



SERAPHIM
SPACE INVESTMENT TRUST PLC

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INTERIM REPORT – Six months ended 31 December 2022

SIX MONTHS TO 31 DEC 2022

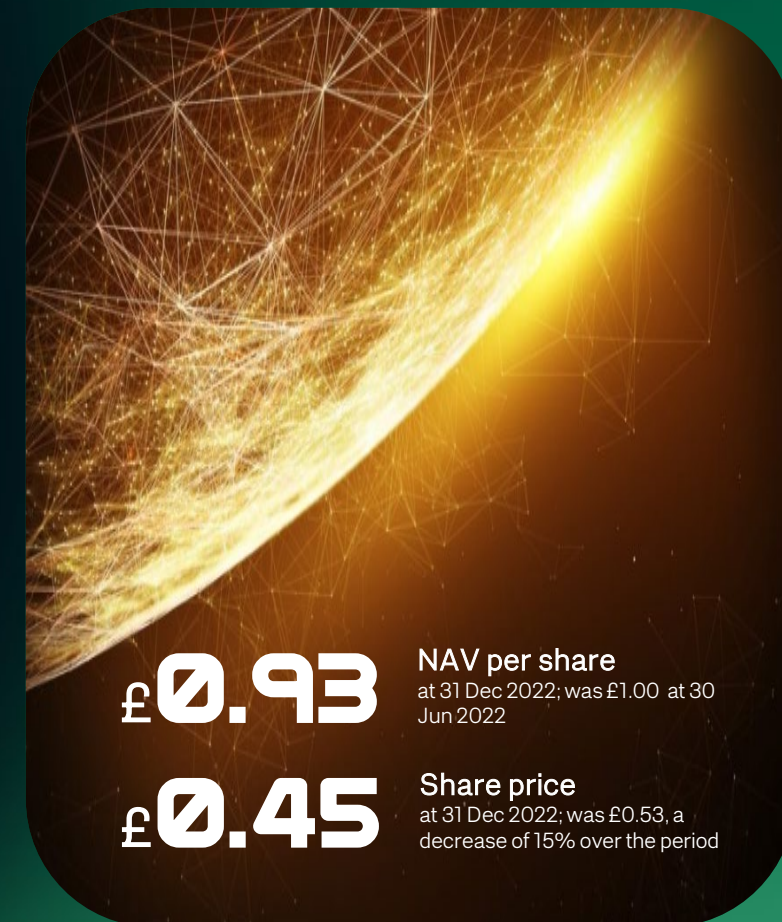
HEADLINES



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



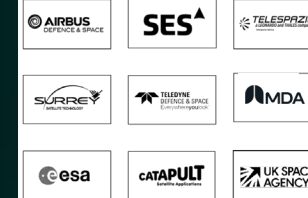
Unique
Model

