



Seraphim Space Investment Trust PLC

Interim Report and Condensed Interim Financial Statements
For the period ended 31 December 2021

Company Overview

The Company is the world's first listed SpaceTech fund. It is an externally managed closed-ended investment company that was launched in July 2021. It seeks exposure predominantly to early and growth stage privately financed SpaceTech businesses that have the potential to dominate globally and that are category leaders with first mover advantages in areas such as climate, communications, mobility and cyber security. The Company's shares are traded on the London Stock Exchange's main market.



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Investment Manager

The Company is managed by Seraphim Space (Manager) LLP, 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 in excess of 70 SpaceTech companies across its fund management and accelerator activities and has a proven track record of delivering shareholder 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 economic revolution.

The Investment Manager is a signatory to the UN Principles for Responsible Investment.

Highlights and Company Background

Key Financials

31 December 2021



Highlights

- Oversubscribed IPO in July 2021 raising £150.0m
- Additional £89.4m of new equity raised via completion of acquisition of Initial Portfolio comprising 19 investments with aggregate cost of £91.3m
- Six further follow-on transactions and two new investments closed during the period with aggregate cost of £72.9m, increasing the portfolio to 21 companies
- Two portfolio companies listed on public markets (Arqit Quantum, Spire Global)
- 11.1% increase in fair value of portfolio at 31 December 2021 vs. cost of portfolio
- Liquid resources of £70.0m (27.9% of NAV) at 31 December 2021

Highlights and Company Background continued

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.

"SpaceTech businesses" are 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.

The Company provides investors with exposure to nascent SpaceTech companies creating a new digital platform in the sky to facilitate solutions to some of the world's most pressing problems through the collection and communication of data from above.

This comprises both the SpaceTech infrastructure collecting and communicating this data – principally satellites – as well as the technology that facilitates the exploitation of this data for terrestrial applications in areas such as climate, communications, mobility and cyber security.

The Company has no formal benchmark. However, the Company is targeting an annualised NAV total return on its portfolio of at least 20% over the long term.

Investment Opportunity

Radical advances in the \$366bn Space industry mean a data and connectivity tsunami is about to transform the world as we know it.

Technological advances are overturning traditional models for operating in Space, as low-cost access to Space becomes a reality with innovations such as reusable rockets and miniaturised satellites. Demand for Space-related technologies is about to increase dramatically in the era of driverless cars, robotics, smart cities, net zero targets and the internet of things.

Fuelled by sensor miniaturisation, commercial-off-the-shelf componentry, 3D printing, data analytics and AI, a new paradigm is emerging where ubiquitous connectivity and omnipresent earth observation are creating a new source of near real-time data. This digital infrastructure will deliver capabilities that will define societal change over the forthcoming decade and beyond. Space is now expected to have a transformative impact on many industry verticals unlocking \$trillions in value.

Recognising these seismic changes, a flourishing ecosystem of privately funded SpaceTech start-ups is emerging. These companies are addressing some of the biggest challenges faced by both humanity and business. SSIT seeks to invest in the most transformative businesses with first-mover advantages from the emerging New Space ecosystem that have the potential to dominate globally in areas such as climate, communications, mobility and cyber security.

Chair's Statement



Will Whitehorn
Chair

I am pleased to present the first interim report of Seraphim Space Investment Trust PLC, covering the period from incorporation on 14 May 2021 to 31 December 2021.

I would like to thank all those investors who subscribed in the IPO on 14 July 2021 as well as the investors in the Seraphim Space LP for their support. I would also like to thank the Company's Investment Manager, advisers and third-party service providers and my fellow Directors for all their efforts that contributed to a successful launch.

The Space Domain

In the few short months since SSIT's IPO, barely a day has passed without the Space sector being front page news. The advent of the new low cost and low environmental impact access to Space was confirmed by three of the world's best known entrepreneurs competing to be astronauts, launching record numbers of satellites using systems such as SpaceX Falcons and Virgin Orbit Launchers or doing a bit of both. These new systems are one of the keys to Space industrialisation. A slew of public market listings and M&A has followed, with SpaceTech investment levels setting new records.

Perhaps most importantly, COP26 has shown both the urgency with which the world must act to combat climate change and the unique role SpaceTech can play in achieving this. We fully expect SSIT's portfolio companies to be central protagonists in the Space sector's quest to help solve some of our world's most pressing challenges.

Progress Since IPO

At IPO, the Company raised £150.0m from a broad range of investors. Prior to its IPO, the Company agreed to acquire a portfolio of investments in 19 SpaceTech companies from the Seraphim Space LP (the "LP Fund") for cash and the investors in the LP Fund agreed to use that cash to subscribe for ordinary shares in the Company at the IPO issue price. Per the terms of the agreement, investments in 15 of the SpaceTech companies were acquired by SSIT at the time of the IPO, with the remaining four subsequently being acquired before 31 December 2021. The investors in the LP Fund consequently subscribed for ordinary shares with an aggregate value (at the IPO issue price) of approximately £89.4m.

Since launch, SSIT has invested at pace with 12 transactions completed during the period. Highlights include: two portfolio companies listing on the New York Stock Exchange and NASDAQ; Seraphim leading investment rounds in five companies; and SSIT investing in category leading companies in the UK, US, EU and Asia, with more than half being sourced through accelerator programmes managed by affiliates of the Investment Manager.

Chair's Statement continued

Progress Since IPO continued

At 31 December 2021, the Company had investments in 21 SpaceTech companies with an aggregate value of £182.8m and cash reserves of £70.0m. Since then, the Company has deployed a further £4.2m. As we indicated in the IPO prospectus, we anticipated that the proceeds from the IPO would be largely committed within a six to 12 month period, and we are on track to achieve that.

More information on the Company's investment activity, portfolio and performance can be found in the Investment Manager's Report.

NAV

Over the period since IPO the NAV per ordinary share increased from 98.0p (after IPO costs) to 104.7p at 31 December 2021, an increase of 6.8%. On an annualised basis, this equates to 14.5% per annum. NAV performance was primarily driven by the newly listed element of the portfolio (+£14.2m increase in fair value vs. cost). Although both AST Space Mobile and Spire Global suffered from negative share price performance, these losses were more than compensated for by the significant gains of ArQit Quantum from a combination of its strengthening share price and the associated issuance to the Company of an additional 277,106 earn out shares.

The balance of the portfolio consisting of private companies also saw modest gains (+£4.2m increase in fair value vs. cost), driven by the mark-up of three portfolio companies (Isotropic Systems, Xona Space Systems and Satellite Vu) following completion of their respective funding rounds during the period. These gains were offset somewhat by full provisions being made against two early-stage companies in the seed element of the portfolio.

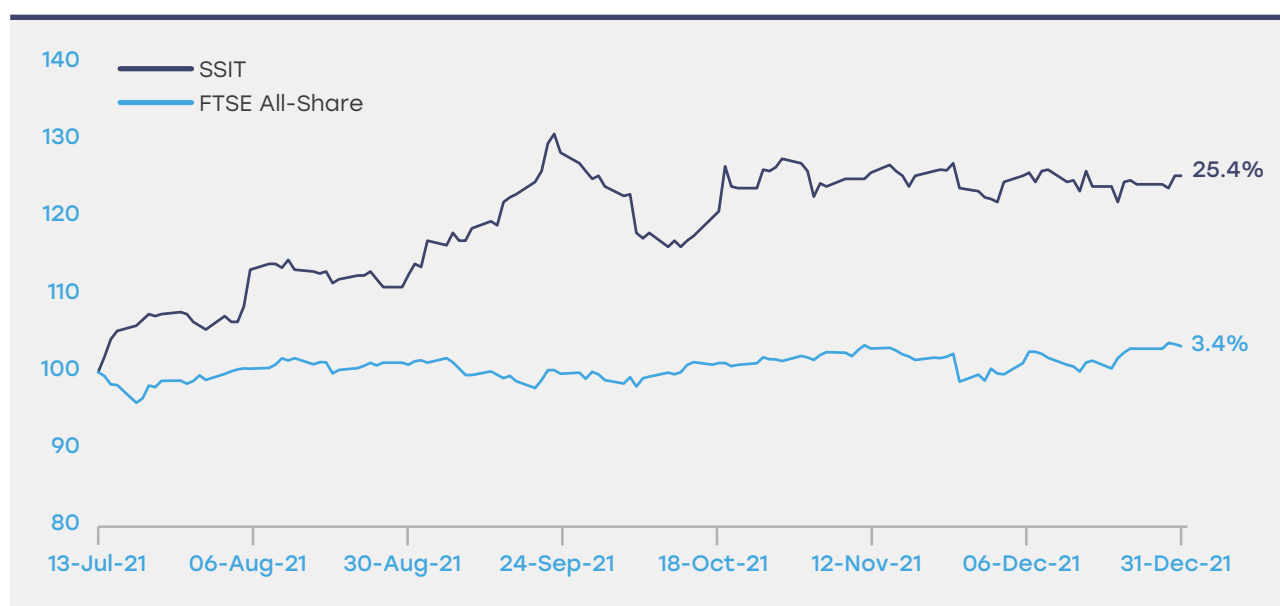
With many of the Company's holdings not being denominated in Sterling, foreign exchange variations were a modest (+£1.4m) contributor to the NAV gains, principally as a result of a weakening of Sterling against the US Dollar during the period.

Share Price

The Company's share price also rose over the period since IPO and, at 31 December 2021, was 125.4p, an increase of 25.4% based on the IPO issue price of 100.0p.

