



**SERAPHIM**  
SPACE INVESTMENT TRUST PLC

# SERAPHIM SPACE INVESTMENT TRUST PLC

INTERIM REPORT – Six months ended 31 December 2022

# SIX MONTHS TO 31 DEC 2022

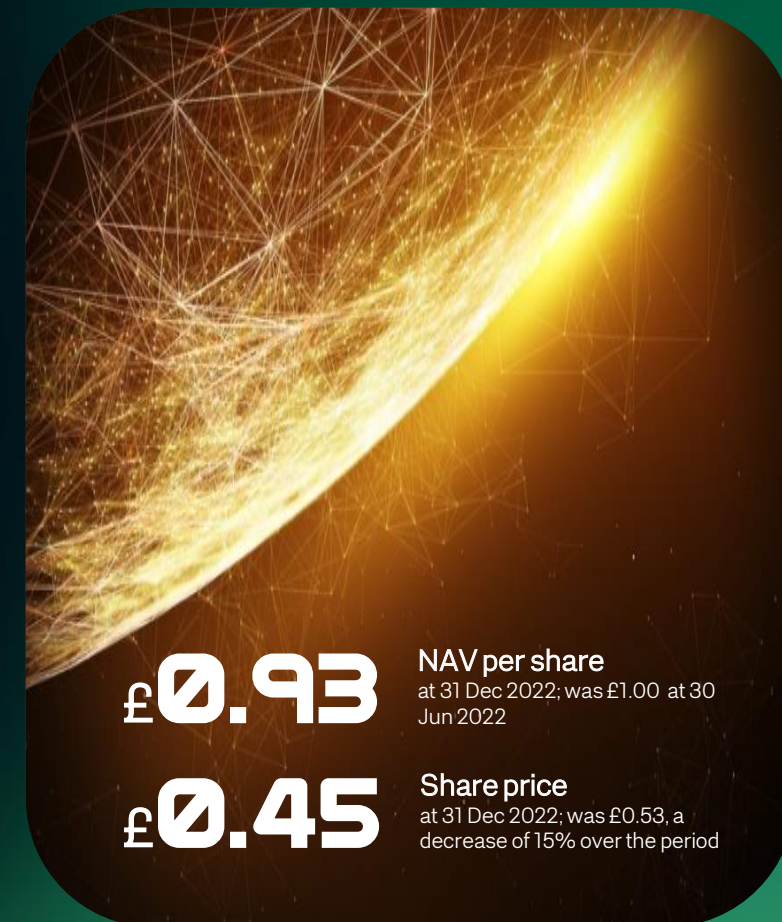
## HEADLINES



**Will Whitehorn**

Chair  
Seraphim Space  
Investment Trust plc

- Portfolio valuation decreased by £4.9m to £181m
- Driven by unrealised fair value reduction £15.3m
- Portfolio fair value now at 97% of cost
- Private companies in top 10 companies +56% revenue growth h-o-h
- 4 new investments and 6 follow-on transactions totalling £13.4m
- Net assets of £222m and market capitalisation of £108m as at 31 Dec 2022
- Period end liquid resources of £41m (18% of NAV)



