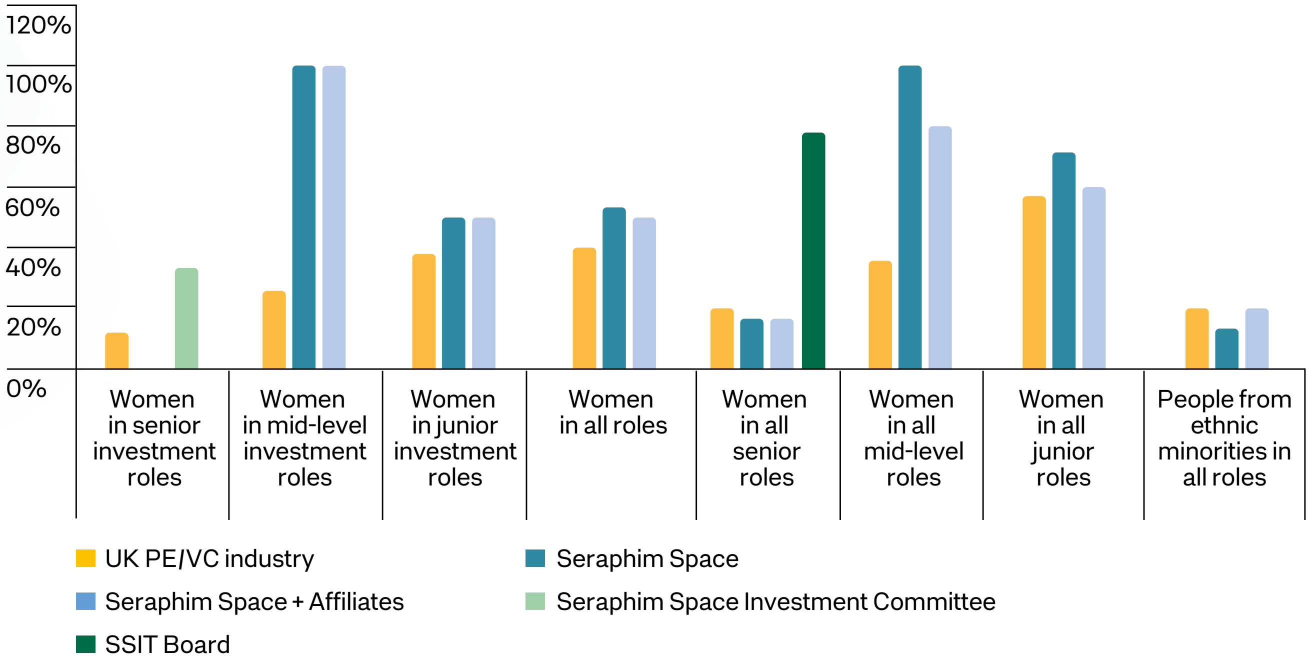
(4) https://venturebeat.com/games/diversity-vc-reports-1-87-of-venture-capital-allocated-to-women-and-minority-owned-startups/

Compared to the diversity information outlined in the BVCA and Level 20 Diversity and Inclusion Report (2023), as at 30 June 2023, Seraphim Space outperformed the market in most categories as outlined in the chart below. With 17% females in all senior roles, it is slightly below the industry at 20%, although the team is supported by the SSIT Board which is 75% female. While Seraphim Space had no women in senior investment roles versus the industry at 12% as outlined on page 44, Maureen Haverty was promoted post the year end to Investment Principal (which would take the percentage to 20%), and the Investment Committee is 33% female. Together with its affiliates, Seraphim Space has roughly the same proportion of people from ethnic minorities represented as the industry at 20%.

RESPONSIBLE INVESTMENT

(continued)

SERAPHIM SPACE AND SSIT DIVERSITY COMPARED TO THE UK PRIVATE EQUITY AND VENTURE CAPITAL (PE/ VC) INDUSTRY



Source: Seraphim Space analysis; https://www.bvca.co.uk/Research/BVCA-Publications/Details/Diversity-and-Inclusion-2023-Report

Job creation

Continued strong revenue growth and the ability for portfolio companies to access the funding they require is driving headcount increases, despite the difficult macroeconomic environment over the last 12 to 18 months. On a fair value weighted basis, the top 10 holdings grew headcount by 22.1% in the 12 months to 30 June 2023.

Carbon emissions/ energy reduction

Given the fact that the private portfolio companies are relatively early in their life, a number are not yet measuring energy consumption, and scope 1/2 and 3 carbon emissions are only measured by four and two private portfolio companies, respectively. On a fair value weighted basis, 30% of energy consumption is renewable. We are engaging with the portfolio companies to drive further work in this key area.

BUSINESS REVIEW

BUSINESS REVIEW

BUSINESS MODEL

SSIT is the world's first and only listed SpaceTech fund providing public access to private SpaceTech businesses.

The Company carries on business as an investment trust, which is a form of a 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 FCA's Listing Rules, Disclosure Guidance and Transparency Rules and Prospectus Regulation 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 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 referred to 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, managing 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 and 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 and 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 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 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. This 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 macroeconomic conditions and fluctuations in currency exchange rates.

BUSINESS REVIEW

(continued)

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, (in the case of buy-backs) the level of the Company's discount relative to those of comparable listed investment companies, 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.

On 13 July 2023, the Board announced a share repurchase programme to mitigate the effect of the substantial discount experienced by the Company. In the period to 13 October 2023, the Company bought back 2,186,344 shares pursuant to the share repurchase programme. The shares bought back are being held in treasury and may be resold in due course at a premium to NAV. 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;
- ongoing charges; and
- portfolio fair value vs. 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 pages 160 and 161. The KPIs for the year ended 30 June 2023 are shown on page 1.

BUSINESS REVIEW

(continued)

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 with such companies, helping to guide their governance policies. Details of the Responsible Investment Policy are included on pages 62 to 67.

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 Regulation 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 FCA'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 service 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 90 and 91. Currently, the Board has 75% female representation (greater than the FCA's target for listed companies of 40%) and the Senior Independent Director (Sue Inglis) is also female (in line with the FCA's target for listed companies of one senior position being held by a woman). Given the size of the Board and that fact the Company is in an early stage, it does not currently have at least one member of the Board from a minority ethnic background (contrary to the FCA's target for listed companies) but this will be a key consideration for future appointments.

The Investment Manager (together with its affiliates) has a diverse employee base (currently, 50% female and 23% from non-white British or other white backgrounds) and continues to dedicate recruiting resources to increasing its diversity across all positions and levels.

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.

BUSINESS REVIEW

(continued)

PRINCIPAL AND EMERGING RISKS AND UNCERTAINTIES

Under the FCA'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 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 108 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
1. INVESTMENT RETURN Risk that SSIT fails to achieve its investment objective and provide a satisfactory investment return	• Reduced demand for SSIT's shares • Reduced liquidity in SSIT's share trading • Increase in share price discount	• Seraphim Space has deep sector knowledge and experience and a rigorous investment process designed to identify and manage risks • The portfolio is managed in accordance with the investment policy to spread investment risk • The investment environment, portfolio performance, specific factors affecting portfolio companies (individually or collectively), transactions, investment pipeline opportunities and cash flow forecasts are reviewed regularly by the Board • The Board conducts a rigorous strategy review annually
2. DISCOUNT 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	• 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	• 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 (in July 2023, the Board announced a share repurchase programme to support the Company's share price in light of the substantial discount it was experiencing)

BUSINESS REVIEW

(continued)

RISK	POTENTIAL IMPACT	MITIGATION
3. LIQUIDITY Risk that SSIT has insufficient liquid resources to particate in subsequent funding rounds by portfolio companies or make new investments	• Dilution of SSIT's holdings in existing portfolio companies • Reputational damage • Reduced NAV growth • Reduced shareholder return	• Seraphim Space monitors the cash runways of portfolio companies and maintains cash flow projections based on its assessment of return potential, timing and scale of potential funding rounds, the ability of others in portfolio company syndicates to support 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 forecasts are reviewed regularly by the Board
4. PORTFOLIO COMPANY PERFORMANCE 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	• Reduction in relevant portfolio company valuations, potentially resulting in 100% write-off • Reduced NAV and shareholder returns	• 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 • SSIT's 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
5. PUBLIC COMPANY SHARE PRICE VOLATILITY Risk of extreme volatility in the share prices of SSIT's listed portfolio companies materially adversely impacting the concentration risk associated with the portfolio	• 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	• The 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
6. MACROECONOMIC Risk that the performance of portfolio companies may be materially adversely affected by geopolitical risks, a pandemic/epidemic, climate change and/or other macroeconomic conditions, including interest rate rises and inflation	• 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 in share price discount • SSIT's access to additional capital constrained	• 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 macroeconomic conditions and disruptive events • Portfolio companies have business continuity plans, which, in many cases, have been fully tested during the COVID-19 pandemic and/or since the war in Ukraine began and demonstrating that they are adept at adjusting in response to major widescale disruption • The investment environment and specific factors affecting portfolio companies (individually or collectively) are assessed regularly by the Board
7. VALUATION 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	• False market in SSIT's shares • Reputational damage • Reduced NAV and shareholder returns • Increase in share price discount	• Valuations are prepared in accordance with the IPEV Valuation Guidelines and Seraphim Space's valuation policy, which has been formally reviewed by the Board and commented upon by the Company's Auditor and is consistently applied • In advance of quarterly Audit Committee meetings, the Audit Committee meets with Seraphim Space solely for the purpose of reviewing 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 Auditor reviews the valuations and methodology and attends ad hoc Audit Committee meetings when interim and year end valuations are presented and discussed by the Investment Manager as part of their annual audit review procedures
8. REALISATION 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	• Reduced NAV and shareholder returns	• SSIT's 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
9. FOREIGN EXCHANGE Risk that FX movements materially adversely affect the value of investments made in currencies other than Sterling	• Reduced NAV and shareholder returns	• 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 • The Company has engaged a provider who has demonstrated a track record of favourable rates for FX spot trades