The shares traded at a premium to net asset value throughout the period and, at 31 December 2021, the premium was 19.8%. Global stock markets have had a volatile start to 2022, with growth and technology stocks in particular suffering heavy falls. Inevitably, the Company's share price has not been immune and, since the period end, had reduced to 105.0p (at 21 February 2022).

Share price total return since IPO vs FTSE All-Share (rebased to 100)



Source: FactSet

Earnings and Dividend

The Company made a revenue loss after tax of £1.7m for the period, equal to -0.9p per share.

The Company is focused on providing capital growth over the long term. Given the investment opportunities in the sector, we do not anticipate recommending to pay a dividend in the near future, unless required to do so to maintain SSIT's investment trust status.

Board

Following a search process, Angela Lane was appointed as a fourth non-executive Director with effect from 1 January 2022, thus bringing the Board to its full complement. Angela has decades of experience working with private equity owned companies and investment trusts and as the chair of audit and remuneration committees. Angela will succeed Christina McComb as Chair of the Audit Committee with effect from 30 June 2022.

Chair's Statement continued

Reduction of Share Premium Account

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

Availability of Interim and Annual Reports

In the interests of the environment and for ease of access, the Interim Reports to shareholders will only be available on the Company's website. These can be viewed and downloaded at www.seraphim.vc. Annual Reports, the first being for the period ending 30 June 2022, will be available on the website and in printed form upon request

Presentation from our Investment Manager

Our Investment Manager will be presenting at a webinar on 23 February 2022 from 11.00am – 12.30pm to provide some insight into the current portfolio and future opportunities. Shareholders are encouraged to sign up using this link: [Webinar Registration – Zoom](#).

Events After the Period End

Since 31 December 2021, three further investments (one new investment and two follow-on investments) have already been concluded, and terms agreed on two further potential additions to the portfolio.

Portfolio company D-Orbit requires specific mention due to potential NAV materiality of a transaction underway. As outlined in more detail in the Investment Manager's Report, during January 2022 D-Orbit announced its proposed business combination with the NASDAQ-listed special purpose acquisition company (SPAC) Breeze Holdings Acquisition Corp. (NASDAQ: BREZ), which if successful would value the business in excess of \$1bn. Remaining subject to a number of outstanding conditions, the timing and outcome of this transaction are still uncertain. Notwithstanding this and the current trading volatility of the wider SPAC market, we are excited about the future of D-Orbit and its quest to create sustainable Space logistics infrastructure.

Outlook

The Board is very pleased with the progress made to date. Our Investment Manager is actively pursuing an extensive pipeline of investment opportunities, taking a discerning approach to progressing those opportunities that offer the best risk-adjusted returns for our shareholders, with quality of the investment thesis paramount.

Overall the Board remains very positive about the scale of opportunity for the Company and is confident SSIT is well placed to achieve its investment objective.

Will Whitehorn
Chair

22 February 2022

Investment Manager's Report

Overview

Having raised £150m gross proceeds in July 2021 to take advantage of the rapidly growing Space market we have set about deploying the capital rapidly. In particular, we are focusing on the development of a digital infrastructure in Space, which leading investment banks forecast could become a \$trillion market opportunity. This Space infrastructure will catalyse a broad range of megatrends including climate change, mobility, communications, smart cities and internet of things ("IoT").

We are delighted to report a solid performance across all key measures. In particular, the strong cadence of deployment has been driven by high quality opportunities available to Seraphim as the recognised leading global investor within the Space domain.

The Seraphim Space Camp Accelerator and the Amazon AWS Space Accelerator, which was also affiliated to Seraphim, supported deal flow. Our affiliated accelerator platforms play a key role in our ability to build relationships with entrepreneurs and grow our conviction in management teams. Through the subsequent careful ongoing monitoring of technical and commercial progression post-graduation from these accelerators, SSIT is able to cherry-pick which graduate companies to back. The accelerator programmes also put us in the heart of the SpaceTech ecosystem, creating a stream of non-accelerator programme deployment opportunities as well as building deepening relationships with the global investor community for co-investment and deal syndication. During the period, over half of the investments undertaken by SSIT were graduates of accelerator programmes affiliated to Seraphim.

The broader market environment in the Space domain continues to be very strong, attracting a record \$12bn of private capital during 2021. The pandemic saw an acceleration towards companies in all sectors embracing digitisation, with many traditional terrestrial sectors from insurance and natural resources to logistics and utilities, seeking new digital innovation and adopting new ways to operate. This environment has enabled New Space companies to thrive, with customers increasingly open to innovation to improve productivity, differentiate competitively and drive down costs.

The overall trajectory of the Space domain is positive and is demonstrating strong evidence of maturing. The London Stock Market listing has significantly enhanced Seraphim's profile, with even greater international recognition leading to increased access to the best deals. As a sector specific investor, entrepreneurs recognise that Seraphim can act as a catalyst to other generalist technology investors, who favour syndicating alongside the Company to provide the requisite capital to deliver on the entrepreneurs' visions.

Seraphim continues to pride itself on a demonstrable disciplined approach to investment selection, termsheet negotiation and deep diligence leveraging our 20 plus corporate partners, Advisory Board members and Space expertise amongst our growing international investment team.

Investment Manager's Report continued

Interim Portfolio Attribution Analysis as at 31 December 2021

- £28.4m aggregate cost of investments acquired at IPO
- £135.8m aggregate cost of additional investments completed during period
- £182.8m fair value of portfolio at end of period
- +11% increase in portfolio fair value vs. portfolio cost

At its IPO on 14 July 2021, SSIT acquired holdings in 15 businesses from the LP Fund for a total cost of £28.4m, which was re-invested by the LP Fund investors back into the Company through a share issuance. A binding commitment was also made to acquire holdings from the LP Fund in four further businesses (the "Retained Assets"), pending the anticipated completion of corporate activity underway with each respective business.

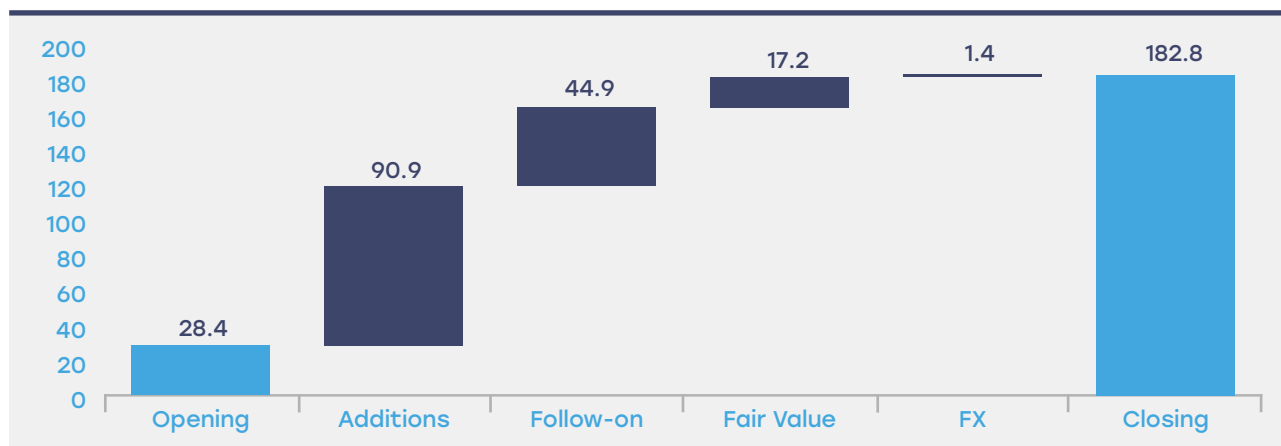
The Retained Assets were subsequently acquired during the period ended 31 December 2021 for a total consideration of £62.9m, of which £61.0m was re-invested by the LP Fund investors back into the Company through subsequent share issuances.

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

Alongside the four Retained Assets, a further £28.1m was invested into two new portfolio companies, bringing overall additions during the period to £90.9m across six companies. Another £44.9m of follow-on investment into six portfolio companies was also completed, bringing the total value of all transactions closed during the period to £135.8m.

Favourable FX movements (+£1.4m) and a fair value increase in the portfolio of £17.2m resulted in the value of the portfolio reaching £182.8m as at 31 December 2021.

