

## SERAPHIM SPACE INVESTMENT TRUST PLC (the "Company" or "SSIT")

### Full Year Results

Seraphim Space Investment Trust PLC (LSE: SSIT), the world's first listed SpaceTech investment company, announces its results for the financial year ended 30 June 2024.

The annual report and accounts can be found [here](#). A summary is set out below.

#### Financial Summary

|                                  | 30 June 2024 | 30 June 2023 | Change  |
|----------------------------------|--------------|--------------|---------|
| NAV                              | £228.1m      | £222.4m      | 2.6%    |
| NAV per share <sup>1</sup>       | 96.18p       | 92.90p       | 3.5%    |
| Portfolio valuation              | £201.5m      | £187.4m      | 7.5%    |
| Fair value vs. cost <sup>1</sup> | 104.7%       | 98.5%        | 620bp   |
| Liquid resources                 | £27.0m       | £35.3m       | -23.6%  |
| Market capitalisation            | £129.5m      | £64.6m       | 100.4%  |
| Share price <sup>1</sup>         | 54.6p        | 27.0p        | -102.2% |
| -Discount/+premium <sup>1</sup>  | -43.2%       | -70.9%       | 2,770bp |
| Ongoing charges <sup>1</sup>     | 1.83%        | 1.89%        | -10bp   |
| Number of shares in issue        | 237.2m       | 239.4m       | -0.9%   |

<sup>1</sup> Alternative performance measure - see Alternative Performance Measures on pages 144 and 145 of the annual report and accounts.

#### Full Year Highlights

- Portfolio valuation up £14.1m to £201.5m at 30 June 2024, driven by additional investments, increased fair value net gains and minimal FX gain.
- The private companies in the top 10 holdings (81.8% of the overall portfolio fair value and 72.2% of NAV) collectively saw their revenues increase year-on-year by an average of 71% (in Sterling) and 224% (on a fair value weighted basis).
- 77% of the portfolio by fair value has a robust cash runway, with 60% fully funded and 17% funded for 12 months or more from 30 June 2024, based on management projections and including raises completed post period end.
- Approximately 540m raised by the private portfolio during the year.
- £11.0m deployed in four new portfolio companies (including the in specie £3.8m investment into Seraphim Space Ventures II LP) and six existing portfolio companies.
- SSIT sold its interest in nine early-stage companies to Seraphim Space's new early stage venture fund.
- Cash balance of £27.0m at year end.

#### Transactions Completed During the Year

| Company                       | Segment   | HQ | Type           | Cost<br>£m  |
|-------------------------------|-----------|----|----------------|-------------|
| ALL.SPACE                     | Downlink  | UK | Follow-on      | 2.8         |
| Skylo                         | Downlink  | US | New investment | 1.6         |
| Xona Space Systems            | Platforms | US | Follow-on      | 1.0         |
| SatVu                         | Platforms | UK | Follow-on      | 0.2         |
| Voyager                       |           | US | Follow-on      | 0.2         |
| 2 early-stage investments     |           |    | New investment | 0.9         |
| 2 early-stage investments     |           |    | Follow-on      | 0.5         |
| Seraphim Space Ventures II LP |           | UK | New investment | 3.8         |
| <b>Total</b>                  |           |    |                | <b>11.0</b> |

#### Portfolio Key Developments

### **Major funding rounds**

- ICEYE (20.9% of NAV): Raised oversubscribed 93m Series E round led by Solidium.
- D-Orbit (14.5% of NAV): Raised €100m+ Series C round led by Marubeni.
- HawkEye 360 (9.4% of NAV): Raised 68m in a Series D1 round led by BlackRock, and 40m debt financing from Silicon Valley Bank.
- LeoLabs (5.7% of NAV): Closed 29m additional equity financing round led by GP Bullhound.
- Xona Space Systems (2.3% of NAV): Raised 19m in Series A round led by SSIT and Future Ventures.
- AST SpaceMobile (NASDAQ: ASTS, 1.9% of NAV): Raised over 200m including strategic equity investments from AT&T and Google.
- Skylo (0.7% of NAV): SSIT made an initial investment in 37m round led by Intel Capital.

### **Major milestones**

- SatVu (4.9% of NAV): Successfully launched and commissioned its first infrared imaging satellite.
- Tomorrow.io (1.7% of NAV): Demonstrated unprecedented accuracy of weather data from its pathfinder satellites.
- Voyager (1.0% of NAV): Agreed to partner with Airbus, Northrup Grumman and Mitsubishi on its Starlab space station.
- AST SpaceMobile: Signed commercial agreements with both AT&T and Verizon to provide the company's first space-based broadband network directly to cell phones of their subscribers.
- Spire Global (NYSE: SPIR, 1.1% of NAV): Announced collaboration with Nvidia to further advance the company's AI-driven weather prediction capabilities.

### **IPOs, M&A, exits**

- Astroscale (TYO: 186A, 1.7% of NAV): Completed oversubscribed JPY23.8bn / 153m IPO on the growth market of the Tokyo Stock Exchange.
- HawkEye 360 (9.4% of NAV): Completed the acquisition from Maxar Intelligence of RF Solutions, a provider of secure, precise, geospatial intelligence.
- Seraphim Space Ventures II (1.7% of NAV): SSIT sold its interest in nine early stage companies to Seraphim Space's new early stage venture fund.

### **Setbacks**

- SatVu (4.9% of NAV): Experienced an issue on its first satellite after six months of operations which led to a failure of the satellite; two additional replacement satellites have since been ordered.

### **Will Whitehorn, Chair of Seraphim Space Investment Trust plc, commented:**

"The year to 30 June 2024 was one of significant milestones for both SSIT's portfolio and the space sector as a whole. The heightened role of SpaceTech in the context of geopolitics continues to grow apace. In the last year, this has seen countries pushing for sovereign space capabilities not just in orbit, but increasingly on the moon too. With the commercial sector playing an ever-greater role in delivering these capabilities to nation states, many of SSIT's portfolio companies are well aligned with servicing the growing demand from government customers. This has enabled 17 existing portfolio companies (12 of which are private and five of which are publicly traded) to raise c. 900m in additional funding (including further closes on previous rounds) between them during the year, ensuring that the portfolio is well capitalised to continue its positive trajectory.

The Company has both boosted its available liquidity and reduced the number of holdings that could require additional capital through the combination of the disposal of nine early stage holdings and the IPO of portfolio company Astroscale. With six portfolio companies, representing 60% of the portfolio by fair value, now indicating they are fully funded, the Company's reserves are expected to be sufficient to continue to meet the needs of the portfolio during the year ahead whilst enabling the Investment Manager to continue to seek exceptional new potential additions to the portfolio."

### **Mark Boggett, Chief Executive Officer, Seraphim Space Manager LLP, said:**

"Once again, the portfolio has defied the difficulties of the wider macroeconomic climate by collectively managing to raise c. 900m from both the private and public capital markets over the course of the year. This is a testimony to the portfolio's enduring attractiveness to both other existing investors and new investors that such substantial levels of capital raising were achieved.

Besides these high levels of fundraising activity, the underlying performance of the portfolio was also encouraging. Buoyed by increasing demand from government customers, the private companies within the top 10 holdings (which together constitute 81.8% of the portfolio fair value and 72.2% of NAV) collectively saw their revenues increase year-on-year by an average of 71% (in Sterling) and 224% (on a fair value weighted basis).

On the back of such growing revenues and recent fundraising activity, we are pleased to see that the portfolio is largely well capitalised, with some of the Company's largest, more developed holdings now projecting that they have sufficient cash to reach profitability. Taken together with the increased potential liquidity represented by the listed portfolio, this strengthens our view that SSIT will continue to have adequate resources to support the needs of the portfolio as required over the year ahead."