# SERAPHIM PLAYBOOK

## HEADLINES



**Mark Boggett**

Chief Executive  
Officer



**James Bruegger**

Chief Investment  
Officer

### Proprietary Deal flow



### Unique Model



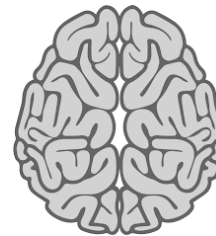
### Industry Backing



### Investment Committee Top Entrepreneurs



### Information Asymmetry



### Thought Leaders



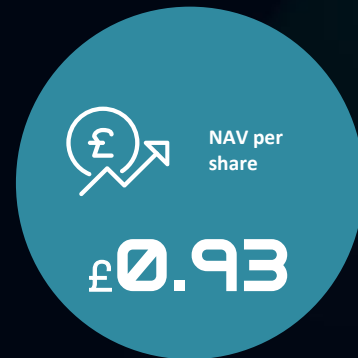
### Global VC Investor Ecosystem



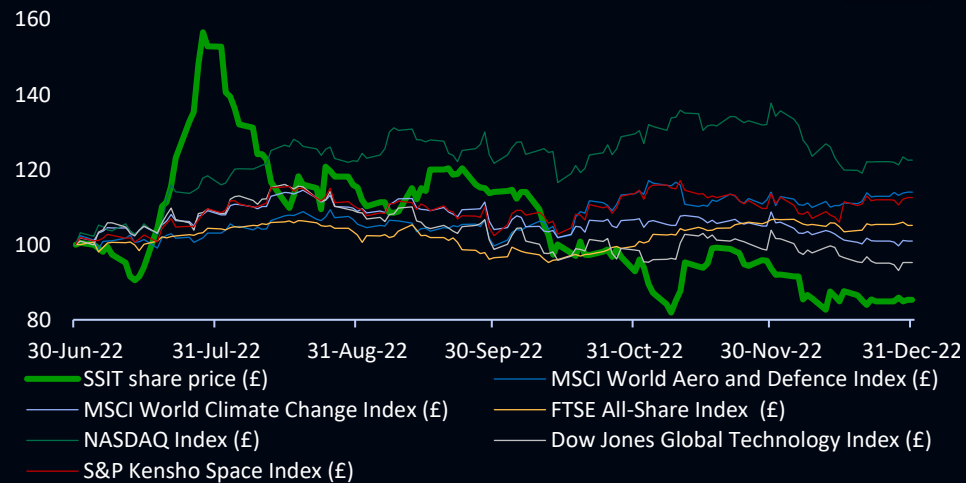
### Value-add Investors on Investee Boards



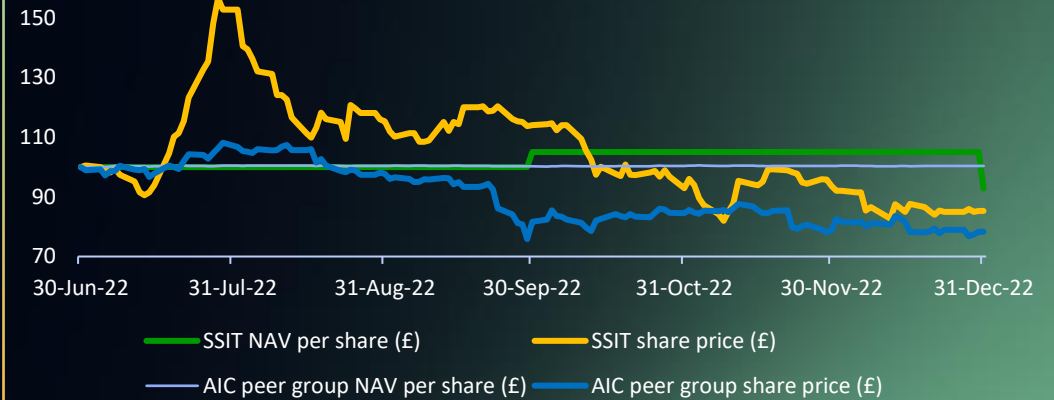
# FINANCIAL HIGHLIGHTS AS AT 31 DEC 2022



SSIT share price vs. various indices (£, total return rebased to 100)



SSIT NAV per share and share price vs. AIC peer group<sup>1</sup> (£, total return rebased to 100)