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



Investment Manager's Report continued

Balance Sheet

as at 31 December 2021

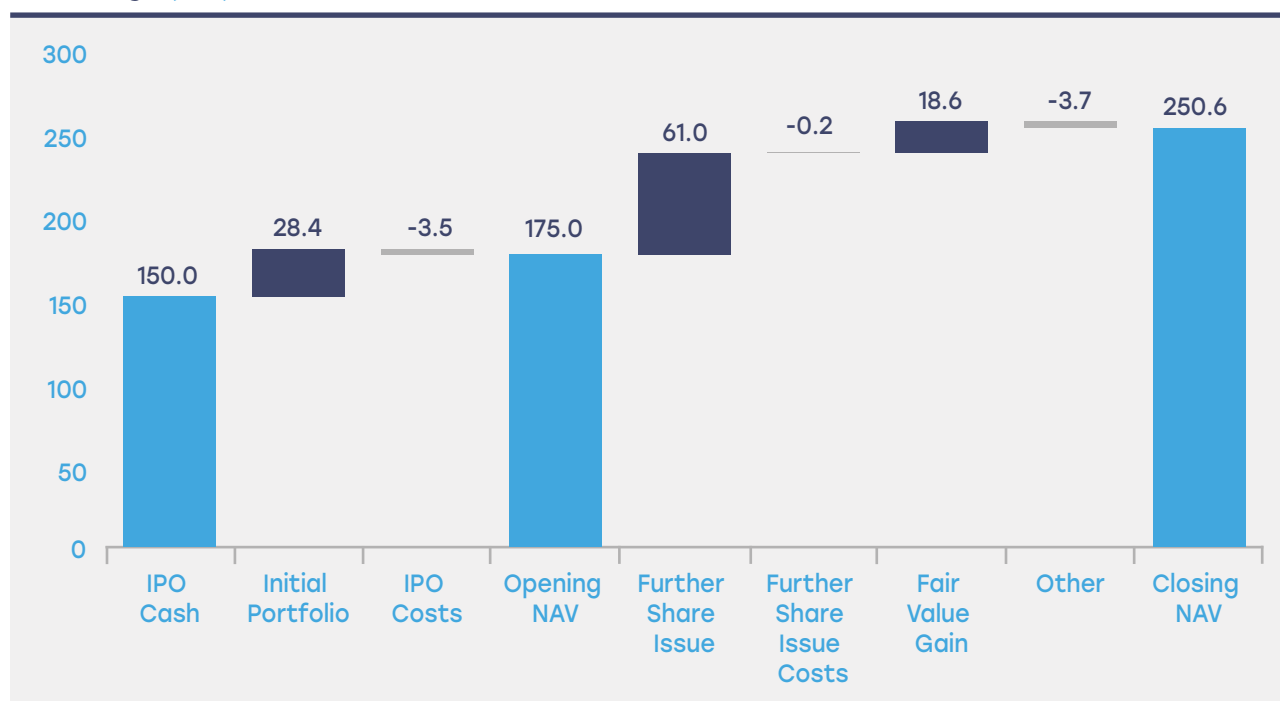
- £75.6m increase in NAV (43.2% increase)
- £70.0m liquid resources (27.9% of NAV)
- £61.0m equity issued post-IPO

NAV increased from £175.0m to £250.6m during the period. This increase of £75.6m was primarily a result of the additional £61.0m of share issuance relating to the acquisition of the Retained Assets and £18.6m of fair value increase (including FX movements).

The "Other" category in the chart below consists of management fee (£1.2m), operating expenses (£0.6m), and performance fee provision (£2.0m), partially offset by £0.1m of interest received.

61.0m shares were issued during the period, increasing the Company's issued share capital by 34.2%. The NAV per share increased from 98.0p (after IPO costs) to 104.7p over the period.

NAV bridge (£m)



Overview

Investment Manager's Report continued

Investments in the Period to 31 December 2021

Company	Segment/Sub-Sector	HQ	Type	Cost £m
Arqit Quantum	Platforms/Satcoms	UK	Retained Asset	27.3
ICEYE	Platforms/Earth Observation	EU	Retained Asset	20.8
ICEYE	Platforms/Earth Observation	EU	Follow-on	18.7
HawkEye 360*	Platforms/Earth Observation	US	New investment	18.6
Isotropic Systems	Downlink/Antennas	UK	Follow-on	18.0
Astroscale	Beyond Earth/In Orbit Services	Asia	New investment	9.4
Spire Global	Platforms/Earth Observation	US	Retained Asset	7.4
D-Orbit*	Beyond Earth/In Orbit Services	EU	Retained Asset	7.3
Satellite Vu*	Platforms/Earth Observation	UK	Follow-on	4.0
LeoLabs*	Product/Platform	US	Follow-on	2.1
Xona Space Systems*	Platforms/Navigation	US	Follow-on	1.9
Other (seed investment)	–	–	Follow-on	0.1
Total				135.8

* Participant in Seraphim Space Camp Accelerator and/or Amazon AWS Space Accelerator affiliated to Seraphim

We continued to be disciplined regarding the quality of our investment process, with our increased capital base giving us the opportunity to lead more rounds, as well as support our portfolio companies as they scale in larger later rounds.

Retained Assets

During the period holdings in a further four companies were acquired from the LP Fund for a total consideration of £62.9m, as per agreements entered into at the time of the Company's IPO.

Arqit Quantum



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

Arqit began trading on NASDAQ (NASDAQ: ARQQ) on 7 September 2021 following the completion of its SPAC merger. SSIT subsequently completed the acquisition of the LP Fund's holding on 21 September 2021 for a total consideration of £27.3m in the form of £1.0m cash and 26,296,402 shares in SSIT.

[PRESS RELEASE ➡](#)

Investment Manager's Report continued

Retained Assets continued

ICEYE



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 unrivalled sensitivity and at a global scale.

Following an initial close of ICEYE's Series D funding round, SSIT announced on 17 December 2021 that it had completed the purchase of the LP Fund's holding in ICEYE. The total consideration paid was £20.8m in the form of £0.7m cash and 20,178,579m shares in SSIT.

[PRESS RELEASE ➡➡](#)

Spire Global



Spire Global operates one of the world's largest satellite constellations, collecting radio frequency signals for weather forecasting and for tracking the global maritime and aviation fleets.

Spire began trading on the NYSE (NYSE:SPIR) on 17 August 2021 following the completion of its SPAC merger. SSIT subsequently completed the acquisition of the LP Fund's holding on 9 September 2021 for a total consideration of £7.4m in the form of 7,418,890 shares in SSIT.

[PRESS RELEASE ➡➡](#)

D-Orbit



D-Orbit is the market leader in the Space logistics and orbital transportation services industry. It currently operates the world's only in-Space last mile delivery service, having successfully delivered more than 70 payloads to orbit via its ION satellite carrier spacecraft.

On 17 December 2021, SSIT announced that it had completed the purchase of the LP Fund's holding in D-Orbit. D-Orbit not having completed its corporate activity by this date, the £7.3m paid to acquire this holding was based on the 31 May 2021 valuation in line with the sale and purchase agreement signed with the LP Fund at the time of SSIT's IPO.

The total consideration paid consisted of £0.2m cash and 7,076,495 shares in SSIT.

[PRESS RELEASE ➡➡](#)

Investment Manager's Report continued

New Companies Invested

During the period a total of £28.1m was invested into two additions to the portfolio; HawkEye 360 and Astroscale. Both companies are amongst the highest profile businesses in the New Space ecosystem. These investments evidence Seraphim's ability to access investment opportunities in leading growth stage companies.

HawkEye 360



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

HawkEye 360's advanced analytical products help first responders save lives, law enforcement halt hidden illegal activities and telecoms operators utilise spectrum. Its capabilities include mapping signals of interest, creating surveys of global spectrum usage and providing deeper visibility of maritime activities.

On 5 November 2021, SSIT invested \$25.0m (£18.6m) in HawkEye 360's \$145m Series D funding round. SSIT was the co-lead investor in this round alongside Insight Partners.

[PRESS RELEASE ➡](#)

Astroscale



Astroscale is on a mission to make Space operations more sustainable with a long-term view to enable a vibrant in-orbit Space economy. To enable this, the company is developing a set of capabilities around satellite monitoring, refuelling, upgrading, repairing and disposal. Ongoing and planned missions are focused on demonstrating capabilities around end-of-life disposal of low earth orbit satellites, active removal of Space debris and life extension of satellites.

In November 2021, SSIT invested \$12.5m (£9.4m) in Astroscale's \$112m Series F funding round. The round was led by THE FUND Limited Partnership in Japan and also included backing from Japan Growth Capital Investment Corporation and AXA Life Insurance Co.

[PRESS RELEASE ➡](#)

Investment Manager's Report continued

Follow-on Investments

£44.8m of additional funding was invested into six portfolio companies during the period. This deployment was consistent with the strategy articulated at the time of SSIT's IPO of seeking to increase the level of support for those portfolio companies which Seraphim has the greatest conviction in.

ICEYE



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 unrivalled sensitivity and at a global scale.

In December 2021, SSIT invested \$25m (£18.7m) in ICEYE's \$136m Series D funding round. SSIT was the lead investor in this round.

The funding will be used to continue to build out ICEYE's constellation and further develop its information solutions for monitoring and mitigating natural catastrophes.

[PRESS RELEASE ➡➡](#)

Isotropic Systems



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

On 24 September 2021, SSIT invested \$25.0m (£18.0m) in Isotropic's \$37m Series B funding round. SSIT was the lead investor in this round. The funding will be used to bring Isotropic's first product to market.

[PRESS RELEASE ➡➡](#)

Investment Manager's Report continued

Follow-on Investments continued

Satellite Vu



Satellite Vu is aiming to become the Earth's smart energy meter by launching the first infrared imaging smallsat constellation capable of monitoring the thermal footprint of any building on Earth every few hours.

On 19 October 2021, SSIT invested £4.0m in Satellite Vu's £15m Series A funding round. SSIT was the lead investor in this round. The funding will be used to launch Satellite Vu's first satellite.

[PRESS RELEASE ➡➡](#)

LeoLabs



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

On 16 July 2021, SSIT invested \$3.1m (£2.1m) in LeoLabs through a combination of primary and secondary share subscriptions. This investment formed part of LeoLab's \$65m Series B funding round which was led by Insight Partners. The funding will be used to continue the build out of LeoLabs' network of antennas around the world.