### **Analyst and Investor Presentations**

There will be a webinar for equity analysts at 09:00 (UK time) today and an online presentation for retail investors at 11:00 (UK time) today. To register for either event, please contact SEC Newgate by email at [seraphim@secnewgate.co.uk](mailto:seraphim@secnewgate.co.uk).

Both presentations will be hosted by the Chair Will Whitehorn and Seraphim Space Manager LLP's CEO Mark Boggett, CIO James Bruegger and COO Sarah Shackleton.

- Ends -

## Media Enquiries

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## Notes to Editors

### About Seraphim Space Investment Trust plc

Seraphim Space Investment Trust plc (the "Company") is the world's first listed fund focused on SpaceTech. The Company seeks exposure predominantly to early and growth stage private financed SpaceTech businesses that have the potential to dominate globally and that are sector leaders with first mover advantages in areas such as climate, communications, mobility and cyber security.

The Company is listed on the Premium Segment of the London Stock Exchange.

Further information is available at: <https://investors.seraphim.vc>.

### About Seraphim Space Manager LLP

Seraphim Space Manager LLP ("Seraphim Space" or the "Manager") is based in the UK and manages Seraphim Space Investment Trust plc.

Further information is available at [www.seraphim.vc](http://www.seraphim.vc).

## Investment Manager

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

The Investment Manager has supported more than 130 SpaceTech companies across its fund management and accelerator activities since 2016 and has a proven track record of delivering value.

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

The Investment Manager is a signatory to the UN Principles for Responsible Investment ('**UN PRI**'). Its first UN PRI report was filed in 2024.

## Key Highlights

As at 30 June 2024

### Key Performance Indicators

For the year ended 30 June 2024

#### NAV per share movement<sup>1</sup>

3.5%

(Prior year: -7.1%)

#### Share price movement<sup>1</sup>

102.2%

(Prior year: -49.1%)

#### Discount (as at 30 June 2024)<sup>1</sup>

-43.2%

(30 June 2023: -70.9%)

#### Ongoing charges<sup>1</sup>

1.83%

(Prior year: 1.89%)

#### Fair value vs. cost (as at 30 June 2024)<sup>1</sup>

104.7%

(30 June 2023: 98.5%)

## Financial Summary

|                                  | 30 June 2024 | 30 June 2023 | Change  |
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| NAV per share <sup>1</sup>       | 96.18p       | 92.90p       | 3.5%    |
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| Fair value vs. cost <sup>1</sup> | 104.7%       | 98.5%        | 620bp   |
| Liquid resources                 | £27.0m       | £35.3m       | -23.6%  |
| Market capitalisation            | £129.5m      | £64.6m       | 100.4%  |
| Share price <sup>1</sup>         | 54.6p        | 27.0p        | 102.2%  |
| -Discount/+premium <sup>1</sup>  | -43.2%       | -70.9%       | 2,770bp |
| Ongoing charges <sup>1</sup>     | 1.83%        | 1.89%        | -6bp    |
| Number of shares in issue        | 237.2m       | 239.4m       | -0.9%   |

<sup>1</sup> Alternative performance measure - see Alternative Performance Measures below.

### Portfolio Snapshot

As at 30 June 2024

**Fair value**  
**£201.5m**  
(30 June 2023: £187.4m)

**Private portfolio  
fair value vs. cost**  
**126.8%**  
(30 June 2023: 119.2%)

**Money raised by private  
portfolio companies<sup>1,2</sup>**  
**> 540m**  
(30 June 2023: > 360m)

**Top 10 investments  
as % of fair value**  
**84.0%**  
(30 June 2023: 85.7%)

**Listed portfolio  
fair value vs. cost**  
**26.7%**  
(30 June 2023: 13.0%)

**Percentage of portfolio by fair  
value that is fully funded<sup>1</sup>**  
**60.0%**  
(30 June 2023: 2.1%)

**Number of private portfolio  
companies that are fully funded  
or have 12 months or more of  
cash runway<sup>1</sup>**  
**14**  
(30 June 2023: 20)

**Average cash runway of  
private portfolio that is not  
fully funded from 30 June  
2024<sup>1,3</sup>**  
**14 months**  
(30 June 2023<sup>3</sup>: 20 months)

<sup>1</sup> Source: Portfolio company data and management projections.

<sup>2</sup> Between 1 July 2023 and 30 June 2024.

<sup>3</sup> Fair value weighted average (as defined in the Glossary below.) number of months of cash runway from 30 June 2024 for the private portfolio companies that are not fully funded, representing 33% of the portfolio fair value, taking into account cash as at year end and any fundraising raised post year end (30 June 2023: 97% of the portfolio fair value was not fully funded).

### Portfolio Key Developments

#### 1. Major funding rounds

- **ICEYE:** Raised oversubscribed 93m Series E round led by Solidium
- **D-Orbit:** Raised €100m+ Series C round led by Marubeni
- **HawkEye 360:** Raised 68m Series D1 round led by BlackRock, and 40m debt financing from Silicon Valley Bank
- **LeoLabs:** Closed 29m additional equity financing round led by GP Bullhound
- **Xona Space Systems:** Raised 19m Series A round led by SSIT and Future Ventures
- **AST SpaceMobile:** Raised over 200m including strategic equity investments from AT&T and Google
- **Skylo:** SSIT made an initial investment in 37m round led by Intel Capital

#### 2. Major milestones

- **SatVu:** Successfully launched and commissioned its first infrared imaging satellite
- **Tomorrow.io:** Demonstrated unprecedented accuracy of weather data from its pathfinder satellites
- **Voyager:** Agreed to partner with Airbus, Northrup Grumman and Mitsubishi on its Starlab space station
- **AST SpaceMobile:** Signed commercial agreements with both AT&T and Verizon to provide the company's first space-based broadband network direct to cell phones of their subscribers
- **Spire Global:** Announced collaboration with Nvidia to further advance the company's AI-driven weather prediction capabilities

#### 3. IPOs, M&A, Exits

- **Astroscale:** Completed oversubscribed JPY23.8bn / 153m IPO on the growth market of the Tokyo

- Stock Exchange
- **HawkEye 360:** Completed the acquisition from Maxar Intelligence of RF Solutions, a provider of secure, precise, geospatial intelligence
- **Seraphim Space Ventures II:** SSIT sold its interest in nine early stage companies to Seraphim Space's new early stage venture fund

#### 4. Setbacks

- **SatVu:** Experienced an issue on its first satellite after six months of operations which led to a failure of the satellite; two additional replacement satellites have since been ordered

### Sector Highlights

The space sector continued to exhibit robust growth and resilience through a number of new capabilities demonstrated. SpaceTech's central role in geopolitics continued to be reinforced, with countries across the world racing to claim their stake in space.