Investment Fund



Accelerator Programme

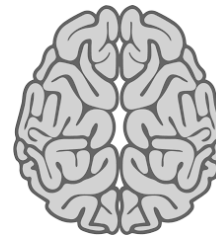
Industry
Backing



Investment Committee
Top Entrepreneurs



Information
Asymmetry



Thought
Leaders



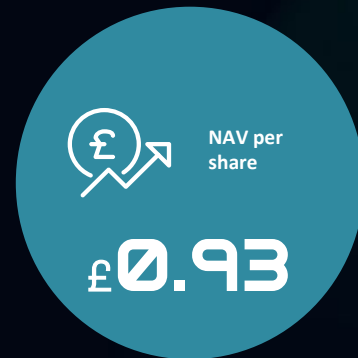
Global VC Investor
Ecosystem



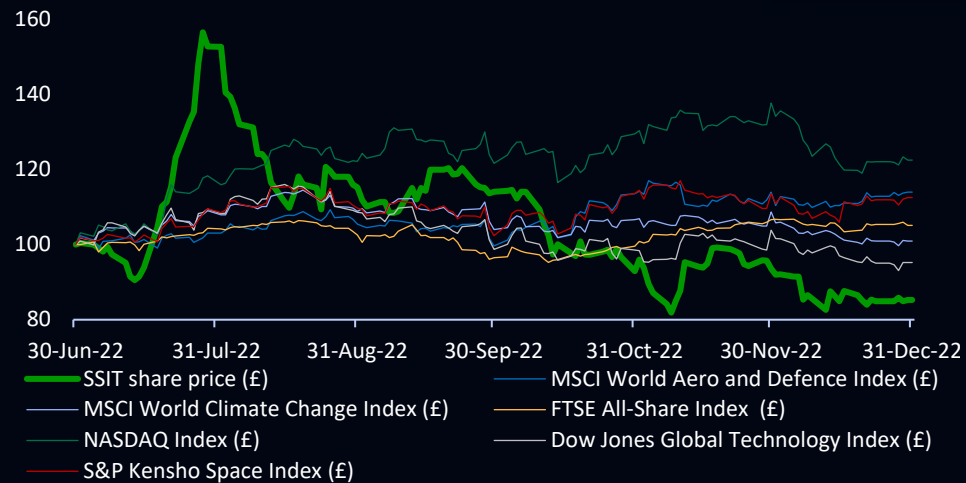
Value-add Investors
on Investee Boards