[PRESS RELEASE ➡➡](#)

Xona Space Systems



Xona Space Systems is aiming to provide GPS navigation for the age of autonomy by launching what is believed to be the world's first small sat GPS constellation delivering centimetre level accuracy and enhanced security.

On 18 August 2021, SSIT invested \$2.5m (£1.8m) in Xona's \$8m Series A funding round. SSIT was the lead investor in this round. The funding will be used to launch Xona's first proof of concept satellites/payloads into orbit.

[PRESS RELEASE ➡➡](#)

Investment Manager's Report continued

Portfolio as at 31 December 2021

Company	FV £m	NAV %
ArQit Quantum	47.9	19.1
ICEYE	38.9	15.5
Isotropic Systems	22.4	9.0
HawkEye 360	18.5	7.4
LeoLabs	12.3	4.9
Astroscale	9.3	3.7
Satellite Vu	7.8	3.1
D-Orbit	7.2	2.9
Altitude Angels	3.7	1.5
Planetwatchers	3.2	1.3
Total top 10	171.2	68.3
Other investments	11.6	4.6
Total investments	182.8	73.0
Cash	70.0	27.9
Performance fee provision	-2.0	-0.8
Net current liabilities	-0.2	-0.1
NAV	250.6	100.0

The portfolio provides diversified exposure to international category leading companies across the entire Space domain. Commercial performance of the underlying companies has generally been strong. The summaries of the top 10 companies later in the Interim Report include key headline developments for each business respectively.

Other Portfolio Developments

The performance of the share prices of the three listed portfolio companies varied greatly during the period. Spire Global and AST & Science, listed on the New York Stock Exchange and NASDAQ respectively, suffered

a heavy sell-off in their share prices in the period with the value of these companies falling in aggregate by 53% from £11.9m to £5.5m. The Investment Manager maintains strong conviction in the fundamentals of both businesses, as demonstrated through the acquisition of additional shares in Spire Global following the period. AST & Science has an important upcoming milestone with the launch of their next satellite in April 2022. In contrast ArQit Quantum, listed on NASDAQ, witnessed strong share price performance since its market debut. This company has announced a series of commercial contracts since going public with a broad range of customers including Juniper Networks and Virgin Orbit.

Equally as important as the investments that we have been making are investments that we did not make – Seraphim has a disciplined investment approach to supporting the portfolio companies. During the period we took the difficult decision not to participate in investment rounds of two early stage companies within the seed element of SSIT's portfolio. In both instances, this was due to the companies in question having failed to execute against key commercial and technology-related milestones. As a consequence, we have made a full provision against both holdings (£1.9m in total), with one of these companies having now gone into administration. These write offs of modest holdings in early-stage companies are a timely reminder that, in line with the Company's investment policy, not all of our investments will succeed. But those that ultimately do succeed are expected to deliver substantial returns over the long term that will more than offset the disappointments.

Investment Manager's Report continued

Post Period Developments

Activity has continued apace since the end of the reporting period. Three further investments totalling £4.2m have been completed. Two of these were follow-on investments into existing portfolio companies and the other an addition to the seed portfolio through a small investment into an undisclosed company that remains in stealth mode.

The Company continues to benefit from a very healthy pipeline of investment opportunities, with two further climate-related potential additions to the portfolio expected to complete in the near term.

The turbulence in the public markets in recent months has had a negative impact on the share prices of the Company's listed assets, namely AST Space Mobile, Arqit Quantum and Spire Global. Whilst this may adversely impact in the short term the value of these holdings, the fundamentals of these businesses remain strong and unchanged. Seraphim continues to believe in the long-term prospects for each business and expects share prices to recover as the businesses execute against the expectations they have each articulated to the public markets. An indication of Seraphim's continuing certainty in these businesses is demonstrated by the decision to invest a further £2.5m into Spire Global during February 2022.

Although public market conditions remain challenging, several other portfolio companies have continued to explore the possibility of themselves going public. One of these – D-Orbit – announced on 27 January 2021 that it had reached an agreement with Breeze Holdings Acquisition Corp. (NASDAQ: BREZ), a publicly-traded special purpose acquisition company, to undertake a business combination to enable D-Orbit to become a public company. This transaction

remains subject to a number of outstanding conditions, but, if completed, could result in a substantial increase in the value of the Company's holding in D-Orbit.

Environmental, Social and Governance

Space is an impactful sector with each of the UN Sustainability Development Goals (SDGs) being addressed by at least one of the existing portfolio companies. All prospective investments are screened and assessed as part of our existing ESG due diligence process. Seraphim is a signatory to the Principles for Responsible Investment (PRI), the UN-supported network of investors dedicated to promoting sustainable investment through the incorporation of environmental, social and governance policies. During the period we appointed Sancroft, an international sustainability consultancy, to further develop and progress our ESG roadmap, board diversity and inclusion policy and engagement with portfolio companies on ESG reporting. We look forward to providing further updates in due course.

New Team Members

During the period Seraphim has added strength and depth to the team through recruitment. Key new hires include:

Ann Winblad joined the Investment Advisory Committee. She co-founded Hummer Winblad Venture Partners in 1989, which was the first venture firm focused exclusively on software. In her 30-year career as a Silicon Valley based venture capitalist, Ann's firm has launched over 160 enterprise software companies and led investments that pioneered successful companies across the enterprise software sector: Business Intelligence, Analytics, Software Development, Integration, Data Centre Optimisation, Cloud Computing and Security.

Investment Manager's Report continued

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

Outlook

We are greatly encouraged by our global profile and strength of position in the New Space domain. In the period since the Company's IPO in July 2021, we have demonstrated our ability to rapidly deploy substantial amounts of capital in some of the highest profile growth stage companies in the New Space ecosystem.

Through a combination of our deal-flow and associated accelerator programmes, we are confident that the Company is well placed to continue to support the most promising SpaceTech companies and continue to drive value for shareholders.

In particular, D-Orbit's recently announced intention to become a public company via a SPAC-merger with Breeze Holdings Acquisition Corp. (NASDAQ: BREZ) could potentially result in a significant uplift in the Company's NAV given the more than 7% SSIT stake in the combined business. This transaction remains subject to a number of outstanding conditions but is currently expected to close in the second or third quarter of 2022. There can be no certainty that this will occur and, if it does, the price at which its shares will trade relative to the implied \$1.28bn Enterprise Value of the transaction.

Beyond this exciting opportunity, we see continued positive momentum within our broader portfolio through revenue growth, sizeable funding rounds and preparations for exits/IPOs. Alongside our robust pipeline of new investment opportunities, we therefore anticipate maintaining a strong pace of investment throughout 2022.

As a result, we are confident that we remain on track to deliver the target annualised NAV total return on SSIT's portfolio of at least 20% over the longer term.

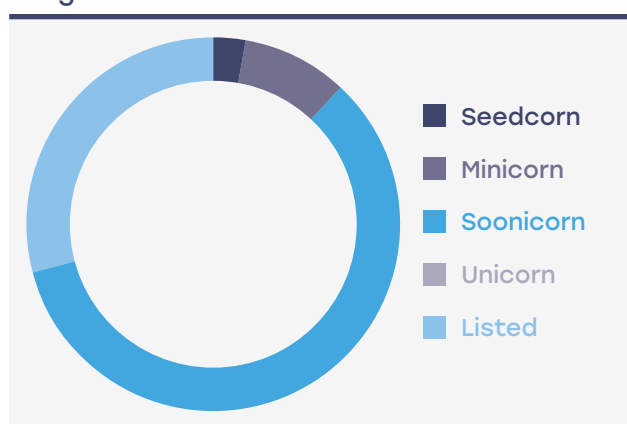
Seraphim Space (Manager) LLP Investment Manager

22 February 2022

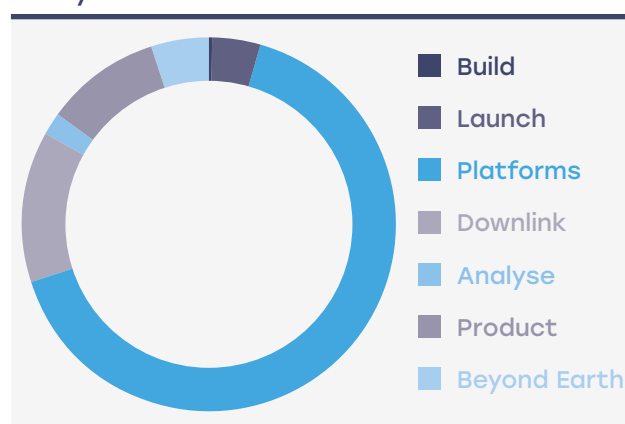
Portfolio Breakdown

Summary By Value as at 31 December 2021

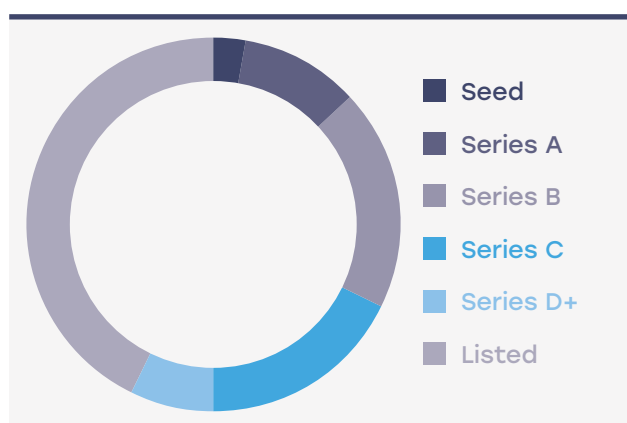
Stage¹



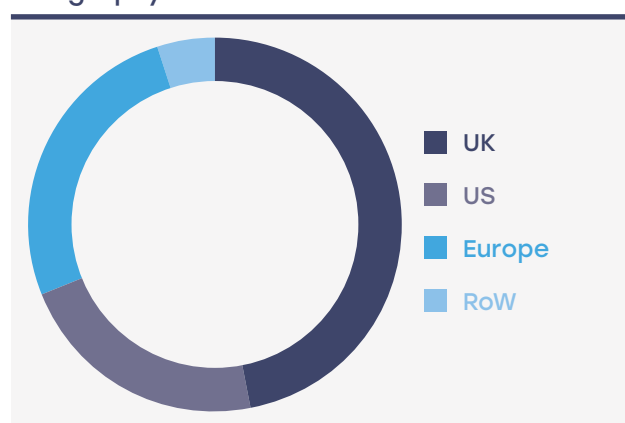
Ecosystem²



Last round



Geography



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

² **Build** – satellite construction/manufacturing/components. **Launch** – rockets. **Platforms** – constellations of satellites in Space. **Downlink** – data from Space to Earth in a cyber secure manner. **Analyse** – artificial intelligence 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