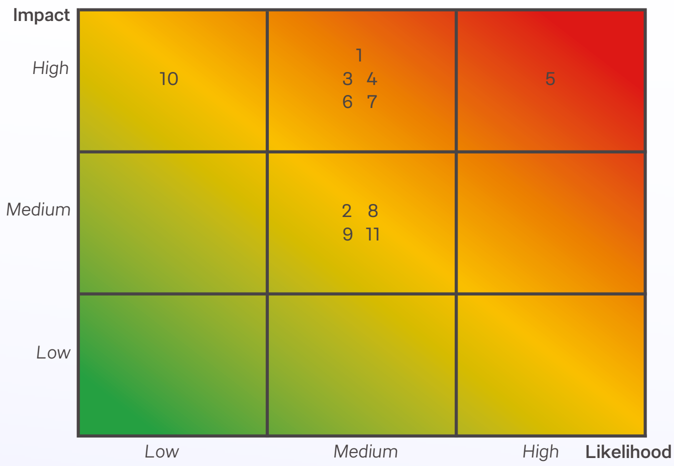
BUSINESS REVIEW

(continued)

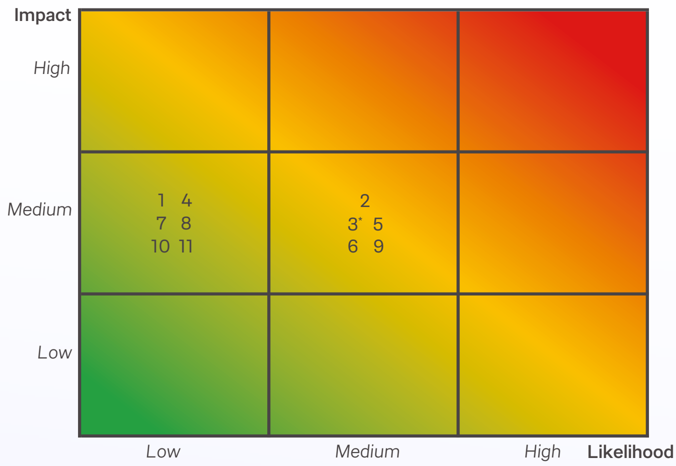
RISK	POTENTIAL IMPACT	MITIGATION
10. KEY PERSONS Risk that one or more of Mark Boggett, James Bruegger and Rob Desborough (key members of Seraphim Space's team) cease to be actively engaged in the management of SSIT's portfolio	• Adverse impact on SSIT's ability to implement its investment strategy • Reduced NAV and shareholder returns	• 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
11. ESG Risk that Seraphim Space fails to identify ESG issues in portfolio companies or receive adequate ESG information from portfolio companies or that portfolio companies fail to adequately address any material climate change impacts they might have	• Reputational damage • SSIT's shares may be less attractive to investors • Issues regarding valuations of portfolio companies concerned	• With the assistance of an international sustainability consultancy firm, Seraphim Space has 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

Each of the above principal risks has been identified in the Company's risk matrix, which is reported and discussed at Audit Committee and Board meetings. The Directors ensure that effective controls are in place to mitigate each risk and the graphics below show the Board's assessment of the likelihood and impact of each, both pre-control and post-control.

PRINCIPAL RISKS – PRE-CONTROL



PRINCIPAL RISKS – POST-CONTROL



1. Investment return
2. Discount
3. Liquidity
4. Portfolio company performance
5. Public company share price volatility
6. Macroeconomic
7. Valuation
8. Realisation
9. Foreign exchange
10. Key persons
11. ESG

* The Directors have amended their assessment of the likelihood of the liquidity risk from the prior year, when it was deemed to be Low, to the current Medium.

BUSINESS REVIEW

(continued)

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 page 136, 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 annual 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 for the going concern statement. The Board has assessed the Company's prospects over the period of three years ending 30 September 2026. 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 financial and economic scenarios over a longer period would be imprecise given the lack of long-term economic visibility. Soon after the period of three years ending 30 September 2026, an ordinary resolution will be proposed at the AGM in 2026 pertaining to the Company continuing as an investment company.

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 and other liquid reserves, as well as 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 and forecast cash flows, 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
- the Company does not have any gearing or any obligation to pay dividends.

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 which could impact the Company through poor ratings with consequent discounts, high interest rates adversely impacting growth company valuations and a tough fundraising environment;
- a significant 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 interest rates 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 from 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 macroeconomic 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 20 and 44 to 45 respectively, commentary on the outlook for the Company.

APPROVAL OF STRATEGIC REPORT

The Strategic Report set out on pages 1 to 87 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 year 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

16 October 2023

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 to 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.

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, 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 we operate as a Board and are foremost in our minds in our discussions, decision-making and reporting. We welcome, therefore, shareholders' and other stakeholders' views and concerns and place great importance on our engagement with them so that we can better understand and consider them in our discussions and decision-making.

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:

- ***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 and are available via the 'RNS Announcements' section under 'Investor Relations' on the Company's website.
- ***RNS Reach Newsletter:*** The Company issues a monthly SpaceTech Sector Newsletter via RNS Reach to provide timely updates, based on publicly available information, on the Company's investments, its Investment Manager and the wider SpaceTech market. The first publication was issued on 9 January 2023. Their availability is also 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 and public relations and communications advisor, undertakes a programme of investor engagement throughout the year. During the year to 30 June 2023, the Investment Manager held four group meetings for research analysts for each quarterly results and four professional and/or retail investor webinars through the Company's public relations and communications advisor. Each analyst presentation had 25 attendees. Through the Company's corporate brokers, there were 120 interactions with 57 unique 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 periodically 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. The next capital markets day is scheduled for 18 October 2023.
- ***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.
- ***Annual General Meetings:*** The Annual General Meeting of the Company provides a forum for shareholders to meet, ask questions and discuss issues with the Directors and Investment Manager. The next Annual General Meeting will take place on 20 November 2023.
- ***Working with external partners:*** The Board also engages some external providers, such as a public relations and communications adviser, to assist in investor communication and obtain input on specific aspects of shareholder communications, such as developing more effective ways to communicate with investors.

ENGAGING WITH KEY STAKEHOLDERS

(continued)

STAKEHOLDER GROUP	
SHAREHOLDERS AND POTENTIAL INVESTORS (continued)	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 receive feedback and views on investor concerns and priorities which inform our discussions and decisions.
INVESTMENT MANAGER **(Seraphim Space Manager LLP)**	**Why it is 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 at least quarterly reports from the Investment Manager on performance, investment activity and pipeline, portfolio company developments, cash flow projections, and investor relations activities, as well as on a wide range of other topics. • ***Meetings:*** The Board and Investment Manager meet face-to-face at least quarterly for scheduled Board and Committee meetings. In addition, the Board and Investment Manager frequently meet, either in person or virtually, between scheduled Board and Committee meetings to consider 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.

ENGAGING WITH KEY STAKEHOLDERS

(continued)

STAKEHOLDER GROUP	
ADMINISTRATOR/ COMPANY SECRETARY **(Ocorian Administration (UK) Limited)**	**Why it is important** The Administrator provides 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 at least quarterly reports from the Administrator on a range of matters, including financial, corporate governance, legal, regulatory and compliance matters. • ***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 at least a weekly 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.
OTHER KEY SERVICE PROVIDERS **(corporate brokers, Auditor, legal advisers, public relations and communications adviser, depositary, registrar – see page 164 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 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, engages with the other key service providers on a regular basis and ensures 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, introductions 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 factors.

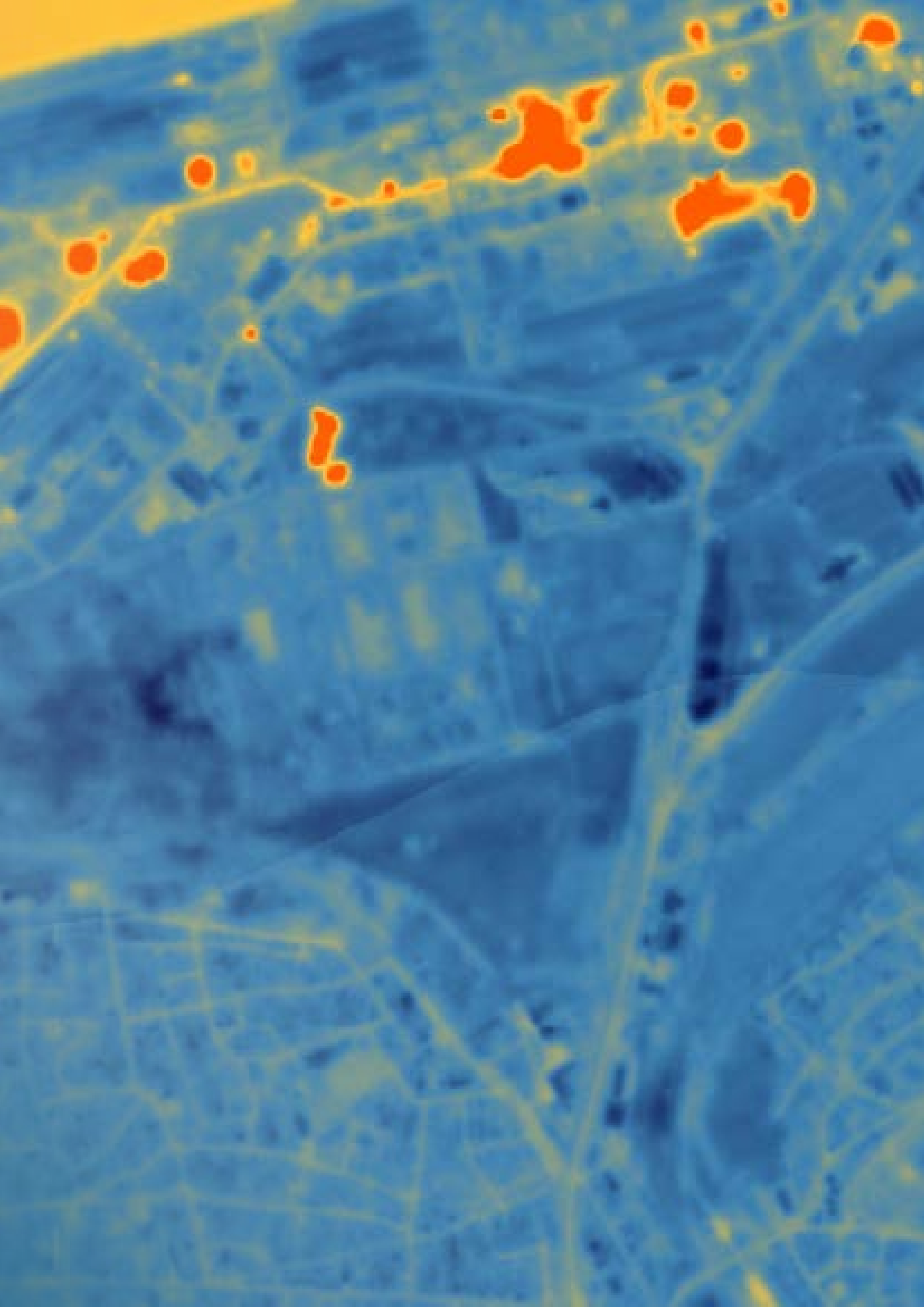
TOPIC	STAKEHOLDER CONSIDERATIONS AND OUTCOME
RESPONSIBLE INVESTMENT	**S.172 consideration: the impact of the Company's operations on the community and the environment** Whilst the Company's operations are limited (with all substantive operations being conducted by its third-party service providers), the Board is aware of the need to consider the impact of the Company's investment strategy on 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. **Stakeholders influencing and/or impacted considerations and outcome:** Portfolio companies, shareholders and potential investors.
INVESTMENT APPROVALS	**S.172 consideration: the desirability of the Company maintaining a reputation for high standards of business conduct** 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, up to £2.3m, in two former accelerator programme participants (one new investment which did not close prior to the year end and one follow-on) 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 94) 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 arm's length investors, including significant investment from a new investor or more than pro-rata participation from an existing investor. Accordingly, the Board concluded that it was in the interests of SSIT's shareholders to approve the investments. **Stakeholders influencing and/or impacted considerations and outcome:** Shareholders and potential investors, Investment Manager.
CAPITAL ALLOCATION	**S.172 consideration: the likely consequences of the decisions in the long term** Having regard to the challenging environment for raising additional capital (debt and/or equity) and in expectation that such environment would continue for some time, the Board and Investment Manager regularly reviewed the Company's cash resources and other sources of liquidity, identified anticipated shorter-term funding requirements of SSIT's portfolio companies and agreed capital allocations for supporting portfolio companies and new investment opportunities until such time as the fundraising environment improves or a significant liquidity event occurs. These allocations were consistent with SSIT's long-term strategy, should enable the Company to continue to foster good relationships with portfolio company management teams and maintain it's standing as a key investor in the SpaceTech sector and are aimed at supporting the long-term growth of the NAV per share. **Stakeholders influencing and/or impacted considerations and outcome:** Shareholders and potential investors, portfolio companies, Investment Manager.