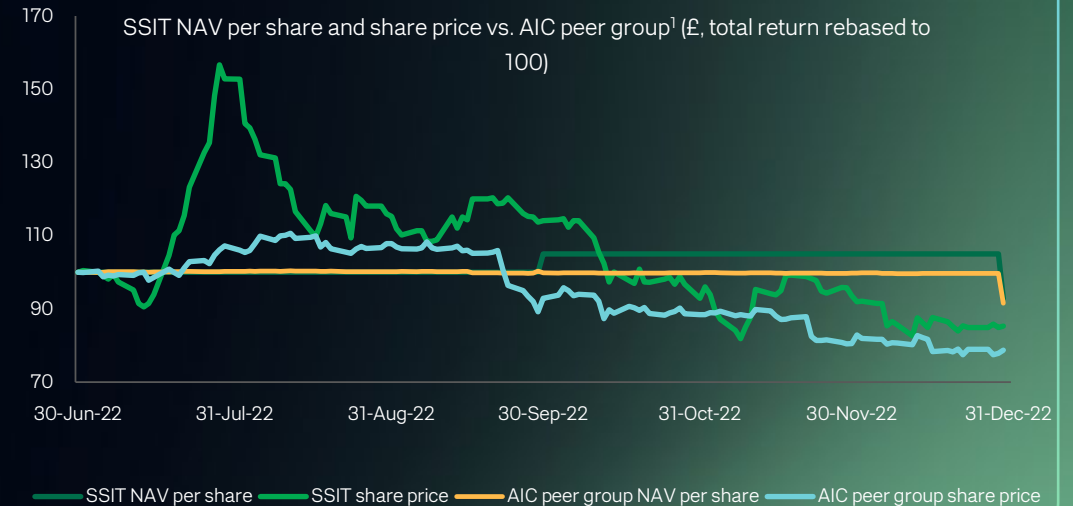
FINANCIAL HIGHLIGHTS AS AT 31 DEC 2022



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



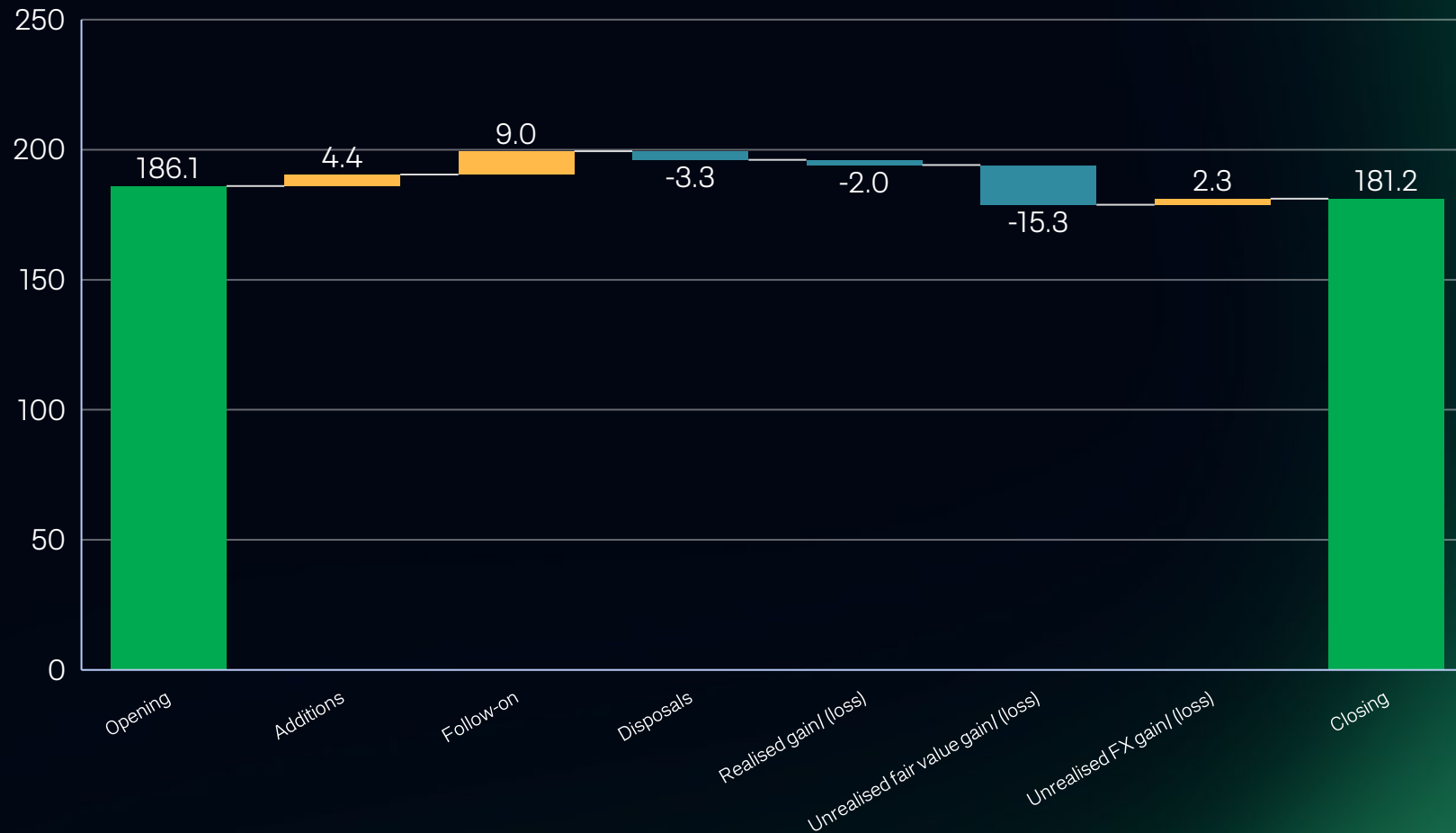
SSIT NAV per share and share price vs. AIC peer group¹ (£, total return rebased to 100)



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)