1 Arqit Quantum



Web:	arqit.uk
HQ:	UK
Taxonomy:	Platform/Satcoms
Status:	Listed; Unicorn
Stake category:	0-5%
Fair value/cost:	£47.9m/£27.3m
Valuation method:	Mark to market

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

Key developments during period:

- Signed R&D contract with US Air Force to assess the viability for the Department of Defence infrastructure.
- Licensed Quantum Cloud service to Virgin Orbit to protect its launch and Space solutions businesses.
- Entered into technology alliance partnership agreement with Juniper Networks.

2 ICEYE



Web:	iceye.com
HQ:	Finland
Taxonomy:	Platform/Earth Observation
Status:	Private, Soonicorn
Stake category:	6-10%
Fair value/cost:	£38.9m/£39.6m
Valuation method:	Last round price

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 unrivalled sensitivity and at a global scale.

Key developments during period:

- Achieved first close on \$136m Series D funding round.
- Leading insurers Tokio Marine and AON announced commercial collaborations.
- Contract announced with US regulatory agency NOAA to tackle environmental hazards linked to climate change.

Top 10 Investments continued

3 Isotropic Systems



Web:	isotropicsystems.com
HQ:	UK
Taxonomy:	Downlink/Antennas
Status:	Private, Soonicorn
Stake category:	11-15%
Fair value/cost:	£22.4m/£19.5m
Valuation method:	Last round price

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

Key developments during period:

- Multibeam antenna to improve communication passes first US Air Force trials.
- Partnered with SES to complete milestone trials to unlock next-gen connectivity for US Army and NATO.
- Joined UK Government and European Space Agency consortium led by CGI to develop hybrid satellite communications for trains.

4 HawkEye 360



Web:	HE360.com
HQ:	US
Taxonomy:	Platform/Earth Observation
Status:	Private, Soonicorn
Stake category:	0-5%
Fair value/cost:	£18.5m/£18.6m
Valuation method:	Last round price

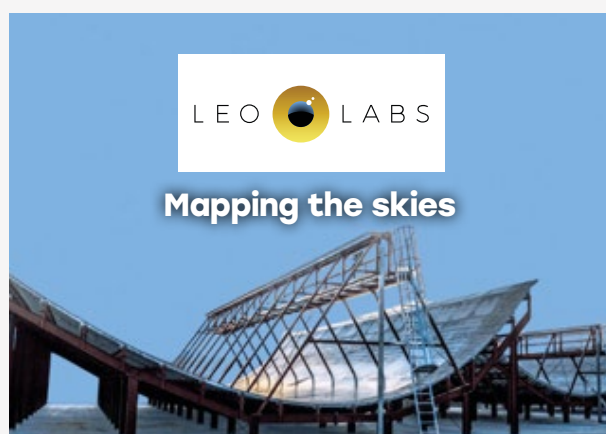
HawkEye 360 operates the world's largest satellite constellation collecting radio frequency signals to identify and geolocate previously invisible activities.

Key developments during period:

- Added Leidos as investor to bring Series D funding round to \$150m.
- Awarded \$15.5m contract with US Air Force Research Laboratory and a new five-year contract with National Geospatial Intelligence Agency.
- Increased analytic capabilities to combat illegal fishing through the launch of new SEAkR product.

Top 10 Investments continued

5 LeoLabs



Web:	leolabs.space
HQ:	US
Taxonomy:	Product/Platform
Status:	Private, Soonicorn
Stake category:	0-5%
Fair value/cost:	£12.3m/£11.7m
Valuation method:	Last round price

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.

Key developments during period:

- Signed contracts with the world's three largest constellations, Starlink, OneWeb and Planet, providing operational support for more than 2,400 active satellites representing approximately 60% of all operational satellites in lower earth orbit (LEO).
- Committed to Australia as strategic site for its sixth Space Radar.
- Signed multi-year agreement with New Zealand Government for Space regulatory and sustainability platform.

6 Astroscale



Web:	astroscale.com
HQ:	Japan
Taxonomy:	Beyond Earth/ In Orbit Services
Status:	Private, Soonicorn
Stake category:	0-5%
Fair value/cost:	£9.3m/£9.4m
Valuation method:	Last round price

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.

Key developments during period:

- Closed \$112m Series F funding round.
- Awarded UK Space Agency contract to study the removal of two defunct satellites from Space.
- Development agreement for collaboration with Mitsubishi Heavy Industries in relation to removal of their spent upper stage rocket to avoid Space debris.

Top 10 Investments continued

7 Satellite Vu



Web:	satellitevu.com
HQ:	UK
Taxonomy:	Product/Earth Observation
Status:	Private, Minicorn
Stake category:	16-25%
Fair value/cost:	£7.8m/£4.6m
Valuation method:	Last round price

Satellite Vu 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.

Key developments during period:

- Closed £15m Series A funding round to launch first infrared imaging satellites.
- Signed deal with Surrey Satellite Technology to build high resolution thermal imaging satellite constellation.
- At the COP26 conference UK Space Agency announced additional funding for Satellite Vu.

8 D-Orbit



Web:	dorbit.space
HQ:	Italy
Taxonomy:	Beyond Earth/ In Orbit Services
Status:	Private, Soonicorn
Stake category:	6-10%
Fair value/cost:	£7.2m/£7.3m
Valuation method:	Last round price

D-Orbit is the market leader in the Space logistics and orbital transportation services industry. It currently operates the world's only in-Space last mile delivery service.

Key developments during period:

- Concluded fourth Space taxi mission for its ION Space carrier.
- Awarded \$3m contract for debris removal by European Space Agency.

Note: Post period D-Orbit's proposed business combination with Breeze Holdings Acquisition Corp. (NASDAQ: BREZ) was announced, valuing the combined entity at \$1.28bn.

Top 10 Investments continued

9 Altitude Angel



Web:	altitudeangel.com
HQ:	UK
Taxonomy:	Product/Platform
Status:	Private, Minicorn
Stake category:	16-25%
Fair value/cost:	£3.7m/£3.7m
Valuation method:	Last round price

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.

Key developments during period:

- Inmarsat and Blue Dart select Altitude Angel solution for unmanned aerial vehicles to fly beyond visual line of sight.
- Dublin Airport to deploy Altitude Angel's GuardianUTM Enterprise Platform.
- Selected by Sweden as the "Foundation Stone" as it begins to build National Drone Infrastructure.

10 PlanetWatchers



Web:	planetwatchers.com
HQ:	Israel
Taxonomy:	Analyse/Satellites
Status:	Private, Seedcorn
Stake category:	25%+
Fair value/cost:	£3.2m/£3.0m
Valuation method:	Last round price

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

Key developments during period:

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

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 of the Company are all non-executive and are considered to be independent.



Will Whitehorn
Chair

Will Whitehorn 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 Good Energy PLC, Craneware PLC and the Scottish Event Campus, which hosted COP26. He is also a non-executive director of AAC Clyde Space AB, a Space services provider and satellite manufacturer. In addition to these corporate roles he has been a Fellow of the Royal Aeronautical Society since 2014 and has recently been appointed a member of the UK Government's Space Exploration Advisory Committee, which reports to the UK Space Agency.



Sue Inglis

Sue Inglis has a wealth of experience from more than 30 years advising listed investment companies and financial institutions. Before embarking on a non-executive career, her executive roles included managing director – Corporate Finance in the Investment Companies teams at Cantor Fitzgerald Europe (2012-2018) and Canaccord Genuity (2009-2012). 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. Sue is currently the Chair of ThomasLloyd Energy Impact Trust PLC, the senior independent director of Baillie Growth US Growth Trust plc and a non-executive director of BMO Managed Portfolio Trust plc and Momentum Multi-Asset Value Trust plc.

Board of Directors continued



Christina McComb

Christina McComb has over 25 years' experience of venture capital investment as a former director of 3i plc and other venture funds. She has also held a number of senior public sector roles, including a non-executive role at the British Business Bank and advising Government on initiatives to support access to finance in UK SMEs. She is currently Chair of OneFamily, a leading UK financial mutual, Chair of Standard Life European Private Equity Trust plc and a non-executive director of Big Society Capital. She is also a Trustee of Nesta where she chairs the Trust Investment Committee. She was awarded an OBE in the Queen's Birthday Honours 2018 for services to the economy.