Jul 23: Space Foundation reports that global space economy has reached 546bn [\[link\]](#)

Aug 23: India's Chandrayaan-3 spacecraft lands near the lunar south pole, making India the fourth country to successfully land on the moon

Sep 23: AST SpaceMobile demonstrates world's first space-based 5G cellular broadband connection to an unmodified smartphone on earth

Sep 23: Eutelsat completes 3.4bn OneWeb merger, creating a multi-orbit connectivity powerhouse

Oct 23: Federal Communications Commission issues the first-ever space debris fine to DISH for failing to properly de-orbit a satellite

Oct 23: Amazon launches first prototype satellites from its planned constellation of more than 3,000 satellites

Jan 24: Japanese Space Agency (JAXA) smart lander successfully lands on the moon, making Japan the fifth country to land on the moon

Jan 24: SpaceX demonstrates its direct to cell technology sending its first text messages from space using its Starlink satellites

Feb 24: Varda Space successfully returned its first capsule from space containing pharmaceutical materials processed in low earth orbit

Feb 24: Intuitive Machines becomes first commercial operator to land on the moon

Mar 24: SpaceX launch: Starship rocket launches on third test flight and declared it a success

Apr 24: China announces plans to launch mega constellations of small satellites

Apr 24: World Economic Forum predicts that the space sector will reach 1.8tn by 2035 [\[link\]](#)

Jun 24: China's Chang'e 6 space probe returns the world's first samples from the far side of the moon

Jun 24: Boeing Starliner has troubled first mission delivering astronauts to the ISS

### Chair's Statement

"The year to 30 June 2024 was one of significant milestones for both SSIT's portfolio and the space sector as a whole. The heightened role of SpaceTech in the context of geopolitics continues to grow apace. In the last year, this has seen countries pushing for sovereign space capabilities not just in orbit, but increasingly on the moon too. With the commercial sector playing an ever-greater role in delivering these capabilities to nation states, many of SSIT's portfolio companies are well aligned with servicing the growing demand from government customers. This has enabled 17 existing portfolio companies (12 of which are private and five of which are publicly traded) to raise c. 900m in additional funding (including further closes on previous rounds) between them during the year, ensuring that the portfolio is well capitalised to continue its positive trajectory. The Company has both boosted its available liquidity and reduced the number of holdings that could require additional capital through the combination of the disposal of nine early stage holdings and the IPO of portfolio company Astroscale. With six portfolio companies, representing 60% of the portfolio by fair value, now indicating they are fully funded, the Company's reserves are expected to be sufficient to continue to meet the needs of the portfolio during the year ahead whilst enabling the Investment Manager to continue to seek exceptional new potential additions to the portfolio."

**Will Whitehorn**  
Chair

I am pleased to present the third Annual Report of Seraphim Space Investment Trust PLC for the year ended 30 June 2024.

I would like to thank all shareholders for their ongoing support, despite the continuing macroeconomic and geopolitical challenges.

### Progress in the Year

During the year, the Company invested £11.0m in four new portfolio companies (including the in specie £3.8m investment into Seraphim Space Ventures II LP) and six existing portfolio companies, leading to a portfolio of 25 active SpaceTech companies valued at £201.5m at 30 June 2024 (2023: 30 active companies, £187.4m). In addition, the Company had £27.0m (2023: £35.3m) of cash reserves at the year end.

As outlined in my reports for previous periods, the Company continues to reserve cash to support existing portfolio companies whilst continuing to actively seek to invest modest amounts in new target companies. As explained in the Investment Manager's Report, overall, the portfolio continues to be well capitalised, with a number of management teams of portfolio companies believing their companies are already fully funded and/or expected to be EBITDA positive in the near term. A detailed review of the performance of the portfolio companies can also be found in the Investment Manager's Report.

### NAV

Net asset year-over-year growth of 2.6%, from £222.4m to £228.1m at 30 June 2024 was driven by an increase in the fair value of the portfolio, which was partially offset by running costs and buying back shares. The NAV per share increased by 3.5%, from 92.90p to 96.18p at the year end, driven by the fair value increase and the impact of the share buy-backs.

The private companies in the portfolio continue to account for the majority of the portfolio (80.0% by number of portfolio companies and 94.4% by fair value). The fair value of the private portfolio (excluding Astroscale which listed during the year) increased 10.0% over the year, reaching 126.8% vs. cost (126.7% excluding FX impact) at the year end.

The listed element of the portfolio remained depressed (26.7% fair value vs. cost), although it improved through the year with notable price increases seen at AST SpaceMobile and Spire Global, and the inclusion of Astroscale which listed on the Tokyo Stock Exchange in June 2024.

There was minimal impact from foreign exchange variations (+£0.1m, +0.05p per share) in the year.

## Share Price

The Company's share price showed significant positive momentum during the year, reaching 54.6p on 30 June 2024, an increase of 102.2% from 27.0p at 30 June 2023. However, the share price remained depressed, at a discount of 43.2% vs. the NAV per share at the year end, due to the general global macroeconomic and geopolitical environment and the volatility experienced by growth and smaller technology stocks and alternative investment vehicles.

As explained previously, given the discrepancy of performance between NAV and share price, the Board announced a share repurchase programme on 13 July 2023. During the year, the Company bought back a total of 2,186,344 shares (0.9% of the shares in issue on 30 June 2023) at an aggregate cost of £1.0m, increasing the NAV per share by 0.44p. The shares bought back are being held in treasury.

## Capital Allocation Policy

Each year, the Company seeks shareholder approval at the AGM to have the ability to repurchase shares. Similar to its peers in the market, the Company continues to trade at a substantial discount to NAV. While a buy-back of shares is usually in the interests of all shareholders as it helps to stabilise the share price, and, when trading at a substantial discount to NAV, it also increases NAV per share, it also reduces the liquid resources of the Company. This results in the capital that has been used for buy-backs no longer being available for investments.

The Board regularly considers multiple factors to determine the best use of the Company's capital, including the positive impact on NAV per share from buy-backs, the opportunity cost of using capital for buy-backs, potential returns from investments and the need to support portfolio companies through follow-on investment.

## Earnings and Dividend

The Company made a gain after tax of £6.7m for the year, equal to 2.83p per share, made up of a revenue loss after tax of £3.7m, equal to (1.57)p per share, and a capital gain after tax of £10.5m, equal to 4.40p per share.

Due to the nature of the Company's investments and its focus on achieving capital growth over the long term, we do not anticipate recommending payment of a dividend in the foreseeable future.

## Responsible Investment

During the year, the Investment Manager continued to use its proprietary due diligence tool in order to assess sustainability opportunities and ESG risks associated with each potential investment, as well as annually monitoring existing investments. In addition, the Investment Manager filed its first UN PRI report and completed its first carbon footprint assessment, achieving carbon neutrality for the year ended 31 March 2024 by retiring 268 tCO<sub>2</sub>e in accordance with the One Carbon World Carbon Neutral International Standard. Please refer to the Responsible Investment section *below* for more details.

## Availability of Annual Reports

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

## Annual General Meeting

The AGM of the Company will be held at 11.00 a.m. on 26 November 2024 at Seraphim Space's offices, 1 Fleet Place, London, EC4M 7WS (GPS postcode EC4M 7RA). The AGM will include a presentation from the Investment Manager (a video of the presentation will be added to the website as soon as practicable after the AGM). Details of the resolutions to be proposed at the AGM, together with explanations, will be included in the notice of meeting to be distributed to shareholders on 21 October 2024. As a matter of good practice, all resolutions will be conducted on a poll and the results will be announced to the market as soon as possible after the AGM.

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

## Events After the Year End

Post period, there has also been a further significant increase in AST SpaceMobile's share price which increased from 11.61 to 24.18 on 11 October 2024, resulting in a £4.7m increase in the fair value of the Company's investment. Fluctuations in the share price of other listed holdings post period, alongside a partial sell down of the Company's holding in Astroscale, means that the overall fair value of the Company's listed holdings stood at £12.5m as at 11 October 2024, up from £11.4m at 30 June 2024.

## Outlook

We envisage that recent favourable market trends will continue to benefit the portfolio. In particular, we anticipate that governments will continue to accelerate their engagement with emerging SpaceTech companies that are now the driving force of innovation within the space sector. Likewise, we expect to see increased adoption of SpaceTech by a wide array of terrestrial sectors, with the ongoing convergence of satcoms and telecoms one particular area primed for such growth.

As concerns about inflation and high interest rates start to abate, we anticipate further improvements in investor sentiment towards growth-orientated investment opportunities. We are optimistic that this will benefit both SSIT itself and the portfolio as a whole.

Given the Company's current cash reserves, we expect the majority of investment activity will remain focused on supporting those existing portfolio companies we have the greatest conviction in, whilst continuing to seek out exceptional new potential investments that may offer our investors exposure to new facets of the burgeoning space market.