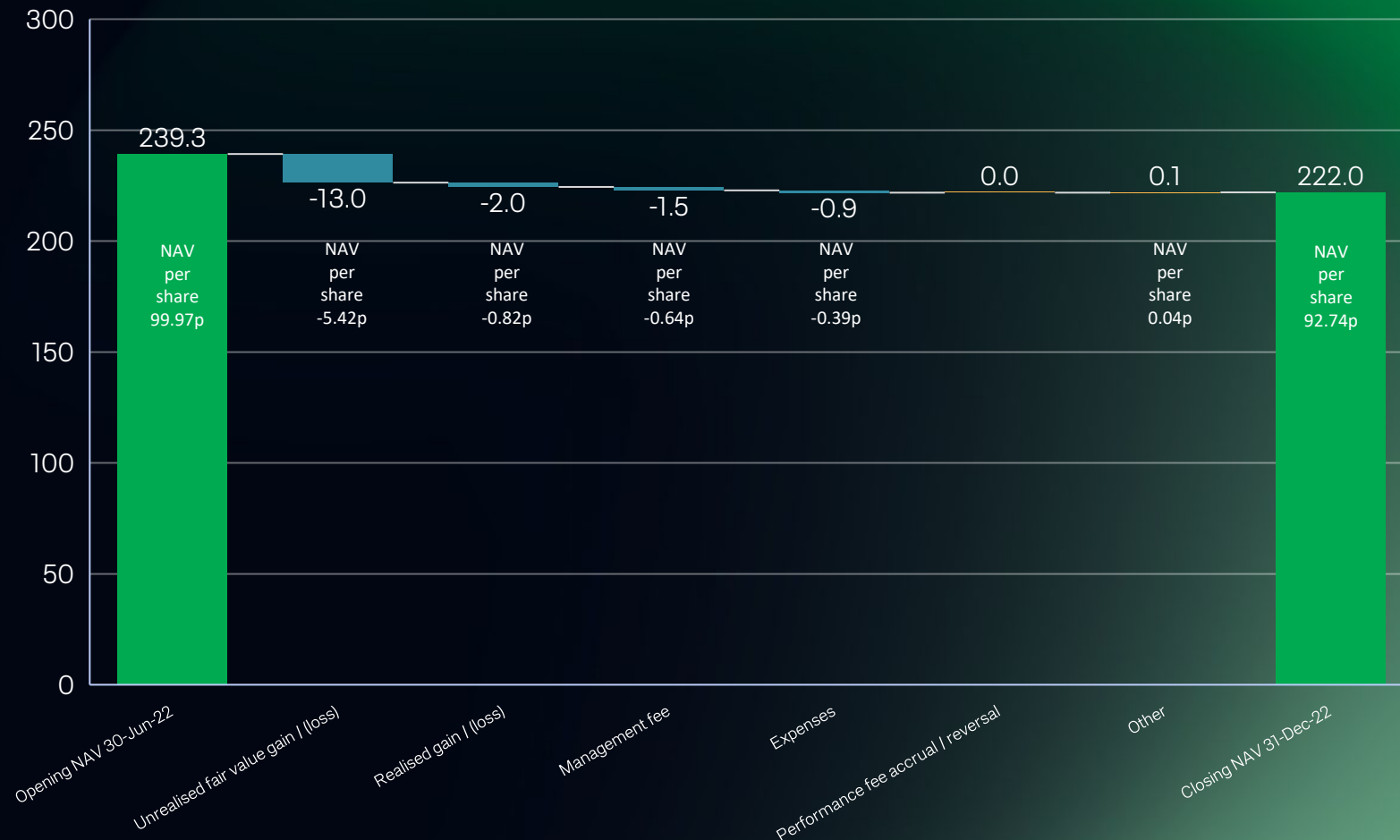
£41M

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

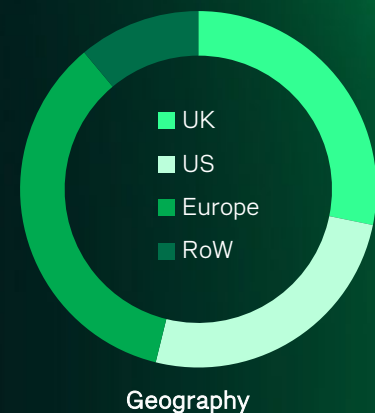
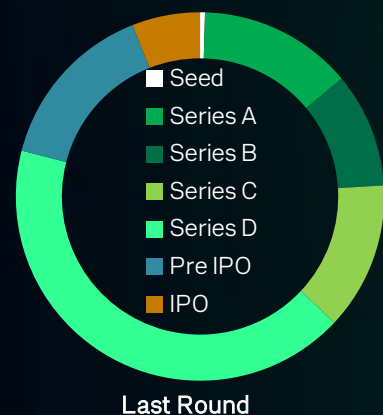
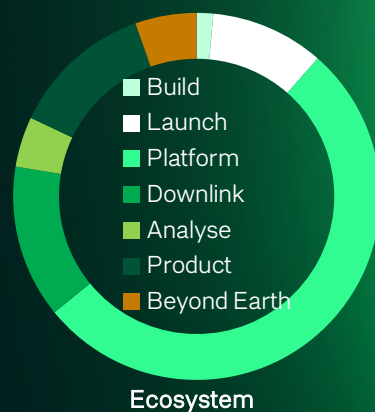
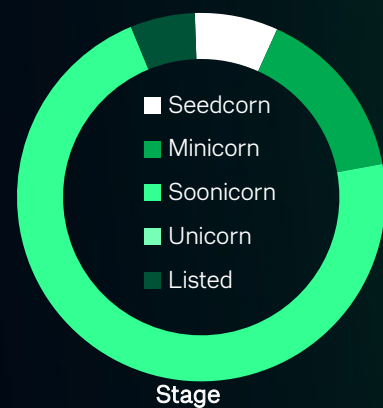
Cash deployed