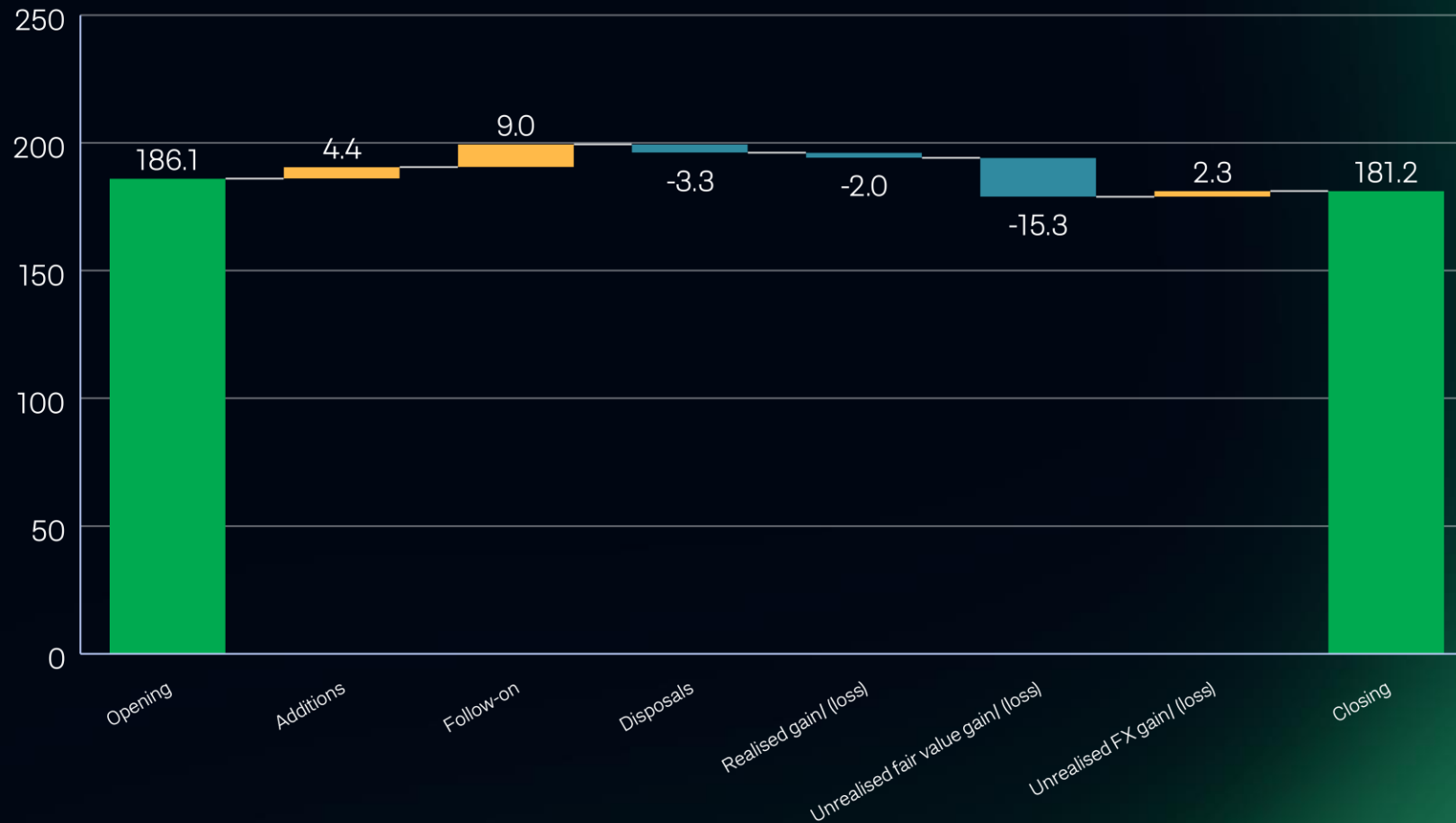
Source: Morningstar, Bloomberg  
Note: <sup>1</sup> AIC peer group is average of AIC Growth Capital peer group

Past performance is not a reliable indicator of future results. The value of shares and income from them can go up and down as a result of market and currency fluctuations.

# H1 ATTRIBUTION ANALYSIS

## 6 MONTHS TO 31 DEC 2022

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



**97%**

Portfolio fair value vs. cost

**£181M**

Fair value of portfolio as at  
31 Dec 2022

**£13.4M**

Aggregate cost of investments during  
period



# BALANCE SHEET

## AS AT 31 DEC 2022

£17M

decrease in NAV  
(7% decrease)