ENGAGING WITH KEY STAKEHOLDERS

(continued)

TOPIC	STAKEHOLDER CONSIDERATIONS AND OUTCOME
SHARE BUY BACKS	**S.172 consideration: the likely consequences of the decisions in the long term, the need to act fairly as between members of the Company** The Board considers that it is not in Shareholders' interests for the Ordinary Shares of the Company to trade at a significant discount to the prevailing NAV in normal market conditions. SSIT's shares have traded at a material discount to NAV during the year (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 anticipated shorter-term funding requirements of SSIT's portfolio companies, the investment opportunities available to the Company, feedback from shareholder meetings and advice from SSIT's corporate brokers. The Board believes that the most effective means of minimising any discount at which the Ordinary Shares may trade is for the Company to deliver strong, consistent, long-term performance from the investment portfolio. However, wider market conditions and other considerations inevitably affect the rating of the Ordinary Shares from time to time. Towards the end of the year, the Ordinary Share price discount widened to a level that the Board concluded, having regard to the matters referred to in the previous paragraph, that it would be in the interests of shareholders to commence a share repurchase programme. On 13 July 2023, the Board announced a share repurchase programme funded out of SSIT's existing cash resources. Since then, and up to 13 October 2023, the Company bought back a total of 2,186,344 shares (0.9% of the shares in issue at 12 July 2023) at an aggregate cost of £1.0m. The shares bought back are being held in treasury. The closing price as at 13 October 2023 was 39.5p, an increase of 51% from the closing share price of 26.1p on 12 July 2023. The shares were bought at a discount to net asset value in order to ensure that the company's shareholders found liquidity for their shares when market demand was insufficient and on terms that enhanced net asset value for remaining shareholders. **Stakeholders influencing and/or impacted considerations and outcome:** Shareholders and potential investors.
ANNUAL REVIEW OF SERVICE PROVIDERS	**S.172 consideration: the need for the Company's to foster business relationships with suppliers, customers and others** The Management Engagement Committee met during the year 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 114 and 115). 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. **Stakeholders influencing and/or impacted considerations and outcome:** Investment Manager, Administrator, other key service providers.
STRATEGY SESSION	**S.172 consideration: the likely consequences of the decisions in the long term** In June 2023, the Board held a strategy session with the Investment Manager outside of the scheduled quarterly Board meetings, to consider the Company's strategic objectives. Topics discussed included liquidity projections, scenario planning and allocation of existing cash resources. The Board believes that the strategy session helped to strengthen a clear and collaborative vision for the strategic direction of the Company, while taking into account the views and needs of stakeholders. The Board will continue to conduct a strategy session annually. **Stakeholders influencing and/or impacted considerations and outcome:** Shareholders and potential investors, portfolio companies, Investment Manager.

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

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 is 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.

SUSAN (SUE) INGLIS

Senior Independent Director

Date of appointment

14 June 2021

Committee membership

A R (Chair) 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 Gifford Growth US Growth Trust PLC and CT Global Managed Portfolio Trust PLC.

Committee membership key

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

DIRECTORS AND INVESTMENT MANAGER

(continued)

CHRISTINA MCCOMB

Director

Date of appointment

14 June 2021

Committee membership

A R M

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, the UK's Innovation Agency for Social Good.

ANGELA LANE

Director

Date of appointment

1 January 2022

Committee membership

A R M

Skills and experience

Angela has decades of experience working with private equity-owned companies and investment companies and as the chair of audit and remuneration committees. She is a Fellow of the Institute of Chartered Accountants in England and Wales 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. She is currently on the Board of and acts as chair of the audit committee for three investment trusts investing in quoted and unquoted companies.

External appointments

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

Committee membership key

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

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 YFM Equity 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 University of Leeds. Mark has been a fund representative on the boards of a range of leading global 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 leading global SpaceTech companies, including ICEYE, D-Orbit, Ultrasoc, ALL.SPACE (formerly Isotropic Systems) and SatVu.

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 YFM Equity Partners as an Investment Director. Rob holds a BSc (Hons) in Biomedical Sciences from University of Glasgow and a Postgraduate Diploma (PGDip) in Information Technology Systems from 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.

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.

DIRECTORS AND INVESTMENT MANAGER

(continued)

SARAH SHACKLETON

COO

Sarah is the COO at Seraphim Space and has more than 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 University of Bristol.

ANDRE RONSOEHR

Investment Partner

Andre is an Investment Partner 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 OneWeb 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 $billion businesses. Andre has been a fund representative on the boards of a range of SpaceTech companies, including Astroscale and PlanetWatchers.

MAUREEN HAVERTY

Investment Principal

Maureen joined Seraphim Space in 2022 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 Batchelor 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 served as President of the European Business Angel Network, and is 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 Seraphim Space's Investment Committee as an independent member to advise on 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 its 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 on 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 on and address any conflicts of interest.

DIRECTORS' REPORT

The Directors present their Annual Report and audited financial statements for the Company for the year ended 30 June 2023. The Corporate Governance Report on pages 90 to 121 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 is as an approved investment trust in accordance with section 1158 of the Corporation Tax Act 2010 ('s.1158'). 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 cyber security) with the objective of generating capital growth over the long term.

A detailed review of the Company's business and performance during the year, the principal risks and uncertainties facing the Company, any future likely developments in the Company and any important events since 30 June 2023 are contained in the Strategic Report on pages 74 to 77 and should be read as part of this Report.

RESULTS AND DIVIDENDS

The loss for the year was £16.9 million. A loss of £4.5 million was attributable to the revenue reserve. 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

As at 30 June 2023, the Company's issued share capital comprised 239,384,928 ordinary shares and no shares were held in treasury. The total number of voting rights of the Company at 30 June 2023 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.

DIRECTORS' REPORT

(continued)

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 87 and 'Share Rating Management' on page 72.

The Company's current 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 on the date the authority was granted expires at the conclusion of the 2023 AGM. Special resolution 10 will be proposed at the forthcoming AGM seeking renewal of such authority until the 2024 AGM or 31 December 2024, 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.

The Company's current authority to make market purchases up to 35,883,800 ordinary shares, representing 14.99% of the ordinary shares in issue on the date the authority was granted, expires at the conclusion of the 2023 AGM. No shares were bought back under this authority during the year ended 30 June 2023. In the period since the year end to 13 October 2023, the Company bought back 2,186,344 shares under this authority following a share repurchase programme announced on 13 July 2023. The shares bought back are being held in treasury. Special resolution 11 will be proposed at the forthcoming AGM seeking renewal of this authority until the 2024 AGM or 31 December 2024, whichever is the earlier. The Company may hold bought-back shares in treasury and then re-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.

MAJOR INTERESTS IN SHARES

At 30 June 2023 and 30 September 2023, the Company had been notified under the FCA'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 2023	% of voting rights 29 September 2023
British Business Bank Finance Ltd	**13.94**	14.07
Schroders Plc	**12.25**	12.19
RBC Brewin Dolphin	**6.78**	6.65
RBC Dominion Securities%Inc	**5.22**	5.27
Hargreaves Lansdown Asset Mgmt	**4.71**	5.00
Airbus Defence & Space Limited	**3.66**	3.69

DIRECTORS

The names and biographical details of the Directors at the date of this Report are shown on pages 90 and 91. 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 118 to 120. 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 107.

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 offers themself for re-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 re-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 year.

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 AND INVESTMENT MANAGER TRANSACTIONS

The Company's transactions with related parties during the year were with its Directors.

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.

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 year may be found in note 4 to the financial statements on page 143. There were no amounts outstanding to the Investment Manager at 30 June 2023.

RISKS AND RISK MANAGEMENT

The principal risks and uncertainties facing the Company are set out on pages 74 to 77. Further details of the Company's key financial risks are set out in note 14 to the financial statements on page 150 to 156.

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 FCA'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.

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 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 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 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.

DIRECTORS' REPORT

(continued)

INDEPENDENT AUDITOR

The Directors will propose the re-appointment of BDO LLP as the Company's Auditor and resolutions concerning this and to authorise the Audit Committee to determine the Auditor's remuneration will be proposed at the forthcoming AGM.

ANNUAL REPORT

As disclosed in the Audit Committee Report on pages 110 to 113, after due consideration the Audit Committee concluded 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 position and performance, strategy and business model of the Company.