H1 INVESTMENT ACTIVITY



PORTFOLIO AS AT 31 DEC 2022

Summary by value

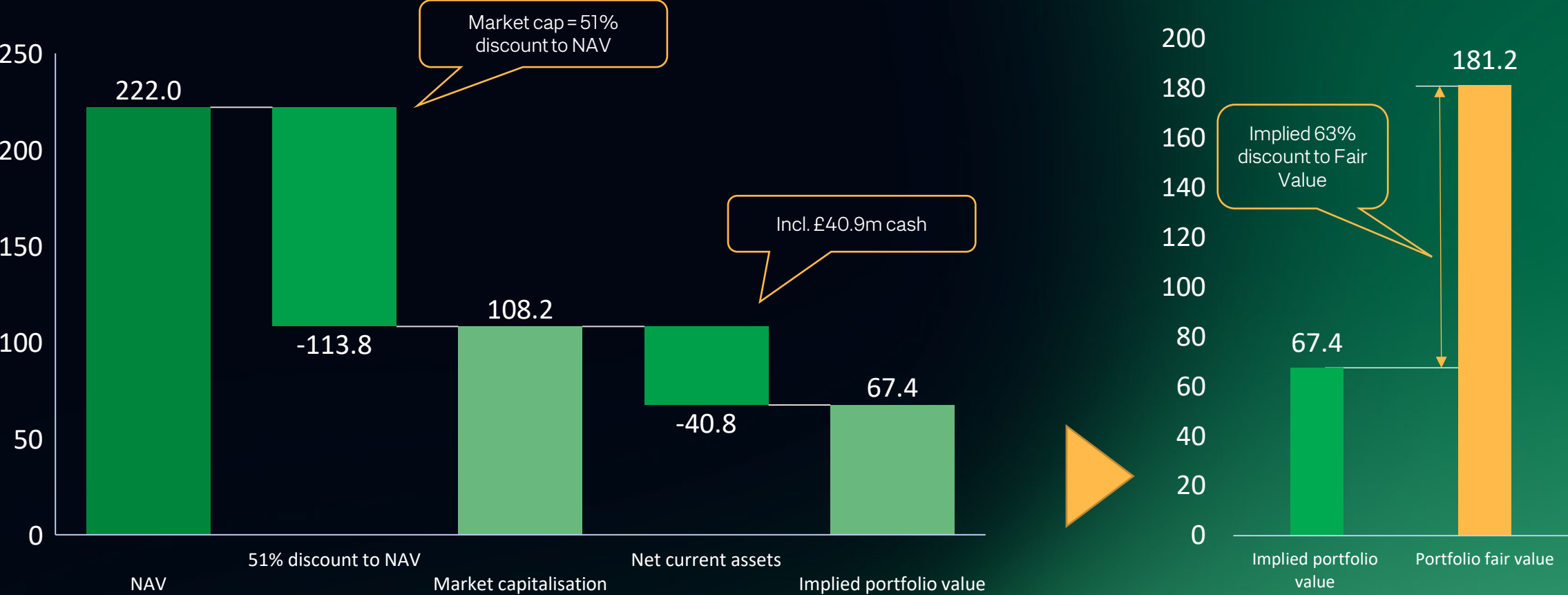


NET ASSET VALUE

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%
Sub Total Top 10	151.9	68.4%
Other Investments	29.3	13.2%