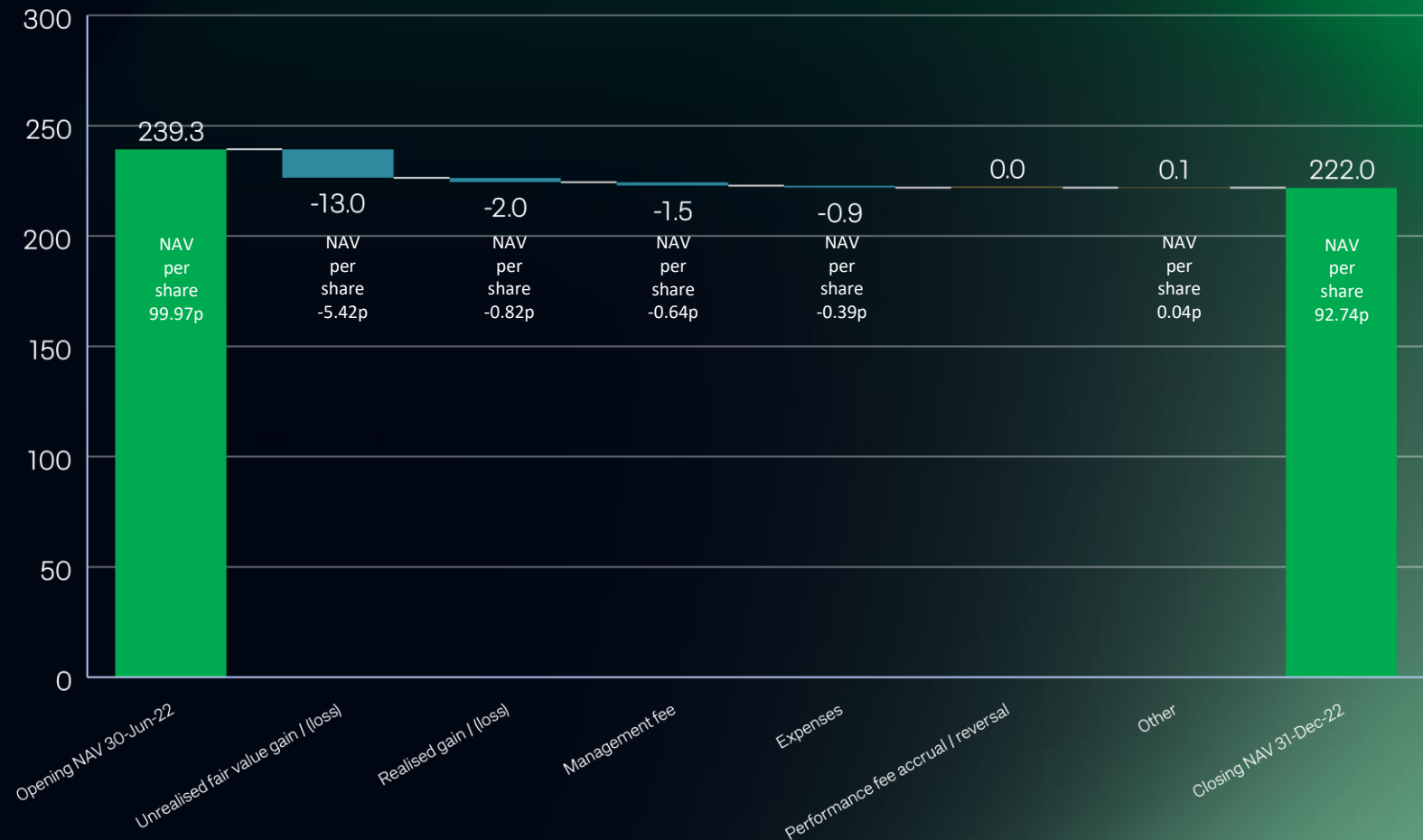
£41M

liquid resources  
(18% of NAV)

£0M

equity issued

NAV bridge (£m)





## H1 INVESTMENTS

### Investments made during the period

Company	Segment	HQ	Type	Cost £m
Voyager	Beyond Earth	US	New investment	2.1
Taranis	Analyse	Israel	New investment	2.1
PlanetWatchers	Analyse	UK	Follow-on	2.5
D-Orbit	Launch	Italy	Follow-on	4.4
2 early stage investments			New investment	0.3
4 small/ early stage investments			Follow-on	2.0
Total				13.4