Angela Lane*

Angela Lane has decades of experience working with private equity-owned companies, investment trusts and as the Chair of audit and remuneration committees. She began her career at the venture capital firm 3i 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.

Angela is currently a non-executive director of BlackRock Throgmorton Investment Trust plc, Pacific Horizon Investment Trust plc and Dunedin Enterprise Investment Trust plc, where she also Chairs the Audit Committee.

* Appointed with effect from 1 January 2022.

Principal 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 significant risk factors are disclosed in the Company's IPO prospectus, which is available on the Company's website www.seraphim.vc

The Board thoroughly considers the process for identifying, evaluating and managing any significant risks faced by the Company 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.

For each material risk, the likelihood and consequences are identified, management controls and frequency of monitoring are confirmed and results are reported and discussed at each Audit Committee meeting.

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

1. The Company invests in early and growth stage SpaceTech businesses which will have a less mature business, a more restricted depth of management and a higher risk profile than larger and more established companies.

To mitigate this risk, the Investment Manager has extensive experience of investing into and supporting early and growth stage businesses. The strategy is to ensure sufficient diversification within the portfolio and to syndicate investments with other investors to ensure investee

companies are well capitalised. The Investment Manager seeks to mitigate investment-related risks by carrying out detailed due diligence work on potential targets before entering into any investments and active engagement with and monitoring of existing investments. The Board reviews and monitors the performance of the portfolio on at least a quarterly basis.

2. The Company's target return is based on estimates and assumptions that are inherently subject to significant uncertainties and contingencies, and the actual rate of return may be materially lower than the targeted return.

To mitigate this risk, the Investment Manager performs rigorous due diligence processes for each investment acquired along with a regular review of the investment environment. The Investment Manager also uses benchmarking of target returns against the industry and competitors.

3. The Investment Manager may not be able to identify, acquire and realise suitable investments in accordance with the Company's investment objective.

As mitigation, members of the Investment Manager have years of experience across relevant SpaceTech sectors. This experience and accompanying industry relevance will assist in obtaining access to relevant investment opportunities. There is currently a large pipeline of potential investments available to the Investment Manager and the Investment Manager has a disciplined approach to identifying the highest potential investment opportunities on a risk-adjusted basis.

Principal Risks and Uncertainties continued

4. The Company's investments (including the Initial Portfolio and Retained Assets) include both unlisted and listed securities and other interests for which no market exists, which may be very thinly traded or which are restricted as to their transferability under applicable laws and/or the relevant investment documentation.

To mitigate this risk, investment valuations are performed in line with the valuation policy and the International Private Equity and Venture Capital Valuation Guidelines on at least a quarterly basis. In addition the Board is provided with quarterly updates of portfolio investment performance and detail around material variations from forecast returns. The year-end NAV will be fully audited by the Company's auditor.

5. The Company, whose Board is non-executive, and which has no employees, is reliant upon the performance of third-party service providers for its executive function.

To control this risk, the Board has appointed the Investment Manager and Administrator, both of whom have a strong track record and extensive relevant experience, skills and resources. The Administrator holds the International Standard on Assurance Engagements (ISAE) 3402 Type 2 certification. This entails an independent rigorous examination and testing of their controls and processes. The Company's wider third-party service providers are all experienced in their relevant fields and the Board has appointed these providers on the basis of this experience. The Board, collectively, has the relevant experience and understanding of operating

effectively in such a structure. The Board will review the quality, effectiveness and value of the third-party service providers on at least an annual basis. The Board can terminate the appointment of and replace third-party service providers. The Investment Manager, the Administrator and other key service providers have in place policies, procedures and defences to mitigate against risks of cyber-security threats and engage with market-leading specialists where appropriate.

6. The key members of the Investment Manager's team are Mark Boggett, James Bruegger and Rob Desborough. There is a risk that one or more of these individuals might cease to be engaged by the Investment Manager or cease to be actively engaged in the performance of the management of the portfolio and this may have a negative impact on the Company's ability to achieve its investment objective.

As mitigation, if one of the named key members were to leave, the Investment Manager has resources and processes in place to ensure it continues to operate and can ultimately replace them. In addition, the Investment Management Agreement includes provisions whereby, if a key member leaves and is not replaced by a person or persons whom the Board considers, in its discretion, to be of equal or satisfactory standing within specified timeframes, the Board may terminate the appointment of the Investment Manager.

7. A substantial proportion of the Company's investments are non-Sterling denominated with the consequent potential risk to fluctuating exchange rates.

Principal Risks and Uncertainties continued

To mitigate this risk, the Investment Manager monitors exchange rates and may, in consultation with the Company's brokers, consider and explore alternative mitigating factors if appropriate. However, it is not currently the Company's policy to manage currency risk on a day to day basis.

8. In some circumstances the Company's share price may trade at a discount to the NAV per share. The discount level may widen significantly and any discount management policy may become ineffective.

For the mitigation of this risk, NAV and share price performance are regularly reviewed at and between Board meetings in the context of market conditions and the Board will consider buying back shares when applicable and in the interests of Shareholders.

The principal risks outlined above remain the most likely to affect the Company in the second half of the financial year.

Directors' Responsibilities Statement

The Directors are responsible for preparing this Interim Report in accordance with applicable law and regulations.

The Directors confirm that to the best of their knowledge:

- the unaudited interim condensed financial statements have been prepared in accordance with UK adopted IAS 34 *Interim Financial Reporting* and give a true and fair view of the assets, liabilities and financial position and the profit of the Company as required by DTR 4.2.4R of the Disclosure Guidance and Transparency Rules ("DTR"); and
- the Chair's Statement, Investment Manager's Report and the notes to the condensed financial statements include a fair review of the information required by:
 - » DTR 4.2.7R, being an indication of important events that have occurred during the period and their impact on the unaudited interim condensed financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

- » DTR 4.2.8R, being related party transactions that have taken place in the period and that have materially affected the financial position and performance of the Company during that period.

On behalf of the Board

Will Whitehorn
Chair

22 February 2022

Condensed Statement of Comprehensive Income

For the period ended 31 December 2021 (unaudited)

	Note	Revenue £'000	Capital £'000	Total £'000
Investment gain				
Change in fair value of investments at fair value through profit or loss	8	–	18,559	18,559
		–	18,559	18,559
Expenses				
Management fee	4	(1,194)	–	(1,194)
Performance fee	4	–	(2,004)	(2,004)
Other operating expenses	5	(624)		(624)
Total expenses		(1,818)	(2,004)	(3,822)
Operating (loss)/profit for the period		(1,818)	16,555	14,737
Finance income				
Interest income		74	–	74
Total finance income		74	–	74
(Loss)/profit for the period before tax		(1,744)	16,555	14,811
Tax	6	–	–	–
(Loss)/profit for the period after tax		(1,744)	16,555	14,811
(Loss)/profit and total comprehensive income for the period		(1,744)	16,555	14,811
(Loss)/profit and total comprehensive income attributable to:				
Equity holders of the Company		(1,744)	16,555	14,811
Earnings per share				
Basic and diluted (losses)/earnings per Share (pence)	7	(0.87)	8.25	7.38

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

The Total column of this statement is the profit and loss account of the Company, and the Revenue and Capital columns represent supplementary information prepared under guidance issued by the Association of Investment Companies. Profit for the period after tax also represents Total Comprehensive Income.

The accompanying notes on pages 34 to 48 form an integral part of these interim condensed financial statements.

Condensed Statement of Financial Position

As at 31 December 2021 (unaudited)

	Note	31 December 2021 £'000
Non-current assets		
Investments at fair value through profit or loss	8	182,796
		182,796
Current assets		
Trade and other receivables	10	124
Cash and cash equivalents		69,984
		70,108
Current liabilities		
Provisions	4, 11	(2,004)
Trade and other payables	12	(336)
		(2,340)
Net current assets		67,768
Net assets		250,564
Equity		
Share capital	13	2,394
Share premium	13	60,183
Other reserves	13	173,176
Retained earnings		14,811
Total shareholders' funds		250,564
Number of shares in issue at period end		239,384,928
Net assets per share (pence)	14	104.67

The interim condensed financial statements on pages 30 to 48 were approved and authorised for issue by the Board of Directors on 22 February 2022 and signed on their behalf by:

Will Whitehorn
Chair

Sue Inglis
Director

The accompanying notes on pages 34 to 48 form an integral part of these interim condensed financial statements.

Condensed Statement of Changes in Equity

For the period ended 31 December 2021 (unaudited)

	Note	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Opening net assets attributable to shareholders		–	–	–	–	–
Issue of share capital	13	2,444	236,991	–	–	239,435
Redemption of redeemable preference shares	13	(50)	–	–	–	(50)
Share issue costs	13	–	(3,632)	–	–	(3,632)
Cancellation of share premium	13	–	(173,176)	173,176	–	–
Total comprehensive income for the period		–	–	–	14,811	14,811
Closing net assets attributable to shareholders		2,394	60,183	173,176	14,811	250,564

The share premium account was partially cancelled by a court order dated 14 December 2021. The amount standing to the credit of the share premium account of the Company following its IPO in July 2021, less any issue expenses set off against the share premium account, was cancelled and credited to other reserves. This amount shall be capable of being applied in any manner in which the Company's profits available for distribution, as determined in accordance with the Companies Act 2006, are able to be applied.