Total Investments	181.2	81.6%
Cash	40.9	18.4%
Performance Fee Provision	-	-
Net Current Assets / (Liabilities)	-0.1	-0.1%
Net Asset Value	222.0	100.0%

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

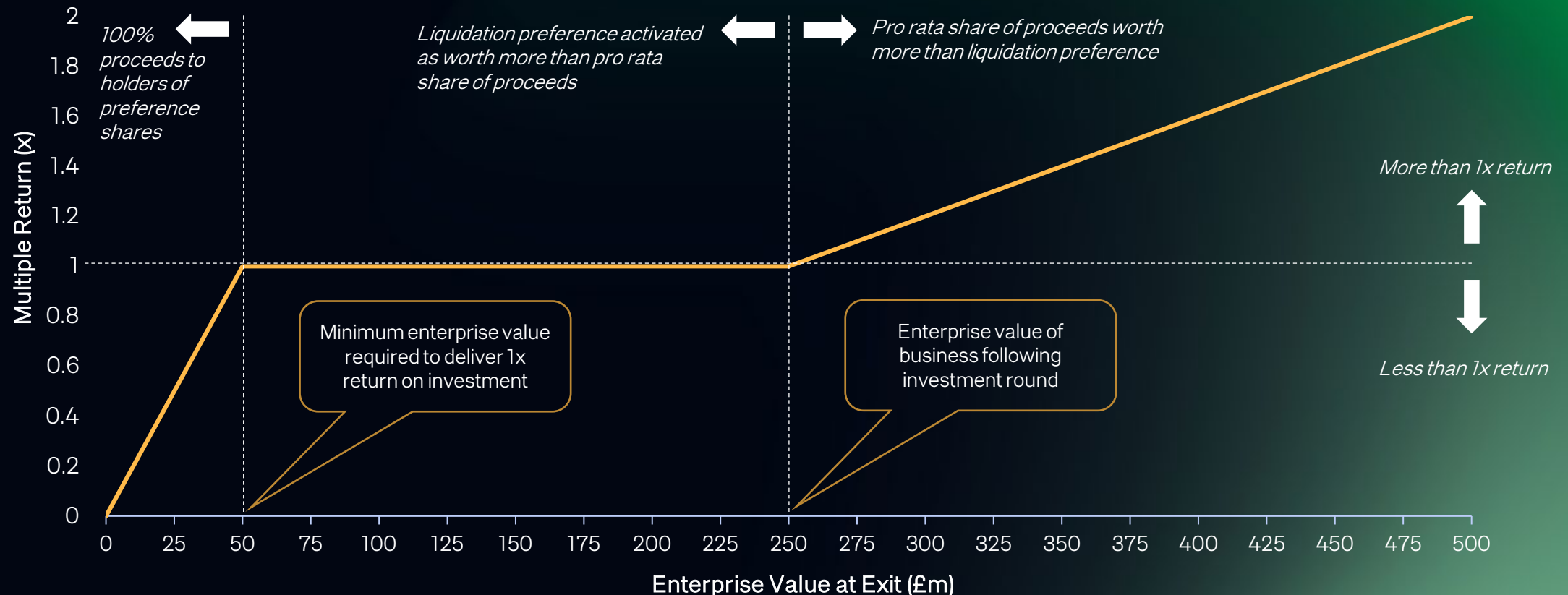
What Does It Do?