10

Transactions completed

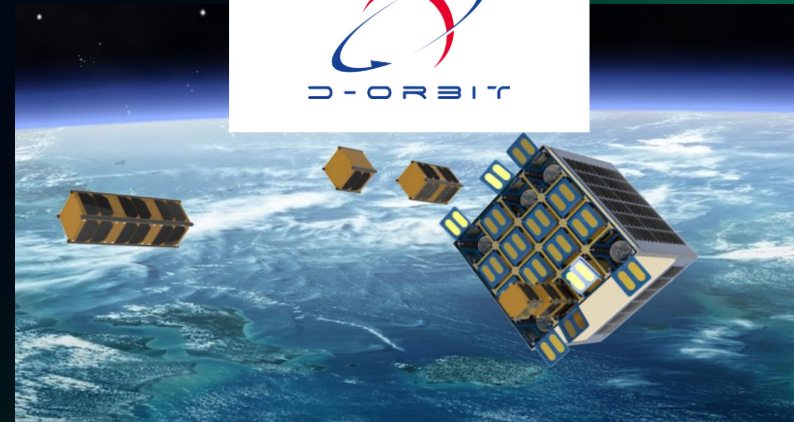
4

New investments

£13.4M

Cash deployed

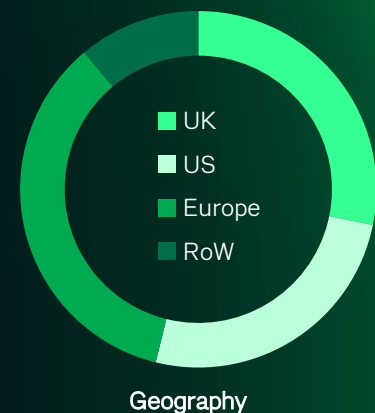
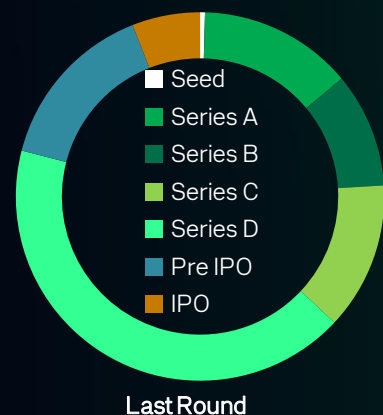
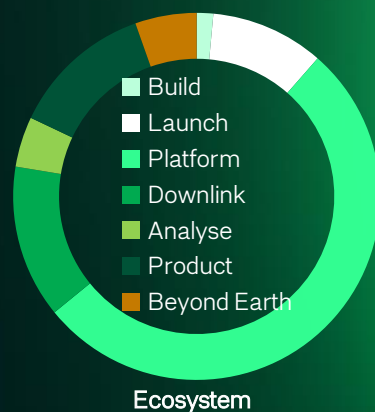
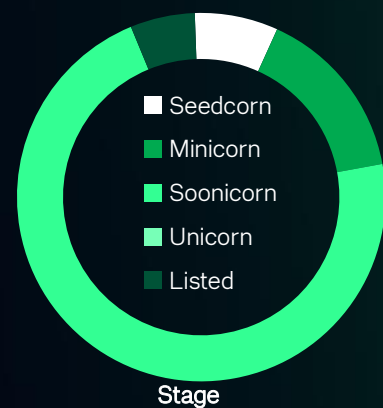
# H1 INVESTMENT ACTIVITY