EVENTS AFTER THE BALANCE SHEET DATE

On 13 July 2023, the Board announced a share repurchase programme to mitigate the effect of the substantial discount experienced by the Company. In the period to 13 October 2023, the Company bought back 2,186,344 shares pursuant to the share repurchase programme announced.

There have been no other significant events since 30 June 2023.

2023 AGM

A separate notice convening the Company's 2023 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 16 October 2023.

On behalf of the Board:

WILL WHITEHORN
Chair

16 October 2023

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 FCA'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-ended 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 is a member of the AIC and 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 110 to 117 form part of this Report. The Board confirms that the Company complied with the relevant principles and provisions of the AIC Code during the year.

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. Consequently, 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 112 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.

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

CORPORATE GOVERNANCE REPORT

(continued)

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.

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 82 to 87, the Board seeks to engage with its Investment Manager, Administrator and other key stakeholders 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 external positions held). 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 themself 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 year. 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.

CORPORATE GOVERNANCE REPORT

(continued)

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 94) consider the investment at the 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 year, the Board approved investments in 2 companies (£2.3m of investments in aggregate) in former accelerator programme participants (for further information, see 'Examples of Stakeholder Considerations' on page 86).

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;
- 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 page 121.

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;
- 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/).

CORPORATE GOVERNANCE REPORT

(continued)

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 1 to 87.

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 Committees are included in their respective Reports on pages 110 to 117 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 Committees' 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.

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 by 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 143. 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 FCA and London Stock Exchange;
- advising on 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.

BOARD AND COMMITTEE MEETINGS

Regular Board and Committee meetings are scheduled throughout the year (Board: four; Audit Committee: four; 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. The Company also holds an annual strategy meeting to enable the Directors to consider strategic matters outside of scheduled quarterly Board meetings.

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 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.

CORPORATE GOVERNANCE REPORT

(continued)

The number of scheduled meetings during the year, 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	0[(1)]
Sue Inglis	4	2	1	1
Christina McComb	4	2	1	1
Angela Lane	4	2	1	1

[(1)] *Mr Whitehorn was unable to be present at the Management Engagement Committee meeting held on 15 May 2023 but was briefed on the outcomes of the meeting by the Chair of this Committee shortly after the meeting.*

In addition to the scheduled meetings and the annual strategy meeting, there were nine ad hoc Board and Committee meetings during the year. 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 meetings, the Directors receive the agenda and supporting papers. Typically, all Directors attend ad hoc meetings, although this is not always feasible or necessary and Directors who are unable to attend a meeting can communicate their views ahead of the meeting.

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 90 and 91.

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 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 acknowledges the importance of diversity as a key driver of effectiveness and strongly believes 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 90 and 91.

The Board supports the progress being made under the direction of the FCA's guidance to improve the governance of listed companies by increasing both gender and racial diversity amongst the directors who serve these businesses.

CORPORATE GOVERNANCE REPORT

(continued)

As at 30 June 2023, our Board composition exceeded the revised gender targets which require at least 40% of the Board to be women and met the target that at least one of the senior Board positions be filled by a woman.

Currently, the Board has 75% female representation and the Senior Independent Director (Sue Inglis) is also female.

REPORTING TABLE ON GENDER REPRESENTATION AT 30 JUNE 2023

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (Chair and Senior Independent Director)
Men	1	25%	1
Women	3	75%	1
Other categories	–	–	–
Not specified/prefer not to say	–	–	–

Given the current tenure, knowledge and experience of our relatively small Board and the fact that the Company is in an early stage, it does not currently have at least one member of the Board from a minority ethnic background (contrary to the FCA's target for listed companies). Further consideration will be given to these targets when implementing future succession plans.

REPORTING TABLE ON ETHNICITY REPRESENTATION AT 30 JUNE 2023

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (Chair and Senior Independent Director)
White British or other White (including minority-white groups)	4	100%	2
Mixed/Multiple Ethnic groups	–	–	–
Asian/Asian British	–	–	–
Black/African/Caribbean/Black British	–	–	–
Other ethnic group, including Arab	–	–	–
Not specified/prefer not to say	–	–	–

The Board will keep under review and evaluate its balance and composition to ensure that both it and its Committees have the appropriate mix of skills, experience, independence and knowledge to ensure their continued effectiveness. In doing so, the Board will consider diversity, including age, gender, ethnicity, educational and professional backgrounds and cognitive and personal strengths amongst other relevant factors.

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 age, 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.

CORPORATE GOVERNANCE REPORT

(continued)

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. 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 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.

CORPORATE GOVERNANCE REPORT

(continued)

Where a significant additional external appointment is approved by the Board, the reasons for permitting the appointment will be explained in the Annual Report.

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 Committees' deliberations, the Board has approved the nomination for re-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 regarding long tenure have arisen to be considered by the Board.

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 117.

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 116 and 117. 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 114 and 115. 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.

CORPORATE GOVERNANCE REPORT

(continued)

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 115. 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 118 to 120 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 1 to 87. The Company's financial risks are discussed in note 14 to the financial statements on pages 150 to 156.

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 year 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 October 2023 meeting, the Audit Committee carried out an annual assessment of the Company's risk management and internal controls for the year and taking account of events since 30 June 2023. 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.

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 year, the risk matrix is

CORPORATE GOVERNANCE REPORT

(continued)

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 year.

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 FCA, 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 112, the Board does not currently consider that an internal audit function is required.

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 examples of how we had regard to those stakeholders in our decision-making processes during the year are set out in the Strategic Report on pages 82 to 87. 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 16 October 2023.

On behalf of the Board:

WILL WHITEHORN
Chair

16 October 2023

AUDIT COMMITTEE REPORT

The Audit Committee consists of all Board members and is currently chaired by Ms Lane, who succeeded Ms McComb as Chair of the Audit Committee following the conclusion of the Company's AGM on 17 November 2022.

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 Fellow of the Institute of Chartered Accountants in England and Wales. All members of the Committee are independent of the Company's Auditor, Investment Manager and Administrator.

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 FCA'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 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 Auditor, approving its remuneration, monitoring the extent of any proposed non-audit services and generally overseeing the relationship.
- Monitoring the Auditor's independence, objectivity and effectiveness.
- Reviewing the performance and quality of the 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 year, the Committee held four scheduled meetings and several ad hoc meetings and there was ongoing liaison and discussion between the Auditor, BDO LLP, and the Audit Committee Chair with regard to the audit approach, identified risks and other matters pertinent to the Committee.

AUDIT COMMITTEE REPORT

(continued)

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

- the terms of reference of the Committee;
- 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, associated results announcements and related matters;
- regulatory changes impacting the Company;
- the Financial Reporting Council's latest Annual Audit Quality Inspection Report on BDO LLP;
- the independence of the Auditor;
- the remuneration and terms of engagement of the Auditor; and
- the audit plan of the Auditor for the year.

After the year end, the Committee met on 12 October 2023 and 16 October 2023 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 Auditor was invited to attend the Committee meeting on 12 October 2023 and 16 October 2023 and a member of the Committee met with the 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 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 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 Auditor on the outcome of its annual audit.

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 (82.1% as at 30 June 2023) 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 143 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.

AUDIT COMMITTEE REPORT

(continued)

The Company's private company investments are early or growth stage companies. Valuations are prepared in accordance with the IPEV Valuation Guidelines and the Investment Manager's valuation policy, which has been formally reviewed and approved by the Board. The Investment Manager's approach to valuation of investments is outlined in the Investment Manager's Report on page 40 and in notes 2 and 8 to the financial statements on pages 140 and 145 to 147 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 Auditor has explained the results of its audit work on valuations in the Independent Auditor's Report on pages 124 to 131. 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 year was driven primarily by the Company's assessment of its principal and emerging risks as set out in the Strategic Report on pages 74 to 77. 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 year.

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.

AUDITOR

BDO LLP was appointed as the Company's Auditor following its incorporation.

The reappointment of the Auditor is subject to annual shareholder approval at the AGM. There are no contractual obligations restricting the choice of 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 second 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 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 Auditor.

AUDIT COMMITTEE REPORT

(continued)

The Committee also considered the 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 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 Auditor to the Company;
- assessing the appropriateness of the fees paid to the 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 year and prior period are set out in note 5 to the financial statements on page 143. 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 Auditor, the Committee recommended to the Board that BDO LLP be reappointed as Auditor for the year ending 30 June 2024. Accordingly, a resolution proposing the reappointment of BDO LLP as the Auditor will be put to shareholders at the 2023 AGM.

The Committee will continue to monitor the performance of the 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.

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 2023 in accordance with standard governance arrangements as summarised in the Remuneration and Nomination Committee Report on pages 116 and 117. 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 16 October 2023.

On behalf of the Committee:

ANGELA LANE
Audit Committee Chair

16 October 2023

MANAGEMENT ENGAGEMENT COMMITTEE REPORT

The Management Engagement Committee consists of all the Directors and is currently chaired by Ms McComb, who succeeded Mr Whitehorn as chair following the conclusion of the Company's 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 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 year.

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 2023 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 107 and in note 4 to the financial statements on page 143), 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 questionnaire 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;
- the Investment Manager's compliance with contractual arrangements and duties, including compliance with SSIT's investment policy;

MANAGEMENT ENGAGEMENT COMMITTEE REPORT

(continued)

- the methodology and level of the annual management and performance fees (see note 4 to the financial statements on page 143 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 2023, 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 Management Engagement Committee were considered as part of the Board evaluation process completed in May 2023 in accordance with standard governance arrangements as summarised in the Remuneration and Nomination Committee Report on pages 114 and 115. It was concluded that the Committee has the right balance of membership and skills and is operating effectively.

APPROVAL

This Management Engagement Committee Report was approved on 16 October 2023.

On behalf of the Committee:

CHRISTINA MCCOMB
Management Engagement Committee Chair

16 October 2023

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.

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

PRINCIPAL ACTIVITIES DURING THE YEAR

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 2023, consisted of performance appraisals, questionnaires, and discussions to determine effectiveness and performance in various areas. The areas considered included (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, (f) delivering shareholder value and (g) key priorities for the financial year ending 30 June 2024. The Committee also sought the views of the Investment Manager as part of the evaluation process. The performance evaluation of the Chair was led by Ms Inglis as the Company's Senior Independent Director and Chair of the Remuneration and Nomination Committee.

REMUNERATION AND NOMINATION COMMITTEE REPORT

(continued)

Following review and discussion of the evaluation results, the Committee concluded, at its scheduled meeting in May 2023, 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; and
- the proposed re-election of each Director at the 2023 AGM should be recommended.