## Will Whitehorn

## Investment Manager's Report

"Once again, the portfolio has defied the difficulties of the wider macroeconomic climate by collectively managing to raise c. 900m from both the private and public capital markets over the course of the year. This is a testimony to the portfolio's enduring attractiveness to both other existing investors and new investors that such substantial levels of capital raising were achieved.

Besides these high levels of fundraising activity, the underlying performance of the portfolio was also encouraging. Buoyed by increasing demand from government customers, the private companies within the top 10 holdings (which together constitute 81.8% of the portfolio fair value and 72.2% of NAV) collectively saw their revenues increase year-on-year by an average of 71% (in Sterling) and 224% (on a fair value weighted basis<sup>[1]</sup>).

On the back of such growing revenues and recent fundraising activity, we are pleased to see that the portfolio is largely well capitalised, with some of the Company's largest, more developed holdings now projecting that they have sufficient cash to reach profitability. Taken together with the increased potential liquidity represented by the listed portfolio, this strengthens our view that SSIT will continue to have adequate resources to support the needs of the portfolio as required over the year ahead."

**Mark Boggett**

CEO, Seraphim Space Manager LLP

## Overview

The first half of FY23/24 saw a continuation of our strategy implemented in the previous year as a continued reaction to the global macroeconomic backdrop. This strategy was focussed on dealing with the uncertainty in the wider market, by both protecting and growing existing portfolio value and, very selectively, making investments, both new and follow-ons. Over the course of the second half of FY23/24, we saw some level of recovery in the market, but continued to maintain our strategic focus.

We are happy to report that 17 of the companies in the portfolio at the start of the year successfully raised additional funding over the course of the year, raising c. 900m in aggregate. It is notable that the vast majority of new funding rounds were led by new investors joining the existing syndicates.

Importantly, and a testament to the maturing of the portfolio, the management teams of six of our portfolio companies, representing 60% of the fair value of the portfolio, believe their companies are fully funded based on their latest projections. In a similar vein, management teams representing a majority of the fair value of the portfolio expect their companies to be EBITDA profitable in either 2024 or 2025.

Over the course of the year, we participated in select funding rounds across our existing portfolio, most notably as a co-lead of Xona Space Systems' Series A round.

We also saw portfolio company Astroscale, successfully going public on the Tokyo Stock Exchange in June 2024. In line with our focus to maximise NAV by optimising liquidity requirements and portfolio value, we sold down 40% of our holding in Astroscale for £3.6m prior to the year end.

Lastly, SSIT made a new 2m investment in US-based satellite communications company Skylo. We believe the investment represents an exceptional opportunity and we are happy to report that the company has since entered into commercial agreements as a satellite communications partner with both Google and Verizon.

## Market overview

- SpaceTech is proving to be highly resilient in an uncertain economic environment driven by increasing interest in defence, global security and climate change mitigation.
- Record numbers of early stage deals and a recovery in the amount of sizeable growth stage deals indicates the continued attraction of SpaceTech to investors worldwide.
- As shown by the chart in the annual report, SpaceTech venture capital ('VC') investment over the last 12-month ('LTM') period to 30 June 2024 showed a strong recovery. Investment was up by 66% against the previous 12-month period. In contrast, the general VC market faced a 10% contraction over the same time period.
- Despite a decline in the number of deals completed within the general VC market, SpaceTech continues to see an ever-increasing number of investment-worthy startups being founded and funded.
- The number of SpaceTech deals continues to rise to new heights. An all-time record of 174 SpaceTech deals were completed in Q2 CY24, with a total of 528 completed over the LTM period to 30 June 2024.

## Investment Activity

Year ended 30 June 2024

| Acquisitions                  |              |    |              |
|-------------------------------|--------------|----|--------------|
| Company                       | Segment      | HQ | Type         |
| ALL.SPACE                     | Downlink     | UK | Follow-on    |
| Skylo                         | Downlink     | US | New investrn |
| Xona Space Systems            | Platform     | US | Follow-on    |
| SatVu                         | Platform     | UK | Follow-on    |
| Voyager                       | Beyond Earth | US | Follow-on    |
| 2 early stage investments     |              |    | New investrn |
| 2 early stage investments     |              |    | Follow-on    |
| Seraphim Space Ventures II LP |              | UK | New investrn |
| <b>Total</b>                  |              |    |              |

In July 2023, the Company completed a 3.5m (£2.8m) follow-on investment into **ALL.SPACE's** Series C round, alongside a number of existing and new investors. With this funding, ALL.SPACE plans to invest in the remaining development to get its first production model into market and grow its sales efforts.

In April 2024, the Company completed a £250k follow-on investment into **SatVu's** Series A extension round, alongside existing investors. This funding takes the business through the build and launch of its next two production satellites.

Also in April 2024, SSIT acquired a £3.8m interest in **Seraphim Space Ventures II LP** (the 'Venture Fund').



Also in April 2024, SSIT acquired a £3.0m interest in **Seraphim Space Ventures II LP** (the **Venture Fund**), a new private venture capital vehicle managed by Seraphim Space, pursuant to the sale of the portfolio of early stage companies referred to under 'Disposals'. SSIT will make no further commitments to the Venture Fund.

In May 2024, the Company completed a 1.25m (£1.0m) follow-on investment into **Xona Space Systems'** 19m Series A round, alongside a number of existing and new investors. With this funding, Xona Space plans to launch its first production satellite, as well as progress its development on various government contracts.

In May 2024, the Company completed a 222k (£173k) follow-on investment into **Voyager**.

Details of the new investment in **Skylo**, made in December 2023, are included in the case study *below*.

### Disposals

In the year, the Company received £7.3m in proceeds from disposals.

**Astroscale** went public on the Tokyo Stock Exchange on 5 June 2024. The IPO was oversubscribed at a subscription price of JPY850 per share and backed by both institutional and retail investors. Following the IPO and within the reporting period SSIT sold 530,000 of its shares in the company, equivalent to 40% of its holding, for £3.5m. This is equivalent to 94% of the original cost of investment of those shares that were sold.

In April 2024, the Company announced the sale of nine early stage portfolio companies (the **'Early Stage Portfolio'**) to the Venture Fund for a total consideration of £3.8m, settled through the issuance of an interest for the Company in the Venture Fund. This strategic transaction had the dual benefit of enabling the Company to concentrate its resources on its more mature assets, whilst also building a larger pipeline for future growth round investments via the Venture Fund's wider portfolio of early stage SpaceTech companies.

### New investment case study: Skylo

|                              |  |
|------------------------------|--|
| Investment thesis            | <i>Skylo is a non-terrestrial network operator enabling existing GEO and future LEO satcoms operators to seamlessly connect with any smartphone and IoT endpoint globally.</i><br><br><i>Its technology will help unlock the potential of direct to device connectivity from space, closing the gap between the satcoms and terrestrial telecoms markets.</i>  |
| Round                        | Series A+  |
| SSIT investment / round size | 2m / 37m   |
| Co-investors                 | Intel Capital, Innovation Endeavors, BMW iVentures, Samsung Catalyst, Next 47, Softbank  |
| Problem                      | Outside of terrestrial mobile networks there are large connectivity gaps that cannot economically be covered by cell towers, yet, in an ever more interconnected world, customers require 'always on' solutions.   |
| Solution                     | Skylo, through its virtual radio access network, seamlessly integrates GEO-based and, in the future, LEO-based non-terrestrial networks ( <b>'NTNS'</b> ) into the terrestrial mobile ecosystem. This allows any mobile and IoT device with an industry standard 3GPP Release 17-compliant chipset to connect to the NTN. The customer's device simply roams onto the NTN when outside of areas of terrestrial coverage.   |
| Market                       | We expect the combined market potential for messaging and IoT to be in the billions. Expanding the service into voice and data would increase the opportunity by an order of magnitude.  |
| Latest news                  | <ul style="list-style-type: none"> <li>Tami Erwin, former CEO of Verizon Business, joined the company's board in March 2024.</li> <li>In August 2024, Google chose Skylo as exclusive partner to provide satellite connectivity to its new flagship Google Pixel 9 mobile phone to provide SOS services.</li> <li>In August 2024, Verizon, the largest mobile network operator in the US, partnered with Skylo to provide satellite-based emergency services to its customers starting in 2024, and satellite-based text messaging from 2025.</li> </ul> |