# PORTFOLIO AS AT 31 DEC 2022

Summary by value

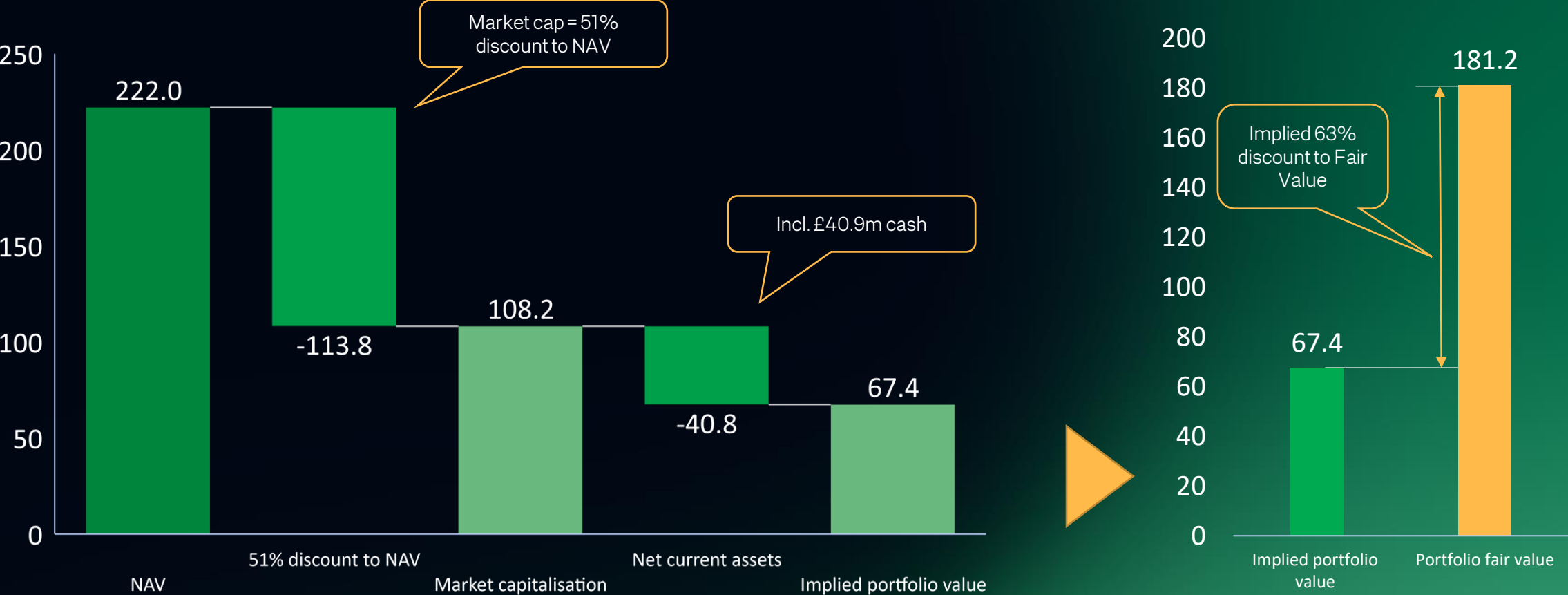


## NET ASSET VALUE

Company	FV£m	NAV
ICEYE	43.4	19.6%
ALL.SPACE	22.3	10.1%
HawkEye 360	20.7	9.3%
D-Orbit	18.1	8.2%
Altitude Angel	9.9	4.4%
LeoLabs	9.3	4.2%
Satellite Vu	7.8	3.5%
Astroscale	7.7	3.5%
Arqit	6.7	3.0%
PlanetWatchers	6.0	2.7%
<b>Sub Total Top 10</b>	<b>151.9</b>	<b>68.4%</b>
Other Investments	29.3	13.2%
<b>Total Investments</b>	<b>181.2</b>	<b>81.6%</b>
Cash	40.9	18.4%
Performance Fee Provision	-	-
Net Current Assets / (Liabilities)	-0.1	-0.1%
<b>Net Asset Value</b>	<b>222.0</b>	<b>100.0%</b>

As at 31 Dec 2022, based on a £0.45 share price, shares traded at a 51% discount to NAV and an implied 63% discount to portfolio fair value

**SSIT NAV VS. MARKET CAP ANALYSIS (£M)**  
**AS AT 31 DEC 2022**



## VALUATION RECALIBRATION

- Given valuation volatility during 2022, the Board initiated a process to recalibrate across an increased number of datapoints for portfolio companies to determine whether to change the company's enterprise value
  - *Where last funding rounds took place more than 12 months earlier*
  - *Those which experienced a significant milestone event*
  - *Material under- or over-performance*
- This process entails assessing the enterprise value following the most recent round against a composite of several elements:
  - *Observable market data (where possible)*
  - *Recent relevant private investment transactions*
  - *Public market valuations of comparable companies*
  - *Progress made by the company since the funding round across various metrics*



# SPOTLIGHT ON STRUCTURE

## DOWNSIDE PROTECTIONS

The downside protections afforded by liquidation preference and anti-dilution mean that the fair value of holdings would not decline linearly with any reductions in the enterprise values of private portfolio companies.