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. 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.

After taking account of other reserves, retained earnings and unrealised cumulative gains classed as capital in the Statement of Comprehensive Income of £16,555k, the total reserves distributable by way of a dividend as at 31 December 2021 were £171,432k.

The accompanying notes on pages 34 to 48 form an integral part of these interim condensed financial statements.

Condensed Statement of Cash Flows

For the period ended 31 December 2021 (unaudited)

	Note	For the period ending 31 December 2021 £'000
Cash flows from operating activities		
Profit for the period before tax		14,811
Adjustments for:		
Purchase of investments	8	(74,852)
Unrealised movement in fair value of investments	8	(18,559)
Movement in payables		260
Movement in provisions	11	2,004
Movement in receivables	10	(124)
Net cash used in operating activities		(76,460)
Cash flows from financing activities		
Proceeds of share capital issuance	13	147,639
Payment of issue costs		(1,195)
Net cash generated from financing activities		146,444
Net movement in cash and cash equivalents during the period		69,984
Cash and cash equivalents at the beginning of the period		–
Cash and cash equivalents at the end of the period		69,984

The accompanying notes on pages 34 to 48 form an integral part of these interim condensed financial statements.

Notes of the Unaudited Interim Condensed Financial Statements

For the period ended 31 December 2021 (unaudited)

1. General Information

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

2. Significant Accounting Policies

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

The Company was formed on 14 May 2021, so information in the financial statements covers the period from 14 May 2021 to 31 December 2021, 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 31 December 2021.

Basis of preparation

The condensed financial statements have been prepared in accordance with UK adopted IAS 34 "Interim Financial Statements". Where presentational guidance set out in the AIC SORP is consistent with the requirements of IFRS, the Directors have sought to prepare the condensed 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.

These interim financial statements have been prepared on the historic cost basis, as modified for the measurement of certain financial instruments at fair value through profit or loss and in accordance with IFRS and with those parts of the Companies Act 2006 applicable to companies under IFRS.

These condensed financial statements do not constitute statutory accounts as defined in section 434 of the Companies Act 2006 and do not include all information and disclosures required in an Annual Report. As the Company was incorporated on 14 May 2021, audited financial statements have not yet been filed with the Registrar of Companies.

These accounting policies will be applied in the Company's first annual financial statements for the period ending 30 June 2022.

Notes of the Unaudited Interim Condensed Financial Statements continued

2. Significant Accounting Policies continued

Going concern

The Company's cash balance at 31 December 2021 was £70.0m, which is sufficient to cover its existing liabilities of £2.3m and any foreseeable expenses for a period of at least 12 months from the date of this report.

In light of the above facts, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the interim condensed financial statements. In reaching this conclusion, the Board has considered budgeted and projected results of the business, projected cash flow and risks that could impact the Company's liquidity for at least the next 12 months.

Segmental reporting

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors, as a whole. The key measure of performance used by the Board to assess the Company's performance and to allocate resources is the Company's NAV, as calculated under IFRS, 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.

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 and Japan. Due to the Company's nature, it has no customers.

Functional currency and foreign currency transactions

These financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates, and are rounded to the nearest thousand, unless otherwise stated.

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.

Notes of the Unaudited Interim Condensed Financial Statements continued

2. Significant Accounting Policies continued**Assessment as an investment entity**

IFRS 10 “Consolidated Financial Statements” sets out the following 3 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 risk portfolio and maximise returns;
- it should have multiple investors, who pool their funds to maximise investment opportunities;
- it should have investors that are not related parties of the entity; and
- it should have ownership interests in the form of equity or similar interests.

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

Income recognition

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

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.

Notes of the Unaudited Interim Condensed Financial Statements continued

2. Significant Accounting Policies continued

Expenses

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

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

Taxation

The Company has received confirmation from HMRC that it has been accepted as an approved investment trust with effect from 14 July 2021, provided it continues to meet the eligibility conditions of section 1158 Corporation Tax Act 2010 ("s1158") and the ongoing requirements for approved companies in the of the Investment Trust (Approved Company) (Tax) Regulations 2011. The Directors believe that the Company has conducted its affairs in compliance with s1158 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 and its capital profits from creditor loan relationships. The Company will, however, be subject to UK corporation tax on its income (currently at a rate of 19%).

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

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

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

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

Notes of the Unaudited Interim Condensed Financial Statements continued

2. Significant Accounting Policies continued**Taxation continued**

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.

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.

At 31 December 2021, 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, deposits held on call with banks and other short-term highly liquid deposits with original maturities of three months or less, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Notes of the Unaudited Interim Condensed Financial Statements continued

2. Significant Accounting Policies continued

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 shall be calculated on the following bases:

- the value of investments that are not publicly traded are valued using recognised valuation methodologies in accordance with the International Private Equity and Venture Capital Association Valuation Guidelines or any other guidelines the Investment Manager and Board consider appropriate. These methods include primary valuation techniques, such as revenue or earnings multiples, discounted cash flow analysis 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 an investee 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 pounds sterling is converted into pounds sterling at the prevailing rate.

Derecognition of financial assets

A financial asset (in whole or in part) is derecognised:

- when the Company has transferred substantially all the risks and rewards of ownership; or
- when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or
- when the contractual right to receive cashflow has expired.

Purchases of investments for cash are classified as operating activities in the Statement of Cash Flows as the Company's objective is to generate capital growth over the long term through investment in a portfolio of predominantly early and growth stage SpaceTech businesses.

Notes of the Unaudited Interim Condensed Financial Statements continued

2. Significant Accounting Policies continued**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, it expires or is cancelled. Any gain or loss on derecognition is taken to the Statement of Comprehensive Income.

Provisions

A provision is recognised when there is an expected future economic outflow on which the timing or amount are uncertain.

As disclosed in note 4, a provision for performance fee payable to the Investment Manager is calculated and recognised in the period in which the expectation of future economic outflows has formed.

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.

Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from proceeds.

3. Significant Accounting Judgements and Estimates

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.

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.

Another 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).

Notes of the Unaudited Interim Condensed Financial Statements continued

3. Significant Accounting Judgements and Estimates continued

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, 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. This will be of greater reliability than methods based on estimates and assumptions and accordingly where there have been recent investments by third parties, the price of that investment will generally provide a basis of the valuation. Recent transactions may include post year-end as well as pre year-end transactions depending on their nature and timing.

The Company will consider whether this basis remains appropriate each time valuations are reviewed. In addition, inputs to the fair value calculation will be recalibrated to assess the appropriateness of the methodology used in relation to the market performance since the round and the company's trading performance relative to the expectations of the round.

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.

A provision for performance fee is recognised if the Company's performance conditions would be achieved and its investments were realised at fair value, at the Statement of Financial Position date. Due to the uncertainty of the amount and timing of any future realisation of investments, the Directors consider the provision for performance fee, as outlined in note 4 to be a significant accounting estimate.

Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

4. Management and Performance Fees

Management fee

Under the Investment Management Agreement, the Investment Manager is entitled to a management fee of 1.25% per annum of NAV up to £300m and 1.00% per annum of NAV above £300m, payable quarterly in advance.

Management fees incurred in the period were £1,194k, of which £48k was payable to the Investment Manager as at 31 December 2021.

Notes of the Unaudited Interim Condensed Financial Statements continued

4. Management and Performance Fees continued**Performance fee**

Under the Investment Management Agreement, the Investment Manager is also entitled to a performance fee of 15% over an 8% hurdle with full catch-up, calculated on NAV annually. The performance fee is only payable where the adjusted NAV at the end of a performance period exceeds the higher of the performance hurdle and a high water mark. The accrued performance fee will only be paid to the extent that the aggregate of the net realised profits on unlisted investments, net unrealised gains on listed investments and income received from investments during the relevant performance period is greater than the performance fee payable and, to the extent that such aggregate is less than the performance fee payable, an amount equal to the difference shall be carried forward and included in the performance fee payable as at the end of the next performance period. Subject to the Takeover Code, the Investment Manager is required to reinvest 15% of any performance fee paid in shares of the Company. Full details of the performance fee are set out in the Company's IPO prospectus.

The provision for performance fee recognised in the period was £2,004k, all of which remains outstanding as at 31 December 2021.

5. Audit Fees

Other operating expenses include fees payable to the Company's Auditor of £35k, comprising estimated accruals proportioned across the year for the audit of the statutory financial statements.

	For the period ended 31 December 2021 £'000
Fees to the Company's Auditor for audit of the statutory financial statements	35
	35

During the period, BDO were also paid £252k (including VAT), in relation to share issue and valuation work which were recognised in share premium.

Notes of the Unaudited Interim Condensed Financial Statements continued

6. Tax

As an investment trust, the Company is exempt from UK corporation tax on capital gains arising on the disposal of shares. Capital profits from creditor loan relationships and derivative contracts are exempt from UK tax where the profits are accounted for through the Capital column of the Statement of Comprehensive Income, in accordance with the AIC SORP.

Therefore, no tax liability has been recognised in the financial statements.