### Portfolio Performance

Year ended 30 June 2024

#### Holdings

| Company            | Sub-sector        | HQ      | 30 June 2024            |                               |          |
|--------------------|-------------------|---------|-------------------------|-------------------------------|----------|
|                    |                   |         | Cost <sup>1</sup><br>£m | Fair value <sup>1</sup><br>£m | % of NAV |
| ICEYE              | Earth Observation | Finland | 39.6                    | 47.8                          | 20.9%    |
| D-Orbit            | In-orbit Services | Italy   | 11.6                    | 33.1                          | 14.5%    |
| ALL.SPACE          | Ground Terminals  | UK      | 22.2                    | 24.1                          | 10.6%    |
| HawkEye 360        | Earth Observation | US      | 18.7                    | 21.5                          | 9.4%     |
| LeoLabs            | Data Platforms    | US      | 11.7                    | 12.9                          | 5.7%     |
| SatVu              | Earth Observation | UK      | 7.0                     | 11.2                          | 4.9%     |
| Xona Space Systems | Navigation        | US      | 5.4                     | 5.3                           | 2.3%     |
| PlanetWatchers     | Data Analytics    | UK      | 5.6                     | 4.8                           | 2.1%     |



|   |                |    |              |              |               |
|---|----------------|----|--------------|--------------|---------------|
| PlanetWatchers                            | Data Analytics | UK | 5.0          | 4.0          | 2.1%          |
| AST SpaceMobile                           | Satcoms        | US | 4.4          | 4.4          | 1.9%          |
| Tomorrow.io                               | Data Platforms | US | 4.2          | 4.0          | 1.7%          |
| <b>Top 10 investments</b>                 |                |    | <b>130.4</b> | <b>169.1</b> | <b>74.1%</b>  |
| Other investments <sup>2</sup> (12)       |                |    | 58.6         | 28.7         | 12.6%         |
| Non-material investments <sup>2</sup> (5) |                |    | 3.5          | 3.7          | 1.6%          |
| <b>Total investments</b>                  |                |    | <b>192.5</b> | <b>201.5</b> | <b>88.3%</b>  |
| Net current assets                        |                |    |              | 26.6         | 11.7%         |
| <b>Total assets</b>                       |                |    |              | <b>228.1</b> | <b>100.0%</b> |

<sup>1</sup> Includes the cost of new and follow-on investments and disposals, where relevant, made since 30 June 2023 of £2.2m in aggregate.

<sup>2</sup> Prior year includes assets fully or partially disposed of during the year to 30 June 2024.

#### Private portfolio

- The private portfolio, which comprises the main part of the Company's investments representing 94.4% of fair value and 83.3% of NAV, performed solidly, with its fair value closing the year at 126.8% vs. cost (126.7% excluding FX gains).
- In aggregate, the fair value of the private portfolio (excluding Astroscale which went public during the year) increased 10.0% over the year.
- The private holdings continued to deliver on milestones and a number have seen substantial revenue growth leading to their management teams expecting them to become EBITDA profitable during 2024 or 2025.
- Over the year, there were significant increases in the fair values of **D-Orbit** (fair value vs. cost: 285%), driven by a funding round which closed earlier in the year, and **ICEYE** (fair value vs. cost: 121%), driven by a higher premium being applied to the price of its last round than the previous year due to continued strong performance.
- These gains more than offset fair value reductions experienced by other private portfolio companies. Fair value reductions in the private portfolio included **SatVu** (fair value vs. cost: 160%), due to the setback from its failed satellite as explained *below*, and **Altitude Angel** (fair value vs. cost: 98%), due to underperformance.

#### Listed portfolio

- As explained in previous periods, public companies which listed via SPAC transactions suffered significant share price falls in 2022 and 2023.
- During the year, there was positive movement in the fair value of the Company's listed holdings (excluding Astroscale which listed during the year), in aggregate reaching £7.5m, up 56.3% from 30 June 2023.
- The listed portfolio including Astroscale (20.0% of the portfolio by number of companies) represented just 5.0% of NAV and 5.6% of portfolio fair value at the end of the year (fair value vs. cost: 26.7%).
- AST SpaceMobile** (NASDAQ: ASTS; fair value vs. cost: 99%) and **Spire Global** (NYSE: SPIR; fair value vs. cost: 25%) have both delivered well commercially over the last year, and both experienced material share price increases in the year.
- Arqit** (NASDAQ: ARQQ; fair value vs. cost: 3%) continues to experience share price declines, with a further £1.5m reduction in fair value during the year. Following the end of the period, a new CEO has been appointed.

#### Portfolio fundraising activity

- In aggregate, c. 900m was raised by new and existing portfolio companies during the year, including additional closes on rounds closed in the prior year, with over 540m raised by privately held portfolio companies and over 350m by public portfolio companies.
- Of the 10 existing privately-held portfolio companies that raised **new** rounds in the year:
  - 80% were led by or had significant participation from external investors demonstrating the attractiveness of those companies to new investors;
  - 40% of these companies raised up rounds and 20% raised flat round or unpriced rounds, which is a testament to the strong performance of these companies; and
  - 40% of these companies closed funding rounds at reduced valuations relative to their previous round.

#### Portfolio cash runway

- The Company is satisfied with the cash position of the portfolio companies in aggregate and the success of the portfolio in accessing funding during the past year.
- 77% of the portfolio by fair value has a robust cash runway, with 60% fully funded based on latest projections from the companies' management teams (up from 2% at the prior year end) and 17% funded for 12 months or more from 30 June 2024, including raises completed post period end.
- The management teams of six companies (five of which are top 10 holdings) are projecting that the companies are fully funded.
- Five companies representing 16% of the fair value of the portfolio have less than 12 months of cash runway. These companies are reducing cash burn, increasing their focus on government business development and grants to increase revenues and reducing costs to extend their cash runways (from 30 June 2024). The companies are actively fundraising, with several having closed new funding rounds post period, and, where appropriate, sale processes are under consideration.
- We note that it is not atypical for venture capital backed companies to have less than 12 months cash runway. Most companies typically raise on c.18-month cycles. To date, our portfolio companies that have required additional financing to extend their cash runways have been able to raise the necessary funding.
- Excluding the fully funded companies, the remainder of the private portfolio has a fair value weighted average cash runway of 14 months (from 30 June 2024). While this is lower than the 20-month average at the prior year end, only 2% of the portfolio was fully funded then vs. 60% as at 30 June 2024 based on portfolio company management projections.

In respect of private company valuations, fair value is established by using recognised valuation methodologies, in accordance with the International Private Equity and Venture Capital Valuation ('IPEV') Guidelines. The Company has a valuation policy for unquoted securities to provide an objective, consistent and transparent basis for estimating their fair value in accordance with IFRS as well as the IPEV Guidelines. The unquoted securities valuation policy and the associated valuation procedures are subject to review on a regular basis, and updated, as appropriate, in line with industry best practice. In summary, the Company determines fair value in accordance with the IPEV Guidelines by focusing on updating the enterprise value (either through there being a new funding round or through a valuation recalibration exercise or adjustment for milestones) and then applying the implied equity value (based on adjustments for new debt, etc) to the company's capital structure (i.e. preference stack). In the event of commercial (or technical) underperformance of a portfolio company, a write down can then also be applied, typically in increments of 25%, to reduce fair value.