### PREFERENCE SHARES

#### *What Is It?*

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

#### *What Is Its Purpose?*

- Protect the value of an investment

#### *How Does It Work?*

- At exit receive an amount – normally equivalent to a 1x return - ahead of any other proceeds being distributed
- Ranks junior to debt, but senior to ordinary shares / other classes of shares

#### *What Does It Do?*

- Provides downside protection by potentially delivering 1x return in low exit scenarios

### ANTI-DILUTION

#### *What Is It?*

- Mechanism to adjust price paid / shares owned where a subsequent funding round is done at a lower valuation (also known as a 'down round')

#### *What Is Its Purpose?*

- Protect % ownership of an investment

#### *How Does It Work?*

- Additional shares issued at par in the event of a down round

#### *What Does It Do?*

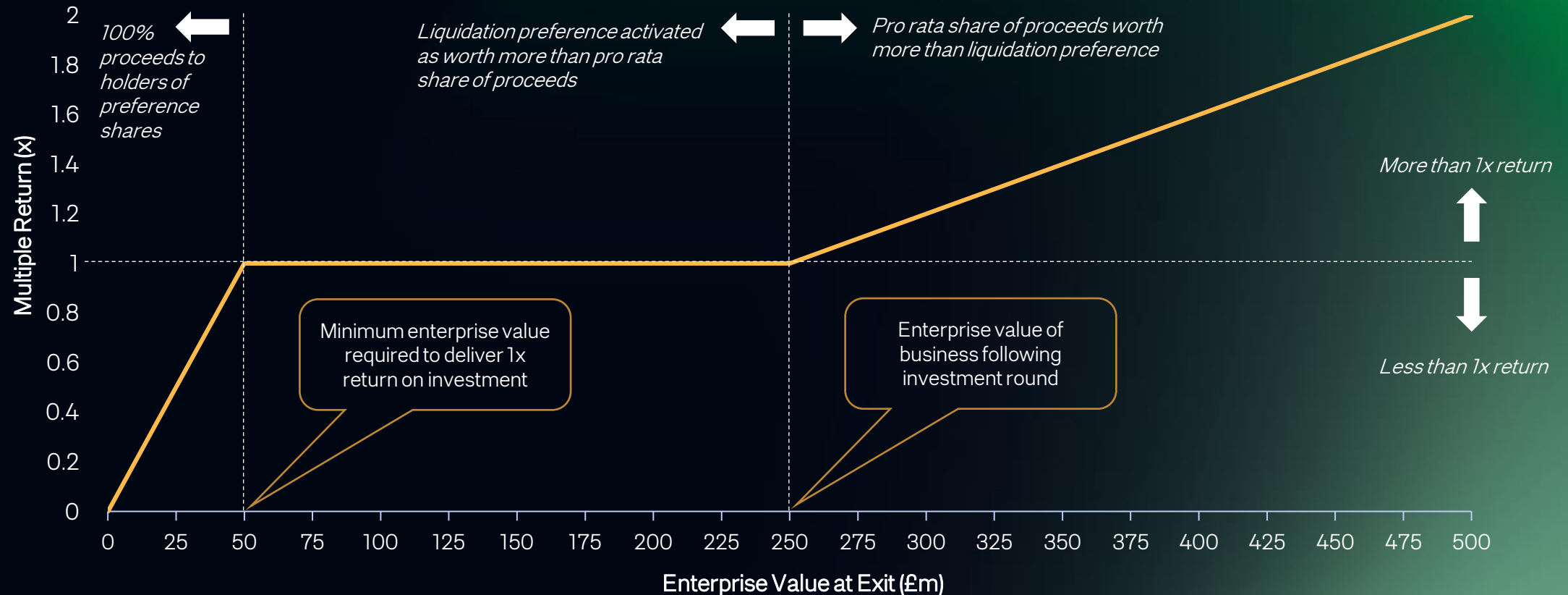
- Provides downside protection by reducing the amount of dilution in lower priced rounds



## WORKED EXAMPLE

### LIQUIDATION PREFERENCE PROTECTING ENTERPRISE VALUE REDUCTION

A liquidation preference can protect the value of an investment even if the company's valuation were to fall materially.