- 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.

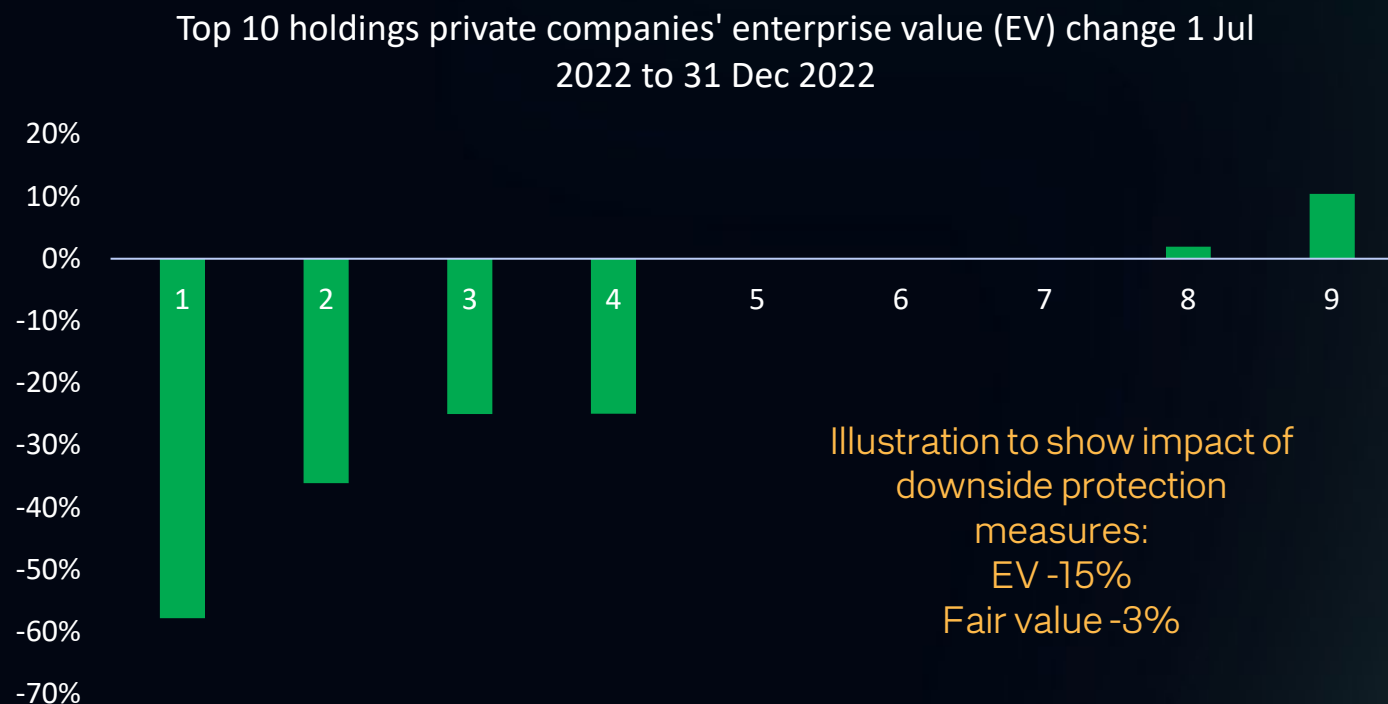


Assumptions

- £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