#### Quarterly valuation process

All valuations are considered on a quarterly basis and calibrated against the price of the last funding round to ensure this price remains reasonable.

#### Recalibration event

In addition, for the material portfolio companies (a) whose last funding rounds took place more than 12 months earlier or (b) which had experienced a significant milestone event or material under or overperformance (each a 'recalibration event'), the Company undertakes a recalibration across a greater number of datapoints. This process entails assessing the enterprise value following the most recent round against a composite of four elements: observable market data (where possible), recent relevant private investment transactions, public market valuations of comparable companies and the company's internal metrics and performance. This exercise further strengthens the valuation process with the goal of preserving shareholder confidence in the NAV during volatile market conditions and will be conducted when a recalibration event occurs and every quarter thereafter until a new priced funding round is completed.

### Portfolio fair value

#### Portfolio valuation methodologies

As outlined in the charts in the annual report, all but three portfolio companies representing 82.6% of the portfolio by fair value are valued using either available market price or an enterprise value ('EV') that has been recalibrated in the last six months using the extended process associated with a recalibration event as explained under 'Valuation Policy' above.

#### Listed share price performance

Over the last 12 months, there has been some recovery in the public markets, but continued share price declines for SPACs on average as shown by the table below. Space SPACs have also underperformed the overall market, continuing to show greater declines in their share prices on average than that seen by all SPACs. Thanks to strong share price accretion at AST SpaceMobile and Spire Global over the year, the average share price performance of Arqit, AST SpaceMobile and Spire Global in the SSIT portfolio outperformed the market with 70% share price accretion on average.

| Summary of SPAC share price performance | 1 July 2023 to 30 June 2024 |
|---|-----------------------------|
| All SPACs (average)                     | (31.6)%                     |
| Space/SpaceTech SPACs (average)         | (37.3)%                     |
| SSIT listed (average)                   | 70.4%                       |
| Arqit                                   | (98.9)%                     |
| AST SpaceMobile                         | 147.0%                      |
| Spire Global                            | 163.1%                      |

Source: Factset; Seraphim Space analysis

#### Quarterly valuation changes in the three months ended 30 June 2024

- During the quarter ended 30 June 2024, the portfolio fair value increased by £0.7m, increasing fair value to 104.7% vs. cost (105.2% excluding FX losses).
- £1.0m in unrealised FX losses, disposals of £7.3m and a £1.4m realised fair value loss were offset by an unrealised fair value increase of £5.2m and additions of £5.3m.
- Fair value increases during the quarter at **AST SpaceMobile**, **ICEYE** and **Astroscale** were largely offset by fair value adjustments at **Xona Space Systems**.
- AST SpaceMobile** moved into the top 10 holdings in the quarter ended 30 June 2024.

### Performance of the Company

Year ended 30 June 2024

#### Portfolio Attribution

- £6.3m in new investments and £4.7m of follow-ons more than offset £7.3m in proceeds from disposals in the year.
- Increase in unrealised fair value of £11.8m and minimal FX gain more than offset £1.4m of realised fair value loss during the year.
- £201.5m fair value of portfolio at the end of the year.
- 610bps increase in closing portfolio fair value vs. portfolio cost, including FX movements.

#### NAV

- NAV increased 2.6% over the year to £228.1m (30 June 2023: £222.4m).
- The portfolio fair value (including FX movements) increased by £14.1m over the year.
- 2.2m shares were bought back during the year at an aggregate cost of £1.0m.
- The NAV per share increased from 92.90p to 96.18p over the year.
- £27.0m liquid resources (11.8% of NAV) at 30 June 2024 (30 June 2023: £35.3m).

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

- MSCI World Aerospace and Defense Index (£) - a significant proportion of portfolio companies' revenues are derived from the broader aerospace and defence industry and/or have governments as significant customers.

- MSCI World Climate Change Index (£) - a significant proportion of portfolio companies' revenues are derived from climate change products and services.
- FTSE All-Share Index (£) - the Company is listed on the London Stock Exchange.
- NASDAQ (£) - the Company invests in SpaceTech, a subset of the broader technology market, and two of its listed holdings are listed on NASDAQ.
- Dow Jones Global Technology Index (£) - the Company invests globally in SpaceTech, a subset of the broader technology market.
- S&P Kensho Space Index (£) - the Company invests globally in SpaceTech, a subset of the broader space sector.
- Goldman Sachs Future Tech Leaders Equity ETF (£) - the Company invests globally in SpaceTech, a subset of the broader technology market.

## Material events After the Year End

- **ALL.SPACE:** the Company invested a further 5m in a new funding round, alongside other existing investors in August 2024.
- **Spire Global:** on 14 August 2024 the company announced that it would delay the filing of its Q2 2024 financial report due to an ongoing review of certain elements of its accounting practices. The company has until mid-February 2025 to comply with the SEC filing requirements or face delisting.
- **AST SpaceMobile:** the company launched its first five commercial satellites on 12 September 2024 and saw its share price increase to 24.18 as at 11 October 2024, equivalent to a £4.7m post period increase in fair value.
- **D-Orbit:** on 27 September 2024 the company announced that it had reached a second and final close on its Series C funding round bringing the total size of the round to €150m.
- **Astroscale:** the Company sold a further 629,240 shares, equivalent to 47% of its holding, for additional proceeds of £3.5m. This is equivalent to 77% of the original Sterling cost of those shares that were sold.

## Outlook

Although we continue to actively seek out exceptional new potential investment opportunities, based on SSIT's current resources, we anticipate that our focus for the year ahead will primarily be on supporting the existing portfolio.

We expect to make a limited number of follow-on investments during the course of the year into those companies that may require additional support and in which we have the greatest conviction.

We will continue to work closely with the portfolio's key growth stage assets as some of them now approach the potentially significant milestone of becoming EBITDA profitable. We believe achieving this could in due course provide a springboard for potential IPOs and/or acquisition interest.

We are optimistic that recent trends around growing customer demand and sustained investor interest will continue to benefit the portfolio during the year ahead, helping our portfolio companies to maintain a positive trajectory.

## Mark Boggett

CEO

Seraphim Space Manager LLP

Investment Manager

14 October 2024

## Top 10 Investments

|  | ICEYE  | D-Orbit   | ALL.SPACE   | HawkEye 36   |
|--|--|---|---|--|
| Web  | <a href="http://www.iceye.com">www.iceye.com</a>   | <a href="http://www.dorbit.space">www.dorbit.space</a>  | <a href="http://www.all.space">www.all.space</a>  | <a href="http://www.he360.com">www.he360.com</a>   |
| HQ   | Finland  | Italy   | UK  | US   |
| Taxonomy                                     | Platform / Earth Observation   | Launch / In-orbit Services  | Downlink / Ground Terminals   | Platform / Earth Observation   |
| Status                                       | Private / Unicorn  | Private / Soonicorn   | Private / Minicorn  | Private / So   |
| Stake category                               | >5-10%   | >5-10%  | >10-15%   | 0-5%   |
| Fair value vs. cost                          | 121%   | 285%  | 108%  | 115%   |
| Valuation method                             | Premium to price of recent investment  | Calibrated price of recent investment   | Calibrated price of recent investment   | Calibrated price of recent investment  |
| Description                                  | 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. | D-Orbit is the market leader in the space logistics and orbital transportation services industry.   | ALL.SPACE is aiming to create a mesh network of satellite connectivity by developing an antenna capable of connecting to any satellite in any constellation in any orbit.                                   | HawkEye 36 the world's first satellite constellation collecting radar signals to identify and geolocate previously invisible activities                      |
| Total estimated long-term addressable market | 10bn+  | 1-5bn   | 10bn+   | 10bn+  |
| Key sectors addressed                        | Insurance, defence, climate  | Space logistics, datacentres  | Communications, defence, transport  | Maritime, defence  |
| Principal UN SDG alignment:                  | 13, 11, 2  | 9, 11   | 9, 8, 10  | 9, 16, 8   |
| Recent Key Developments:                     | <ul style="list-style-type: none"> <li>Generated over 100m in revenue in 2023.</li> <li>Launched 7 satellites in 2024 YTD.</li> <li>Ranked no. 30 in the 'Financial Times 1,000' of Europe's fastest growing companies.</li> </ul>                       | <ul style="list-style-type: none"> <li>Closed €150m Series C funding round.</li> <li>Established D-Orbit USA to enter the US market and pursue commercial space logistics.</li> </ul> | <ul style="list-style-type: none"> <li>Closed additional funding from existing investors including SSIT.</li> <li>Appointed 30-year satcoms / defence sector veteran, Paul McCarter, as new CEO.</li> </ul> | <ul style="list-style-type: none"> <li>Closed D-1 funded by and 40 financial Silicon Valley investors.</li> <li>Completed first satellite launch.</li> </ul> |