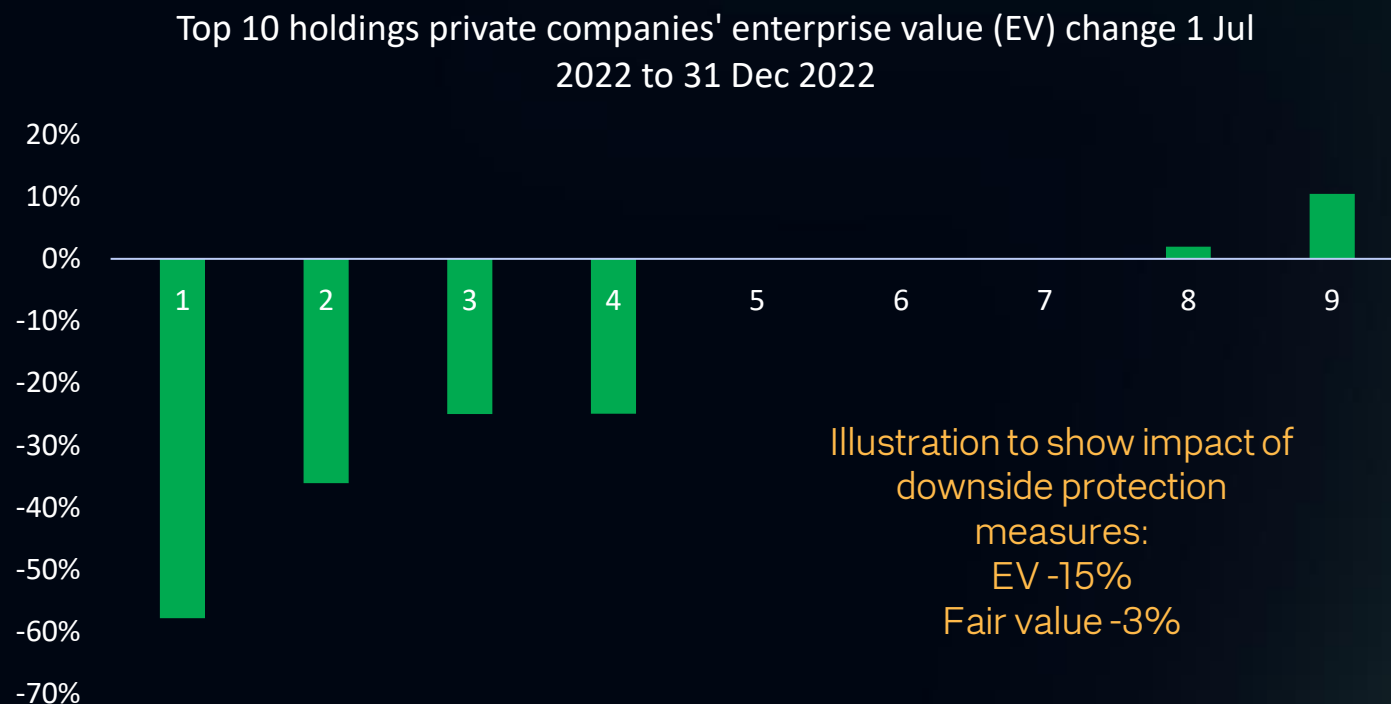


#### Assumptions

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

# MATERIAL HOLDINGS' ENTERPRISE VALUE RECALIBRATIONS

The enterprise values of the 9 private companies within the top 10 holdings, on average, reduced by 15% over the last six months. As a result of the downside protections (liquidation preferences) these reductions translate directly to a commensurate 3% reduction in fair value (both on a fair value weighted average basis).



## 2022 REVIEW

- Portfolio largely weathered the macro-economic headwinds well
- SpaceTech benefitting from counter-cyclical trends in response to Ukraine and climate crises
- Focus on runway extension at portfolio company level and cash preservation at fund level
- Reduced capital deployment cadence whilst continuing to broaden portfolio and support key existing portfolio companies

## OUTLOOK 2023

- Overall portfolio performing well
- Most companies well capitalised >12 months
- Cash >£40m provides sufficient to support >12 months
- Valuation supported by structured investment – preference shares and anti-dilution
- Underpinned by secular trends relating to global security, food security, climate change and sustainability