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

Other routine activities

At its schedule meeting in May 2023, 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 104 to 107 and page 117 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 2024.

SUCCESSION PLANNING

The Board is at 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. The Committee is cognisant that it does not currently have ethnic representation, contrary to the new FCA diversity targets, and this will be an important consideration in future Board appointments.

The process for recruiting additional Directors is described under 'Appointments to the Board' on page 105 to 106. The Committee intends to use non-executive director recruitment consultants and/or open advertising when recruiting new Directors in the future.

COMMITTEE EVALUATION

The activities of the Committee were considered as part of the Board evaluation process completed in May 2023 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 16 October 2023.

On behalf of the Committee:

SUE INGLIS
Remuneration and Nomination Committee Chair

16 October 2023

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 (excluding the section 'Remuneration Policy') will be put to shareholders at the Company's AGM on 20 November 2023.

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. The remuneration policy was approved at the AGM of the Company on 17 November 2022 and no changes to the policy are proposed. It is intended that the remuneration policy will continue in force until the AGM in 2025.

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 year ended 30 June 2023, 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 year 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 2024. 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 Directors 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.

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.

DIRECTORS' REMUNERATION REPORT

(continued)

ANNUAL REPORT ON DIRECTORS' REMUNERATION (AUDITED INFORMATION)

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

	30 June 2023 £	30 June 2022 £	% change from prior period[2]
Will Whitehorn (Chair)	£50,000	£48,322	3%
Sue Inglis (Senior Independent Director)	£50,000	£48,322	3%
Christina McComb	£50,000	£48,322	3%
Angela Lane[1]	£50,000	£25,000	100%
Total	£200,000	£169,966	

[1] *Appointed with effect from 1 January 2022.*

[2] *Movement in individual Director's salary based on annualised total figures. Prior year remuneration was prorated based on duration of service.*

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 year from the Company (2022: £NIL).

RELATIVE IMPORTANCE OF SPEND ON PAY

The remuneration of the Directors with respect to the year totalled £200,000. As outlined on page 19, 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 year 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 year and their interests in the ordinary shares of the Company at 30 June 2023 are shown in the table below. There have been no changes to the Directors' interests between 30 June 2023 and the date of this Report.

	30 June 2023 Ordinary shares	30 June 2022 Ordinary shares
Will Whitehorn	100,000	100,000
Sue Inglis	50,000	50,000
Christina McComb	41,706	25,000
Angela Lane	47,000	27,284

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

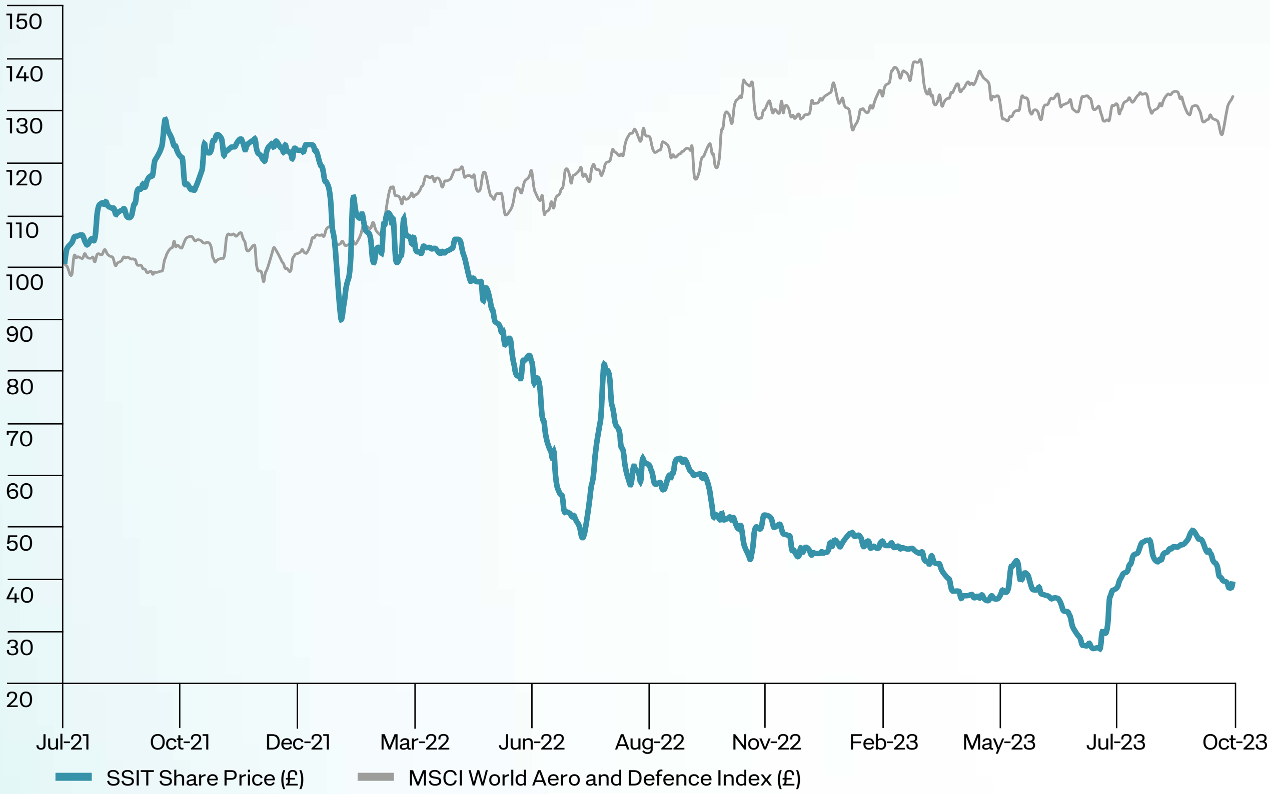
DIRECTORS' REMUNERATION REPORT

(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.

SSIT SHARE PRICE VS. MSCI WORLD AERO AND DEFENCE INDEX (£, TOTAL RETURN REBASED TO 100)



Source: Datastream

STATEMENT OF VOTING AT ANNUAL GENERAL MEETING

The Company seeks shareholder approval of the Directors' remuneration policy at every third AGM. At the 2022 AGM, of the proxy votes received in respect of the Directors' Remuneration Policy, 99.58% were in favour and 0.42% were against (votes representing approximately 0.03% of the issued share capital were withheld).

An advisory ordinary resolution to approve the Directors' Remuneration Report (excluding the Directors' remuneration policy) is put to members at each AGM. At the 2022 AGM, of the proxy votes received in respect of the Directors' Remuneration Report, 99.60% were in favour and 0.40% were against (votes representing 0.03% of the issued share capital were withheld).

APPROVAL

This Directors' Remuneration Report was approved by the Board on 16 October 2023.

On behalf of the Board:

WILL WHITEHORN
Chair

16 October 2023

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.

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 16 October 2023.

On behalf of the Board

WILL WHITEHORN
Chair

16 October 2023

FINANCIAL STATEMENTS

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 2023 and of its loss for the year 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 year ended 30 June 2023 which comprise the 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 Board 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 2 years, covering the period ended 30 June 2022 and year ended 30 June 2023. 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.

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 extreme downside scenarios occurring as well as reverse stress testing the forecast and the resulting effects on the liquidity of the Company; and
- 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.

INDEPENDENT AUDITOR'S REPORT

(continued)

OVERVIEW

Key audit matter	Valuation of unquoted investments
Materiality	*Company financial statements as a whole* £4.281m (2022:£3.512m) based on 2% (2022: 1.5%) of Net assets

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		HOW THE SCOPE OF OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Valuation of Unquoted Investments *The Company's accounting policy for assessing the fair value of investments is disclosed on page 140 in note 2. The disclosure regarding significant accounting judgments, estimates and assumptions for assessing the fair value of investments is given on page 142 in note 3, and disclosures regarding the fair value estimates are given on pages 145 to 147 in note 8.*	Unquoted investments, which comprises equity and loan note investments, are valued using judgemental valuation techniqies based on the International Private Equity and Venture Capital Valuation Guidelines and represent 97% of total investments at fair value through profit and loss, respectively. There is a high level of estimation uncertainty involved in determining the valuation of unquoted investments due to the judgements involved in selecting the appropriate valuation methodology as well as regarding the estimates involved in relation to the chosen inputs and valuation assumptions. 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 to be a potential risk of material misstatement. 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.	We gained an understanding of the controls and processes in relation to the valuation of unquoted investments including how the respective methodology and inputs in the model are chosen. Our testing of unquoted investments was tested inter alia to an immaterial residual balance. For all investments in our sample: • 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 an 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 considering both financial and non-financial KPI's against relevant milestones to determine the appropriateness of the level of adjustment, if any, made to the transaction value. We held extensive discussions with management around the portfolio companies performance, based on our understanding gained, we challenged management where a material difference was identified. Additionally, we have performed our own search of the macro-economic environment, and understood the performance of the investment portfolio companies, in order to assess whether management have appropriately considered the effect of rising inflation, the overall industry and the volatility of the public equity markets on their valuations. • Where a discount was noted, we assessed and challenged the judgments used in determining the discount percentage and whether this was appropriate. • 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 the preference share waterfall on the valuation by checking the accuracy of the preference share waterfall with reference to statutory documents and investment agreements.

INDEPENDENT AUDITOR'S REPORT

(continued)

KEY AUDIT MATTER	HOW THE SCOPE OF OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
	• 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. For milestone and market comparable valuations in our sample: • We gained an understanding around the investee in terms of the key strategic drivers and metrics which influences the overarching valuation. • 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 appropriate, we verified and benchmarked key inputs and estimates used in valuation models to independent information and assessed whether the benchmarks used were reasonable. • Where applicable, we assessed the impact of the preference share waterfall on the valuation by checking the accuracy of the preference share waterfall with reference to statutory documents and investment agreements. **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.

INDEPENDENT AUDITOR'S REPORT

(continued)

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 particular 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	
	2023	2022
Materiality	£4.281m	£3.512m
Basis for determining materiality	2% of Net assets	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	£3.210m	£2.282m
Basis for determining performance materiality	75% of Materiality	65% of Materiality
Rationale for the percentage applied for performance materiality	The level of performance materiality applied was set after having considered a number of factors including our assessment of the Company's overall control environment and the expected total value of known and likely misstatements and the level of transactions in the year.	

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £222,000 (2022: £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 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.

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.