- companies.  
Closed oversubscribed  
93m growth round
- opportunities in  
satellite bus  
manufacturing.  
Successfully  
launched its 12th  
and 13th ION  
Satellite Carrier  
missions.
- acquired  
Solutio  
Maxar.  
Increased  
constellation  
satellites

|   | SatVu   | Xona Space Systems  | PlanetWatchers   | AST SpaceMobile   |
|---|---|---|--|---|
| Web   | <a href="http://www.satellitevu.com">www.satellitevu.com</a>  | <a href="http://www.xonaspace.com">www.xonaspace.com</a>  | <a href="http://www.planetwatchers.com">www.planetwatchers.com</a>   | <a href="http://ast-science.com">ast-science.com</a>  |
| HQ  | UK  | US  | UK   | US  |
| Taxonomy  | Platform / Earth<br>Observation   | Platform / PNT  | Analyse / Data Analytics   | Platform /<br>Communications  |
| Status  | Private / Minicorn  | Private / Soonicorn   | Private / Seedcorn   | Public / Listed   |
| Stake category  | >10-15%   | >10-15%   | >25-50%  | 0-5%  |
| Fair value vs.<br>cost                                | 160%  | 98%   | 87%  | 99%   |
| Valuation method                                      | Partial write down to<br>price of recent<br>investment  | Calibrated price of recent<br>investment  | Partial write down to price<br>of recent investment  | Mark to market  |
| Description   | SatVu is aiming to<br>monitor the heat<br>signatures of any<br>building on the planet in<br>near real time to<br>determine valuable<br>insights into economic<br>activity, energy<br>efficiency and carbon<br>footprint.  | Developing a next-<br>generation GPS satellite<br>constellation for more<br>secure and precise<br>position and timing.              | PlanetWatchers has<br>developed an AI-enabled<br>analytics platform using<br>satellite radar imagery for<br>crop monitoring, insurance<br>and automated insurance<br>claims assessments. | AST SpaceMobile is<br>launching a constellation<br>of cell towers in space,<br>providing direct to cell<br>5G connectivity from<br>space.   |
| Total estimated<br>long-term<br>addressable<br>market | 1-5bn   | 10bn+   | 5-10bn   | 50bn+   |
| Key sectors<br>addressed                              | Energy, property,<br>defence, climate   | Transport, defence,<br>logistics  | Agriculture, insurance,<br>climate   | Space, telecoms,<br>communications  |
| Principal UN SDG<br>alignment:                        | 7, 11, 13   | 8, 9, 11  | 12, 2, 8   | 9, 11, 10   |
| Recent Key<br>Developments:                           | <ul style="list-style-type: none"> <li>Commissioned its<br/>1st satellite and<br/>entered commercial<br/>operations.</li> <li>Satellite then<br/>suffered an issue<br/>resulting in its<br/>failure.</li> <li>Completed first<br/>close of new<br/>funding round.</li> <li>Ordered 2nd and<br/>3rd satellites.</li> </ul> | <ul style="list-style-type: none"> <li>Completed 19m<br/>Series A funding<br/>round led by Future<br/>Ventures and SSIT.</li> </ul> | <ul style="list-style-type: none"> <li>Launched new<br/>enterprise SaaS product<br/>to further simplify<br/>acreage reporting and<br/>claims processing.</li> </ul>                      | <ul style="list-style-type: none"> <li>Signed commercial<br/>agreements with<br/>both AT&amp;T and<br/>Verizon.</li> <li>Raised over 300m<br/>including strategic<br/>equity investments<br/>from AT&amp;T and<br/>Google.</li> <li>Successfully<br/>launched first 5<br/>commercial<br/>satellites.</li> </ul> |

## Responsible Investment

'The Investment Manager continues to engage with the space industry and portfolio companies to help them deliver positive sustainability impacts and mitigate ESG risks.'

**Sarah Shackleton**

COO, Seraphim Space

The Company is focused on being a responsible investor and taking into consideration environmental, social and governance ('**ESG**') factors.

The Investment Manager is a signatory to Principles of Responsible Investment, the UN-supported network of investors dedicated to promoting sustainable investment through incorporating ESG factors into their investment and ownership decisions (the '**UN PRI**'). The Investment Manager submitted its first UN PRI annual report in 2024.

## Responsible Investment Policy

The Investment Manager's Responsible Investment Policy, which has been adopted by the Company, may be found at <https://seraphim.vc/esg/>. The Investment Manager reviews and

updates its Responsible Investment Policy as necessary to reflect emerging regulations and best practices.

The Directors and Investment Manager believe that ensuring robust assessment of ESG-related risks and opportunities as part of the investment analysis and decision-making processes leads to investment in more robust businesses, ultimately creating long-term, sustainable value.

### Potential Sustainability Impact

The Investment Manager believes that the portfolio companies' contribution to the United Nations Sustainable Development Goals (the '**SDGs**') and their underlying targets is a key factor in the delivery of sustainability impact by the portfolio and, as such, consideration of the SDGs is an integral part of Seraphim Space's decision-making process. Each portfolio company contributes to at least one SDG, and every SDG is addressed by at least one portfolio company. SDG 9 (innovation/infrastructure) is, unsurprisingly, the most common SDG, with 22 portfolio companies contributing to it.

Seraphim Space is represented on the Advisory Board of the Space Sustainability Principles by the Earth & Space Sustainability Initiative ('**ESSI**')<sup>[2]</sup>.

### Ownership and ESG reporting

Seraphim Space works with the shareholders, boards and management teams of portfolio companies to help them achieve sustainability impacts and mitigate ESG risks.

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

### Objective Reporting Metrics for ESG Factors

|  |  |
|--|--|
| <b>Percentage of desired measures<sup>1</sup> in place across the portfolio<sup>2</sup> to manage ESG risk</b> | <b>Proportion of the active portfolio with a founder who identifies as female or from an ethnic minority</b> |
| 77%  | 24%  |
| (30 June 2023: 67%)  | (30 June 2023: 20%)  |
| <b>Senior management identifying as female or from an ethnic minority within the portfolio<sup>2</sup></b>     | <b>Seraphim Space staff identifying as female / from an ethnic minority</b>                                  |
| 25%  | 47% / 13%  |
| (30 June 2023: 21%)  | (30 June 2023: 50% / 20%)  |
| <b>Average portfolio company headcount growth<sup>3</sup></b>  | <b>Percentage of energy consumption that is renewable<sup>2</sup></b>  |
| 8.1%   | 20%  |
| (30 June 2023: 22.1%)  | (30 June 2023: 30%)  |

<sup>1</sup> Desired measures as explained under 'ESG Governance and Risk Management' *below*. Source: Portfolio company data.