	For the period ending 31 December 2021		
	Revenue £'000	Capital £'000	Total £'000
UK corporation tax charge on profits for the period at 19%	–	–	–

	For the period ending 31 December 2021		
	Revenue £'000	Capital £'000	Total £'000
Return on ordinary activities before tax	(1,744)	16,555	14,811
Tax at UK corporation Tax rate of 19%	(331)	3,145	2,814
Effects of:			
Non-taxable gains on investments	–	(3,526)	(3,526)
Excess management expenses not utilised in the period	331	381	712
Total tax charge	–	–	–

The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from 1 April 2023 and, as the Finance Act 2021 was enacted on 24 May 2021 and the accounting period ends after this date, deferred tax is recognised at this new increased rate. Based on this prospective corporation tax rate of 25% the Company has an unrecognised deferred tax of £937k arising as a result of having unutilised management expenses carried forward at the period end of £3,748k. 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.

Notes of the Unaudited Interim Condensed Financial Statements continued

7. Earnings per Share

	For the period ending 31 December 2021		
	Revenue	Capital	Total
(Loss)/profit attributable to equity holders of the Company – £'000	(1,744)	16,555	14,811
Weighted average number of ordinary shares in issue		200,761,533	
Basic and diluted earnings per share from continuing operations in the period (pence)	(0.87)	8.25	7.38

8. Investments at Fair Value Through Profit or Loss

	For the period ended 31 December 2021 £'000
Opening balance	–
Investment additions – Cash	74,852
Investment additions – shares issued (note 13)	89,385
Change in fair value	18,559
	182,796

Fair value measurements

The Company measures fair values using the following fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under IFRS 13 are as follows:

- Level 1: Quoted price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques for which all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments for which the valuation technique includes inputs that are not based on observable data, and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Notes of the Unaudited Interim Condensed Financial Statements continued

8. Investments at Fair Value Through Profit or Loss continued

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes “observable” requires significant judgement by the Company. The Company considers observable data to be that 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 tables analyse, within the fair value hierarchy, the Company’s investments measured at fair value at 31 December 2021:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed investments	53,398	–	–	53,398
Unlisted investments	–	–	129,398	129,398
	53,398	–	129,398	182,796

The Level 1 investments were valued by reference to the closing bid prices in each investee company on the reporting date.

Due to their nature, the unlisted investments are always expected to be classified as Level 3 as these are not traded and contain unobservable inputs.

There have been no transfers between levels during the period ended 31 December 2021.

Significant unobservable inputs for Level 3 valuations

The fair value of unlisted securities is established with reference to the International Private Equity and Venture Capital Valuation Guidelines and the Company may base valuations on the calibrated price of recent investment in the investee companies, earnings or revenues where applicable. An assessment will be made at each measurement date as to the most appropriate valuation methodology.

As at 31 December 2021 the financial instruments measured using calibrated price of recent investment valuation methodology were £129,398k. If the calibrated price of these investments was 5% higher or lower, then the fair value of these investments would have been £6,470k higher or lower.

Notes of the Unaudited Interim Condensed Financial Statements continued

9. Unconsolidated Subsidiary

The following table shows the Company's subsidiary. As the Company is regarded as an investment entity as referred to in note 2, this subsidiary has not been consolidated in the preparation of the financial statements:

Investment	Place of business	Ownership interest as at 31 December 2021
Held directly		
Seraphim Space Ventures LP	USA	100%

The registered office of the above subsidiary is 1209 Orange Street, Wilmington, 19801, Delaware.

The amount invested in the Company's unconsolidated subsidiary during the period and its carrying value at 31 December 2021 was \$1.

10. Trade and Other Receivables

	31 December 2021 £'000
Prepayments	124
	124

11. Provisions

	31 December 2021 £'000
Performance fee provision (note 4)	2,004
	2,004

12. Trade and Other Payables

	31 December 2021 £'000
Accruals	245
Trade creditors	15
Amounts payable – issue costs	76
	336

Notes of the Unaudited Interim Condensed Financial Statements continued

13. 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	Opening	–	–	–	–	–
14-May-21	Incorporation – ordinary shares	1	–	–	–	–
10-Jun-21	Incorporation – 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
14-Jul-22	IPO – share issue costs		–	(3,454)	–	(3,454)
		178,414,561	1,784	173,176	–	174,960
10-Sep-21	Subsequent share issue ²	7,418,890	74	7,345	–	7,419
22-Sep-21	Subsequent share issue ²	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 ²	27,255,074	273	26,983	–	27,256
	Subsequent share issue costs			(178)	–	(178)
		60,970,366	610	60,183	–	60,793
31-Dec-21		239,384,928	2,394	60,183	173,176	235,753

¹ Cash received by the Company was £147,639k after the direct deduction of share issuance costs of £2,361k.

² Shares issued by way of direct subscriptions in connection with the Company's acquisition of the Initial Portfolio.

On incorporation, the issued share capital of the Company was £0.01 represented by one ordinary share, as the subscriber to the Company's memorandum of association. The ordinary share was fully paid up.

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

Notes of the Unaudited Interim Condensed Financial Statements continued

13. Share Capital continued

The amount standing to the credit of the share premium account of the Company on completion of the IPO, less any issue expenses set off against the share premium account, was cancelled by a court order dated 14 December 2021 and credited to distributable reserves. This amount shall be capable of being applied in any manner in which the Company's profits available for distribution, as determined in accordance with the Companies Act 2006, are able to be applied.

14. Net Assets per Share

	31 December 2021
Net assets – £'000	250,564
Number of Ordinary Shares issued	239,384,928
Net assets per Share (pence)	104.67

15. Related Party Transactions**Directors**

As at 31 December 2021, the Company had three non-executive Directors. Directors' fees for the period ended 31 December 2021 amounted to £70k, of which £nil was outstanding at period end.

Investment Manager

Seraphim Space (Manager) LLP has been appointed as the Company's exclusive Investment Manager and AIFM and is responsible for the day-to-day operation and management of the Company's investment portfolio, subject at all times to the overall supervision of the Board.

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.

16. Subsequent Events

Angela Lane was appointed as a non-executive Director of the Company with effect from 1 January 2022.

There are no other significant subsequent events.

Additional Information

Investment Policy

The Company seeks exposure to early and growth stage privately financed SpaceTech businesses.

The Company seeks to acquire primarily minority holdings in early and growth stage investments in unquoted SpaceTech businesses. 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. Once fully invested, 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.

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 in aggregate up to 5% of Gross Asset Value in aggregate, calculated at the time of investment, 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.

Investment restrictions

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

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

Each of the restrictions above will be calculated at the time of investment. 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. 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.

Additional Information continued

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.

Borrowing policy

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

Cash management

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

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

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

Governance Codes

The Company is a member of the AIC. The Board considers that as the Company is an investment company, reporting in accordance with the principles and recommendations of the AIC Code of Corporate Governance (the "AIC Code") provides more relevant information to shareholders than complying with the UK Corporate Governance Code issued by the Financial Reporting Council (the "UK Code").

Since launch, the Company has complied with the principles of good governance contained in the AIC Code, which complements the UK Code and provides a framework of best practice for listed investment companies. By complying with the AIC Code, the Company complies with the provisions of the Listing Rules which require that the Company must "comply or explain" in accordance with the UK Code and associated disclosure requirements.

Glossary

Administrator means Ocorian Administration (UK) Limited

AI means artificial intelligence

AIC means the Association of Investment Companies

AIC SORP means the Statement of Recommended Practice issued by the AIC for the Financial Statements of Investment Trust Companies and Venture Capital Trusts, as amended from time to time

Auditor means BDO LLP

Board means the Directors of the Company

Company or **SSIT** means Seraphim Space Investment Trust PLC

Directors means the Directors of the Company

ESG means environmental, social and governance

FCA means the UK Financial Conduct Authority (or its successor bodies)

FV means fair value

FX means foreign exchange

IAS means International Accounting Standard

IFRS means 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

Initial Portfolio means the initial portfolio acquired from the LP Fund by the Company on completion of its IPO, details of which are set out in the Prospectus

Investment Management Agreement means the Investment Management Agreement entered into between the Investment Manager and the Company

Investment Manager or **Seraphim** means Seraphim Space (Manager) LLP

IPO means Initial Public Offering

LEO means Low Earth Orbit

London Stock Exchange means London Stock Exchange plc

LP Fund means the Seraphim Space LP

NAV or **Net Asset Value** means the value of the assets of the Company less its liabilities as calculated in accordance with the Company's valuation policy (or, in the context of an ordinary share, the NAV of the Company divided by the number of ordinary shares in issue)

New Space means the emerging commercial space industry

Retained Assets means the assets transferred to the Company from the LP Fund following IPO, as described in the Company's IPO prospectus

SpaceTech means, 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

Directors and General Information

Board of Directors

Will Whitehorn (Chair)
Sue Inglis
Christina McComb
Angela Lane

Investment Manager

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EC3M 3BY

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Legal Adviser

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Administrator and Company Secretary

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Depository

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Registrar

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Independent Auditor

BDO LLP
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Identifiers

Website: www.seraphim.vc
ISIN: GB00BKPG0138
Ticker: SSIT
SEDOL: BKPG013
GIIN: GXNBCF.99999.SL.826

Registered Company Number

13395698

Cautionary Statement

The Chair's Statement and Investment Manager's Report have been prepared solely to provide additional information for shareholders to assess the Company's strategies and the potential for those strategies to succeed. These should not be relied on by any other party or for any other purpose.

The Chair's Statement and Investment Manager's Report may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be 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 document and include statements regarding the intentions, beliefs or current expectations of the Directors and the Investment Manager, concerning, amongst other things, the investment objectives and investment policy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects, and distribution policy 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, distribution policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document.

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 herein 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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