INDEPENDENT AUDITOR'S REPORT

(continued)

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 78; 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 78 and 79.
OTHER CODE PROVISIONS	• Directors' statement on fair, balanced and understandable set out on page 121; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 108 and 109; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 112; and • The section describing the work of the Audit Committee set out on pages 110 to 113.

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	In our opinion, based on the work undertaken in the course of the audit: • 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. 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.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	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: • 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.

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

IIrregularities, 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:

Non-compliance with laws and regulations

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 compliance with Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, requirements of s.1158 of the Corporation Tax Act, and applicable accounting standards.

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 its Investment Trust status.

Fraud

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 matter 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

INDEPENDENT AUDITOR'S REPORT

(continued)

- Testing journals period end financial reporting journals 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 who were deemed to have the appropriate competence and capabilities 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.

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.

DocuSigned by:

Eran Wieder

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ERAN WIEDER
(SENIOR STATUTORY AUDITOR)

For and on behalf of BDO LLP, Statutory Auditor
London, United Kingdom

16 October 2023

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 2023

		For the year ended 30 June 2023			For the year ended 30 June 2022		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment (loss)/ gain							
Net (loss)/ gain on investments held at fair value through profit or loss	8	–	(12,416)	**(12,416)**	–	7,655	**7,655**
		–	**(12,416)**	**(12,416)**	–	**7,655**	**7,655**
Expenses							
Management fee	4	(2,912)	–	**(2,912)**	(2,744)	–	**(2,744)**
Other operating expenses	5	(1,851)	–	**(1,851)**	(1,626)	–	**(1,626)**
Total expenses		**(4,763)**	**–**	**(4,763)**	**(4,370)**	**–**	**(4,370)**
Operating (loss)/ profit for the year/ period		**(4,763)**	**(12,416)**	**(17,179)**	**(4,370)**	**7,655**	**3,285**
Finance income							
Interest income		260	–	**260**	84	–	**84**
Total finance income		**260**	**–**	**260**	**84**	**–**	**84**
(Loss)/ profit for the year/ period before tax		**(4,503)**	**(12,416)**	**(16,919)**	**(4,286)**	**7,655**	**3,369**
Tax	6	–	–	–	–	–	–
(Loss)/ profit and total comprehensive income for the year/ period attributable to:							
Equity holders of the Company		**(4,503)**	**(12,416)**	**(16,919)**	**(4,286)**	**7,655**	**3,369**
Earnings per share							
Basic and diluted (losses)/ earnings per share (pence)	7	(1.88)	(5.19)	**(7.07)**	(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 year or prior 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 136 to 157 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Non-current assets			
Investments at fair value through profit or loss	8	187,428	186,083
		187,428	**186,083**
Current assets			
Trade and other receivables	9	88	121
Cash and cash equivalents	10	35,309	57,650
		35,397	**57,771**
Current liabilities			
Trade and other payables	11	(428)	(4,538)
		(428)	**(4,538)**
Net current assets		**34,969**	**53,233**
Net assets		**222,397**	**239,316**
Equity			
Share capital	12	2,394	2,394
Share premium	12	60,377	60,377
Other reserves	12	173,176	173,176
Retained (losses)/earnings		(13,550)	3,369
Total shareholders' funds		**222,397**	**239,316**
Number of shares in issue at period end		**239,384,928**	**239,384,928**
Net assets per share (pence)	13	**92.90**	**99.97**

The financial statements on pages 132 to 157 were approved and authorised for issue by the Board of Directors on 16 October 2023 and signed on its behalf by:

WILL WHITEHORN
Chair

SUE INGLIS
Director

Registered Company Number 13395698

The accompanying notes on pages 136 to 157 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

	Share capital £'000	Share premium £'000	Special distributable reserve £'000	Retained (losses)/earnings Revenue £'000	Retained (losses)/earnings Capital £'000	Total £'000
Total shareholders' funds at 1 July 2022	2,394	60,377	173,176	(4,286)	7,655	**239,316**
Total comprehensive expense for the year	–	–	–	(4,503)	(12,416)	**(16,919)**
Total shareholders' funds at 30 June 2023	**2,394**	**60,377**	**173,176**	**(8,789)**	**(4,761)**	**222,397**

For the period from inception to 30 June 2022

	Share capital £'000	Share premium £'000	Special distributable reserve £'000	Retained (losses)/earnings Revenue £'000	Retained (losses)/earnings Capital £'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 (expense)/income for the period	–	–	–	(4,286)	7,655	**3,369**
Total shareholders' funds at 30 June 2022	**2,394**	**60,377**	**173,176**	**(4,286)**	**7,655**	**239,316**

The accompanying notes on pages 136 to 157 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	Note	For the year ended 30 June 2023 £'000	For the period ended 30 June 2022 £'000
Cash flows from operating activities			
(Loss)/profit for the year/period before tax		(16,919)	3,369
Adjustments for:			
Foreign currency cash movement		237	–
Purchase of investments		(21,330)	(84,815)
Disposal of investments	8	3,341	–
Unrealised movement in fair value of investments	8	10,456	(7,655)
Realised loss on disposal of investments	8	1,960	–
Movement in payables		118	310
Movement in receivables		33	(121)
Net cash used in operating activities		**(22,104)**	**(88,912)**
Cash flows from financing activities			
Proceeds of share capital issuance		–	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 year/period		**(22,104)**	**57,650**
Cash and cash equivalents at the beginning of the year/period		**57,650**	**–**
Exchange translation movement		**(237)**	–
Cash and cash equivalents at the end of the year/period		**35,309**	**57,650**

The accompanying notes on pages 136 to 157 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

1. GENERAL INFORMATION

The Company is an 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.

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 Association of Investment Companies Statement of Recommended Practice for the Financial Statements of Investment Trust Companies and Venture Capital Trusts (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.

The Company was formed on 14 May 2021, so comparative information in the financial statements covers the period from 14 May 2021 to 30 June 2022, but during that period the meaningful activities of the Company took place from the Company's listing on the London Stock Exchange on 14 July 2021 to 30 June 2022.

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

Going concern

The Company's cash balance at 30 June 2023 was £35.3m (2022: £57.7m), which was sufficient to cover its liabilities of £0.4m (2022: £4.5m including £4.2m investment settled post period-end) at that date 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 at the date of approval of these financial statements was £29.4m.

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 war in Ukraine has had substantial impacts on the global economy, in particular in respect of heightened inflation rates. Heightened inflation rates and interest rates have caused a weak macroeconomic environment which has impacted global markets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Continued strengthening of Sterling against the US Dollar has more than reversed the Sterling weakness experienced in the first quarter of this year. Given the ongoing weak macroeconomic environment, 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 key 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:

- increased volatility in the fair value of investments;
- 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 the weak macroeconomic environment or the impact of the continuing war on Ukraine 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 in accordance with 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 currency to be Sterling. However, the Company holds investments denominated in currencies other than Sterling, including US Dollars. In addition, an element of any income from the Company's investments may 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 did not do so in the year.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New and amended standards and interpretations not applied

At the date of authorisation of these financial statements, the following amendments had been published and will be mandatory for future accounting periods.

Effective for accounting periods beginning on or after 1 January 2023:

- Narrow-scope amendments to IAS 1 'Presentation of financial statements', Practice statement 2 and IAS 8 'Accounting policies, changes in accounting estimates and errors'.
- Amendments to IAS 12 'Income taxes' – deferred tax related to assets and liabilities arising from a single transaction.
- Amendments to IFRS 17 'Insurance contracts' – this standard replaces IFRS 4 'Insurance contracts', which currently permits a wide variety of practices in accounting for insurance contracts.

Effective for accounting periods beginning on or after 1 January 2024:

- Amendments to IAS 1 on classification of liabilities clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period.

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 substantially all of its investments are 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'.

Income recognition

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 any 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 25%).

In principle, the Company is 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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2023 and 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 IPEV Valuation Guidelines. These methods include primary valuation techniques such as revenue or earnings multiples, 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;
- 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 as a result of a past event and for 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 the special distributable reserve. Retained earnings include cumulative unrealised movements in investments which are classified as capital in the Statement of Comprehensive Income, which are not distributable; and cumulative revenue items, which are classified as distributable to shareholders.

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 is of greater reliability than other methods based on estimates and assumptions and, accordingly, where there have been recent investments by third parties, the price of that investment generally provides 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 is 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 are taken. Publicly traded securities are valued by reference to their bid price or last traded price.

The Company considers whether the basis for the last valuation remains appropriate each time valuations are reviewed. In addition, inputs to the fair value calculation are recalibrated to assess the appropriateness of the methodology used in relation to the market performance since the last funding round, such as the portfolio company's trading performance relative to the expectations of the round and macroeconomic 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.

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 year were £2.9m (2022: £2.7m), of which £NIL was payable to the Investment Manager as at 30 June 2023 (2022: £NIL).

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. Any 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 year (2022: £NIL).

5. OPERATING EXPENSES

	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Legal & professional fees	394	298
Administration & depository fees	219	215
Directors' fees	224	170
Insurance expense	23	168
Irrecoverable VAT	95	98
Audit of statutory financial statements	96	80
Other operating expenses	800	597
Total operating expenses	**1,851**	**1,626**

During the prior period, the Company's external Auditor, BDO LLP, was 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 its creditor loan relationships or 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.

No tax liability has been recognised in the financial statements.

	30 June 2023			30 June 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
UK corporation tax charge on profits for the year/ period at 20.5%* (2022: 19%)	–	–	–	–	–	–

* The tax rate changed from 19% to 25% on 31 March 2023 such that the average rate for the year was 20.5% and this is the percentage used for the tax reconciliation.

	30 June 2023			30 June 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Return on ordinary activities before tax	(4,503)	(12,416)	(16,919)	(4,286)	7,655	3,369
Tax at UK corporation tax rate of 20.5% (2022: 19%)	(923)	(2,545)	(3,468)	(814)	1,454	640
Effects of:						
Non-taxable (losses)/ gains on investments	–	2,545	2,545	–	(1,454)	(1,454)
Disallowable Expenses	32	–	32	39	–	39
Excess management expenses not utilised in the period	891	–	891	775	–	775
Total tax charge	–	–	–	–	–	–

As at 30 June 2023, the Company has not recognised a deferred tax asset of £2,105,902 (2022: £1,019,196) arising as a result of having unutilised management expenses carried forward at the year-end of £8,423,609 (2022: £4,076,786) based on a prospective corporation tax rate of 25% (2022: 19%). 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 company.

7. EARNINGS PER SHARE

	Year ended 30 June 2023			Year ended 30 June 2022		
	Revenue	Capital	Total	Revenue	Capital	Total
(Loss)/ profit attributable to equity – £'000	(4,503)	(12,416)	(16,919)	(4,286)	7,655	3,369
Weighted average number of ordinary shares in issue	–	–	239,384,928	–	–	220,621,858
Basic and diluted earnings per share in the year/ period (pence)	**(1.88)**	**(5.19)**	**(7.07)**	**1.94**	**3.47**	**1.53**

NOTES TO THE FINANCIAL STATEMENTS

(continued)

8. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

For the Year ending 30 June 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Opening balance*	16,236	2,373	167,474	186,083
Investment additions	–	–	17,102	17,102
Investment disposals	(3,341)	–	–	(3,341)
Transfers from Level 3 to Level 1	103	–	(103)	–
Loss on disposals	(1,358)	–	(602)	(1,960)
Change in fair value	(7,569)	(525)	4,427	(3,667)
Change in fair value – Foreign Exchange Movement	(900)	(211)	(5,678)	(6,789)
Net loss on investments held at fair value through profit or loss	(9,827)	(736)	(1,853)	(12,416)
Closing balance	**3,171**	**1,637**	**182,620**	**187,428**

For the Year ending 30 June 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Opening balance	–	–	–	–
vestment 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**

* Investment in AST SpaceMobile has been reclassified to a Level 2 investment

During the year ended 30 June 2023 investments with a fair value at 30 June 2023 of £0.1m were transferred from Level 3 to Level 1 due to the Nightingale IPO and listing in November 2022 (2022: no transfers).

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 valuations with 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.

8. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Fair value measurements (continued)

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.

The following table analyses, within the fair value hierarchy, the Company's investments measured at fair value at 30 June 2023.

As at June 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed investments	3,171	1,637	–	**4,808**
Unlisted investments	–	–	182,620	**182,620**
	3,171	**1,637**	**182,620**	**187,428**

As at 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.

The investment in AST SpaceMobile has been reclassified as a Level 2 investment with regards to the Fair Value hierarchy as at 30 June 2023.

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.

Significant unobservable inputs for Level 3 valuations

The fair value of unlisted securities is established with reference to the IPEV 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 is made at each measurement date as to the most appropriate valuation methodology.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

8. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Fair value measurements (continued)

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 (£'000)	Unobservable input
Level 1		
Available market price	3,171	n/a
Level 2		
Available market price	1,637	n/a
Level 3		
Calibrated price of recent investment (<3 months)	44,428	Transaction price and company performance
Calibrated price of recent investment (3-6 months)	13,708	Transaction price and company performance
Calibrated price of recent investment (>6 months)	7,624	Transaction price and company performance
Calibrated price of future investment	21,237	Transaction price and company performance
Premium to price of recent investment	45,463	Premium percentage
Partial write down to price of recent investment	10,476	Write down percentage
Discount to price of recent investment (post-period)	33,474	Uncertainty discount
Milestones and multiples	6,210	Weightings and discount to comparables/ multiples
Total	**187,428**	

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.

30 June 2023

Name	Nature of relationship	Country of incorporation	Class of share held	% of share-holding	Capital & reserves (£)	Profit/ (loss) (£)	Year-end of data	Notes
Bamboo Systems Group Limited	Shareholder	UK	A Preference	47%	(1,355,598)	Not publicly available	31-Dec-20	In administration as of 21-Nov-21
PlanetWatchers (UK) Limited	Shareholder	UK	Series Seed 2 Preference Pre-Series A Preference Series A Preference	78% 29% 43%	12,106,431	Not publicly available	31-Dec-22	

30 June 2022

Name	Nature of relationship	Country of incorporation	Class of share held	% of share-holding	Capital & reserves (£)	Profit/ (loss) (£)	Year-end of data	Notes
Altitude Angel Ltd	Shareholder	UK	A1 Preference A2 Preference	47% 80%	4,272,201	Not publicly available	31-Dec-21	
TransRobotics, Inc.	Shareholder	US	Series A Preferred	67%	Not publicly available	Not publicly available	Not publicly available	
Bamboo Systems Group Limited	Shareholder	UK	A Preference	47%	(1,355,598)	Not publicly available	31-Dec-20	In administration as of 21-Nov-21
PlanetWatchers (UK) Limited	Shareholder	UK	Series Seed 2 Preference Pre-Series A Preference	78% 29%	6,082,609	Not publicly available	31-Dec-21	

NOTES TO THE FINANCIAL STATEMENTS

(continued)

9. TRADE AND OTHER RECEIVABLES

	30 June 2023 £'000	30 June 2022 £'000
Prepayments	78	80
VAT receivable	10	41
	88	**121**

10. CASH AND CASH EQUIVALENTS

	30 June 2023 £'000	30 June 2022 £'000
Cash and cash equivalent on demand	35,309	57,650
	35,309	**57,650**

11. TRADE AND OTHER PAYABLES

	30 June 2023 £'000	30 June 2022 £'000
Accruals	313	228
Trade creditors	115	82
Amounts payable for investments	–	4,228
	428	**4,538**

NOTES TO THE FINANCIAL STATEMENTS

(continued)

12. 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	–	–	–	–
10-Jun-21	Redeemable preference shares	50,000	50	–	–	**50**
14-Jul-21	IPO – redeemable preference shares	(50,000)	(50)	–	–	**(50)**
		1	**–**	**–**	**–**	**–**
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 and 30 June 2023		**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.
(3) Shares issued by way of direct subscriptions in connection with the Company's acquisition of the Retained Assets.

On incorporation, the issued share capital of the Company was £0.01 represented by one ordinary share, issued to 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.

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 the special distributable reserve. 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.

13. NET ASSET VALUE PER SHARE

The net asset value per ordinary share at the year/ period end were as follows:

	30 June 2023	30 June 2022
Net assets £'000 (per Statement of Financial Position)	£222.4m	£239.3m
Number of ordinary shares issued	239,384,928	239,384,928
Net asset value per share (pence)	**92.90p**	**99.97p**

NOTES TO THE FINANCIAL STATEMENTS

(continued)

14. 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 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 objectives. 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:

	30 June 2023 £'000	30 June 2022 £'000
Financial assets		
Investments held at fair value through profit or loss:		
Investments	**187,428**	186,083
Other Financial Assets:		
Cash and cash equivalents	**35,309**	57,650
Trade and other receivables	**88**	121
Financial liabilities		
Current liabilities		
Trade and other payables	**428**	4,538

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 year ended 30 June 2023, the Company had no borrowings (2022: £NIL).

The Company's investment policy is set out in the Strategic Report on pages 70 to 71.

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

As at June 2023					Reasonable possible shift in input		Change in FV (£'000)	
Valuation methodology	FV (£'000)	Key unobservable input	Other unobservable inputs	Range	(+)	(-)	(+)	(-)
Level 1								
Available market price	3,171	n/a	n/a	n/a	5%	-5%	159	(159)
Level 2								
Available market price	1,637	n/a	n/a	n/a	5%	-5%	82	(82)
Level 3								
Calibrated price of recent investment (<3 months)	44,428	Transaction price[1] and company performance	(2), (3), (4), (5), (9)	n/a	5%	-5%	2,221	(2,221)
Calibrated price of recent investment (3-6 months)	13,708	Transaction price[1] and company performance	(2), (3), (4), (5), (9)	n/a	10%	-10%	1,371	(1,371)
Calibrated price of recent investment (>6 months)	7,624	Transaction price[1] and company performance	(2), (3), (4), (5), (9)	n/a	20%	-20%	1,525	(1,525)
Calibrated price of future investment	21,237	Transaction price[1] and company performance	(2), (3), (4), (5), (9)	n/a	5%	-5%	1,062	(1,062)
Premium to price of recent investment	45,463	Premium percentage	(6)		5%	-15%	2,273	(6,818)
Partial write down to price of recent investment	10,476	Write down percentage	(7)	25% - 50%	25%	-25%	2,619	(2,619)
Discount to price of recent investment (post-period)	459	Uncertainty discount	(8)	15%	20%	-5%	92	(23)
Discount to price of recent investment (post-period)	33,015	Uncertainty discount	(8)	5%	10%	-5%	3,302	(1,651)
Milestones and multiples	6,210	Weightings[9] and discount to comparables/ multiples	(3), (4), (5)	n/a	10%	-10%	621	(621)
Total	**187,428**						**15,327**	**(18,152)**

Notes:

(1) While transaction price is observable, where it is deemed to be the appropriate valuation methodology, it is also calibrated against other methodologies as outlined in the table above.

(2) Benchmark performance against relevant indices – the selection of appropriate benchmarks is assessed for each investment, taking into account its industry, geography, products and customers.

(3) EV/ revenue multiple of comparable companies or M&A transactions – the selection of comparable companies or M&A/ secondary transactions is assessed for each investment, taking into account its industry, geography, level of revenue and growth profile.

(4) Milestone comparison with private company comparables – the selection of milestone to be compared to EV is assessed for each investment based on its industry and includes milestones such as number of satellites/ missions/ radars, headcount and funding raised.

(5) Growth in company metrics – the selection of metric is assessed for each investment based on its industry, level of revenue and growth profile and includes metrics such as satellites/ missions/ radars, headcount, revenue and bookings.

(6) The premium percentage applied for strong performance is typically in 10% increments – the level of premium to be applied is assessed for each investment based on its level of performance, cash runway and ability to deliver revenue growth.

(7) The write down percentage applied for underperformance is typically in 25% increments – the level of write down to be applied is assessed for each investment based on its level of underperformance, cash runway and ability to show improvement.

(8) The uncertainty discount applied where terms for a new funding round have been agreed, but the round has not yet closed, can vary from 0-100% – the level of discount applied is assessed for each investment based on the level of certainty.

(9) Where multiple methods of calibration or valuation are used, weightings of 5-40% are applied to these methods to total 100% – the level of weighting applied to each method is assessed for each investment based on the relevance of such method and to offset the impact of any outliers.

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

As at June 2022			Reasonable possible shift in input		Change in FV (£'000)	
Valuation methodology	FV (£'000)	Unobservable input	(+)	(-)	(+)	(-)
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	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	**186,084**				**25,185**	**(23,860)**

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 to the period-end are flexed up and down by 5% as the Board 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 the period-end 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 the period-end 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.
- Premiums of 10% were applied where the recalibration exercise suggested an increase to enterprise value was warranted due to strong performance. In an upside scenario, this input is flexed up by 5% and accounts for a 5% flex up in relation to the underlying price which the Board does not believe involves significant subjectivity. In the downside scenario, the input is flexed down by 15% to remove the applied premium and accounts for a 5% reduction in relation to the underlying price.
- Uncertainty discounts of 5% were applied where a funding round was completed shortly after the end of the period. In an upside scenario, this input is flexed up by 10% to remove the applied uncertainty discount and accounts for a 5% flex up in relation to the underlying price which the Board does 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 the period-end).

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

- 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 accounts for a 5% flex up in relation to the underlying price which the Board does 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 the period-end).
- Investments valued using milestone multiples relative to comparable companies or M&A transactions, with the discount factor flexed up and down by 10%. A 10% flex is considered reasonable as a result of judgement in relation to the comparable multiples.

Market risk

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 the 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 the 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 an ongoing basis by the Investment Manager.

ii) Concentration

The Company invests principally 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, 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 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 2023, £35.3m, or 15.9% of Company's financial assets, were money market fixed deposits and cash balances held on deposit with banks with high credit ratings (2022: £57.7m, or 24.1%).

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (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 functional 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 FX rates as of 30 June 2023 compared to 30 June 2022.

	30 June 2023	30 June 2022	% change
GBP/ USD	1.271	1.215	4.7%
GBP/ EUR	1.165	1.162	0.3%
GBP/ DKK	8.675	8.641	0.4%
GBP/ AUD	1.910	1.766	8.2%

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 2023	£ £'000	USD $ £'000	€ £'000	DKK £'000	AUD $ £'000	Total £'000
Non-current assets						
Investment at fair value through profit or loss	25,477	135,871	22,101	3,876	103	187,428
Total non-current assets	**25,477**	**135,871**	**22,101**	**3,876**	**103**	**187,428**
Current assets						
Trade and other receivables	88	–	–	–	–	88
Cash and cash equivalents	32,437	2,872	–	–	–	35,309
Total current assets	**32,525**	**2,872**	**–**	**–**	**–**	**35,397**
Current liabilities						
Trade and other payables	(428)	–	–	–	–	(428)
Total current liabilities	**(428)**	**–**	**–**	**–**	**–**	**(428)**
Total net assets	**57,574**	**138,743**	**22,101**	**3,876**	**103**	**222,397**

If the US Dollar weakened/ strengthened by 5% (2022: 5%) against Sterling with all other variables held constant, the fair value of net assets would increase/ decrease by £6,794k (2022: £7,603k).

If the Euro weakened/ strengthened by 5% (2022: 5%) against Sterling with all other variables held constant, the fair value of net assets would increase/ decrease by £1,105k (2022: £647k).

If the Danish Krone weakened/ strengthened by 5% (2022: 5%) against Sterling with all other variables held constant, the fair value of net assets would increase/ decrease by £194k (2022: £53k).

If the Australian Dollar weakened/ strengthened by 5% (2022: 5%) against Sterling with all other variables held constant, the fair value of net assets would increase/ decrease by £5k (2022: £nil).

NOTES TO THE FINANCIAL STATEMENTS

(continued)

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

As at 30 June 2022	£ £'000	$ £'000	€ £'000	DKK £'000	Total £'000
Non-current assets					
Investments 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**

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 was only exposed to variable market interest rate risk. As at 30 June 2023, the cash balance held by the Company was £35.3m (2022: £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 +/- £176k per annum (2022: 0.5% increase/ (decrease) resulting in a change of +/- £288k).

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 future 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.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

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	2023 £'000	2022 £'000
Barclays	UK	A+	25,038	47,640
JPMorgan Asset Management	UK	A-	10,271	10,010

The Company's maximum exposure to credit risk default at the period-end is shown below:

	2023 £'000	2022 £'000
Investments held at fair value through profit or loss	184,788	186,084
Other financial assets		
Cash and cash equivalents	35,309	58,650
Trade and other receivables (less prepayments)	10	41

15. RELATED PARTY AND INVESTMENT MANAGER TRANSACTIONS

Directors

As at 30 June 2023, the Company had four non-executive Directors. Directors' fees for the year ended 30 June 2023 amounted to £200k (2022: £170k), of which £NIL was outstanding at the year-end (2022: £NIL).

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.

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 pages 102 to 103.

16. 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.

17. SUBSEQUENT EVENTS

Please refer to page 44 for details of subsequent events in the normal course of business. There are no other significant subsequent events.

On 13 July 2023, the Company announced a share repurchase programme to repurchase ordinary shares of £0.01 in the Company. At the date of signing of these accounts, the Company holds 2,186,344 of its ordinary shares in treasury, all of which were acquired pursuant to the share repurchase programme, and has 237,198,584 ordinary shares in issue (excluding treasury shares).

On 7 October 2023, conflict broke out between Israel and Palestine. We are working with the Israeli companies in the portfolio to support them as necessary, but there has been limited impact to date.

FURTHER INFORMATION

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, (with the exception of portfolio fair value vs. cost), provide additional useful information to shareholders to help assess the Company's performance.

SHARE PRICE MOVEMENT

Share price movement in the year/period, expressed as a percentage of the opening share price.

30 June 2023 vs. 30 June 2022		
Share price on 30 June 2022	a	53.0p
Share price on 30 June 2023	b	27.0p
Movement	(b-a)/a	**-49.1%**

30 June 2022 vs. 14 July 2021		
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 the year/period, expressed as a percentage of the opening NAV per share.

30 June 2023 vs. 30 June 2022		
NAV per share on 30 June 2022	a	99.97p
NAV per share on 30 June 2023	b	92.90p
Movement	(b-a)/a	**-7.1%**

30 June 2022 vs. 14 July 2021		
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 share.

		30 June 2023	30 June 2022
NAV per share (note 12 to the financial statements)	a	92.90p	99.97p
Share price	b	27.0p	53.0p
-Discount/+premium	(b-a)/a	**-70.9%**	**-47.0%**

ALTERNATIVE PERFORMANCE MEASURES

(continued)

ONGOING CHARGES

Operating costs incurred in the year/period, charged to Revenue or Capital in the Statement of Comprehensive Income, calculated as a percentage of the average published NAV in respect of the year/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.

		30 June 2023 £'000	30 June 2022 £'000
Investment management fee (note 4 to the financial statements)		2,912	2,744
Other operating expenses (note 5 to the financial statements)		1,851	1,626
Less non-recurring operating expenses		(442)	(251)
Ongoing charges	a	4,321	4,119
Average quarterly NAV	b	**228,604**	**240,014**
Ongoing charges ratio	a/b	**1.89%**	**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. COST

The amount by which the fair value of the assets in the portfolio at the end of the year/period has changed in relation to the aggregate cost of the assets (adjusted for any disposals), expressed as a percentage of the aggregate cost.

		2023	2022
Portfolio fair value (note 8 to the financial statements)	a	187.4	186.1
Aggregate cost of the assets (adjusted for any disposals)	b	190.2	178.4
Portfolio fair value vs. cost	a/b	**98.5%**	**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.

API: Application Programming Interface.

Auditor: BDO LLP.

Average quarterly NAV: Calculated as the mean NAV at each of the four quarter end periods throughout the year.

Board: the Board of Directors of the Company.

Bookings: contracted future revenues.

CAGR: Compound Annual Growth Rate, defined as the rate of return that would be required for an investment to grow from its beginning balance to its ending balance, assuming the profits were reinvested at the end of each period of the investment's life span.

CisLunar: Lying between the earth and the moon or the moon's orbit.

Company or **SSIT:** Seraphim Space Investment Trust PLC.

CY: Calendar year, a one-year period that begins on 1 January and ends on 31 December.

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.

EV: enterprise value.

Fair value-weighted average growth: average growth rates for multiple portfolio companies, weighted by each portfolio company's relative fair value.

FCA: Financial Conduct Authority.

FV: fair value.

FX: foreign exchange.

GEO: geosynchronous equatorial orbit (35,786km from earth) 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 pages 102 and 103.

GLOSSARY

(continued)

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.

London Stock Exchange: London Stock Exchange PLC.

LP Fund: Seraphim Space LP.

M&A: mergers and acquisitions.

MEO: medium earth orbit, extending from 2,000km to below 35,786km. All orbits above LEO and below GEO 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 (but excluding any treasury shares)).

New Space: the emerging commercial Space industry.

Period: the Company's accounting period to which this annual report relates, being the period commencing on 1 July 2022 and ending on 30 June 2023.

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, which involves using 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 shares become ex-dividend.

Treasury shares: the Company has the authority to make market purchases of its ordinary shares for retention as treasury shares for future reissue, resale, transfer or cancellation. Treasury shares do not receive distributions and the Company is not entitled to exercise the voting rights attaching to them.

TTM: Trailing 12 months, being the past 12 consecutive months of the company's performance.

VC: Venture Capital.

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

Registered Office
5th Floor
20 Fenchurch Street
London
EC3M 3BY

Board of Directors
Will Whitehorn (Chair)
Sue Inglis (Senior Independent Director)
Christina McComb
Angela Lane

Investment Manager
Seraphim Space Manager LLP
2nd Floor One Fleet Place
London
EC4M 7WS

Administrator and Company Secretary
Ocorian Administration (UK) Limited
5th Floor
20 Fenchurch Street
London
EC3M 3BY

Corporate Brokers
Deutsche Numis
45 Gresham Street
London
EC2V 7AF

J.P. Morgan Securities PLC
25 Bank Street
Canary Wharf
London
E14 5JP

Legal Adviser
Stephenson Harwood LLP
1 Finsbury Circus
London
EC2M 7SH

Depositary
Ocorian Depositary (UK) Limited
5th Floor 20 Fenchurch Street
London
EC3M 3BY

Registrar
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

Independent Auditor
BDO LLP
55 Baker Street
London
W1U 7EU

Custodian
Liberum Wealth
1st Floor Royal Chambers
St Julian's Avenue
St Peter Port
Guernsey
GY1 3JX

Public Relations and Communications Adviser
SEC Newgate
14 Greville Street
London
EC1N 8SB

Identifiers
Website: https://investors.seraphim.vc//
ISIN: GB00BKPG0138
Ticker: SSIT
SEDOL: BKPG013
GIIN: GXNBCF.99999.SL.826

Registered Company Number: 13395698

Legal Entity Identifier: 2138002THGUZBGZC2V85

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.

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