<sup>2</sup> Fair value weighted average (as defined in the Glossary *below*.) of the portfolio companies providing information (which represented 93% of the fair value as at 30 June 2024 and 95% of the fair value as at 30 June 2023). Source: Portfolio company data.

<sup>3</sup> Fair value weighted average (as defined in the Glossary *below*.) year-on-year growth for the 12 months ended 30 June 2024 of the private companies in the top 10, representing 82% of fair value (72% of NAV) as at 30 June 2024 (2023: 86% of fair value, 72% of NAV). Source: Portfolio company data.

93% of the portfolio by fair value as at 30 June 2024 (2023: 95%) provided the above data, with the remaining 7% (2023: 5%) comprised predominantly of listed portfolio companies or private companies where SSIT had no information rights.

### ESG governance and risk management

The Investment Manager allocates points (up to a maximum of 15) to private portfolio companies based on the number of measures that it would like to see and which they have in place to manage ESG risk, including frequency of discussion of such topics by the board and the policies and processes to assess and mitigate such risks. On a fair value weighted basis, 77% of the desired measures were in place across the portfolio as at 30 June 2024 (up from 67% at the prior year end), as companies increasingly focused on ESG, governance and risk driven by shareholder influence and general market adoption.

### Diversity

A growing body of evidence suggests that diverse teams are more innovative and achieve higher returns than those with just one gender and/or one race or ethnicity represented<sup>[3]</sup>. Forbes outlines the outperformance of diverse teams, explaining that companies with at least one female or ethnically diverse founder generate over 60% in business value<sup>[4]</sup>. The SSIT active portfolio includes six companies (24%) with a diverse founder i.e. one that identifies as female or from an ethnic minority.

### SSIT portfolio diversity statistics

| SSIT portfolio diversity statistics                                |         |      |  |      | Industry comparisons                          |
|--|---------|------|--|------|---|
|  | Average |      | SSIT portfolio <sup>1</sup><br>Fair value weighted<br>average <sup>2</sup> |      |   |
|  | 2024    | 2023 | 2024   | 2023 |   |
| Board members identifying as female                                | 13%     | 9%   | 9%   | 4%   | High tech companies<br>2020 - 8% <sup>3</sup> |
| Board members identifying as from an ethnic minority               | 10%     | 7%   | 12%  | 9%   |   |
| Senior management identifying as female or from an ethnic minority | 25%     | 19%  | 25%  | 21%  |   |
| Staff identifying as female  | 25%     | 27%  | 13%  | 23%  | Venture                                       |

|   |      |      |      |      |   |
|---|------|------|------|------|---|
| Start representing as female or from an ethnic minority | 2020 | 2021 | 2022 | 2023 | Venture capital-backed startups 2020 - men (89.3%) and white (71.6%) <sup>4</sup> |
|---|------|------|------|------|---|

Sources: Portfolio company information; Seraphim Space analysis

Notes: <sup>1</sup> Data provided by portfolio companies representing 93% of the fair value as of 30 June 2024 (95% of the fair value as of 30 June 2023 for prior year statistics).

<sup>2</sup> Fair value weighted average (as defined in the Glossary below).

<sup>3</sup> <https://techcrunch.com/2021/08/29/diversifying-startups-and-vc-power-corridors/>.

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

Compared to the diversity information outlined in the BVCA and Level 20 Diversity & Inclusion 2023 Report and the BVCA Diversity & Inclusion 2024 Report, as at 30 June 2024, Seraphim Space outperformed the market in overall female representation as outlined in the chart in the annual report, but lagged in terms of ethnic minority representation.

## Seraphim Space and SSIT diversity compared to the UK Private Equity and Venture Capital ('PE/VC') Industry

### Job creation

As portfolio companies continue to access funding and continue to deliver against milestones, they also drive job creation. On a fair value weighted basis, the private companies in the top 10 holdings grew headcount by 8.1% in the 12 months to 30 June 2024 (compared to 22.1% in the prior year).

### Carbon emissions/energy reduction

In 2024, Seraphim Space conducted its first carbon footprint assessment, validated by One Carbon World Ltd. This assessment encompassed all activities under Seraphim Space's operational control, including Scopes 1, 2 and partial Scope 3, as outlined in The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) (the 'Protocol').

The Protocol aligns with international standards ISO 14064 and PAS 2060. During the measurement period from 1 April 2023 to 31 March 2024, Seraphim Space's GHG emissions were recorded at 267.29 tCO<sub>2</sub>e. To achieve carbon neutrality for this period, the Firm balanced all emissions by retiring 268 tCO<sub>2</sub>e through 100 + 168 Certified Emissions Reductions from the UN Clean Development Mechanism project titled 'GHG Emission Reduction: Saving the Ozone Layer'. The carbon neutrality of the Investment Manager's activities has been achieved in accordance with the One Carbon World Carbon Neutral International Standard.

Given the fact that the private portfolio companies are relatively early in their life, a number are not yet measuring energy consumption, and Scope 1/2 and 3 carbon emissions are only measured by five and four private portfolio companies respectively (up from four and two in the prior year). On a fair value weighted basis, 20% of energy consumption is renewable. We are planning to engage with the portfolio companies to drive further work in this key area having now completed the Investment Manager's first carbon assessment.

## Business Review

### Business Model

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

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

The Company has no employees. It is managed by the Board, comprising four independent non-executive Directors, which is responsible for the overall stewardship and governance of the Company. The management of the Company's investments in accordance with its investment objective and policy is delegated to the Investment Manager and the Company's other day-to-day functions, including administrative, financial and share registration services, are carried out by duly appointed service providers. The Board oversees the activities and performance of the Investment Manager and other key service providers.

### Investment Strategy

The Company provides investors with exposure to nascent SpaceTech companies, being businesses which rely on space-based connectivity or precision, navigation and timing signals, or whose technology or services are already addressing, originally derived from or of potential benefit to the space sector. These businesses comprise companies providing the SpaceTech infrastructure for collecting and communicating data, principally via satellites, as well as companies with the technology that facilitates the exploitation of this data for terrestrial applications in areas such as climate, communications, mobility and security (including cyber security).

### Investment Objective

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

### Investment Policy

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

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

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

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

#### ***Investment restrictions***

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

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

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

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

#### ***Hedging and derivatives***

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

#### ***Borrowings***

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

#### ***Cash management***

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

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

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

#### ***Target Returns and Dividend Policy***

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

The Company has no formal benchmark. However, the Company targets an annualised total return on the Company's portfolio of at least 20% over the long term (adjusted for any dividends paid or share buy-backs by the Company). This is a target only and reflects the Investment Manager's expectations of the potential returns that can be generated by investing in a portfolio of early and growth stage private SpaceTech companies which have the potential to generate substantial returns for their shareholders over the long term whilst recognising that not all portfolio companies will achieve their potential and that some may fail in their entirety. This should not be taken as an indication of the Company's expected future performance, return or results over any period and does not constitute a profit forecast. The actual return generated by the Company over any period will depend on a wide range of factors, including, but not limited to, the terms of the investments made, the performance of its portfolio companies, general macroeconomic conditions and fluctuations in currency exchange rates.

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



## Share Rating Management

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

The Board has not adopted any formal discount or premium targets which would dictate the point at which the Company would seek to buy back or issue ordinary shares. However, the Board is committed to utilising its share buy-back and issuance authorities where appropriate in such a way as to mitigate the effects of any such imbalance. In considering whether buy-back or issuance might be appropriate in any particular set of circumstances, the Board will take into account, amongst other things, prevailing market conditions, (in the case of buy-backs) the level of the Company's discount relative to those of other listed investment companies investing mainly in private companies, the cash resources readily available to the Company, the Company's immediate pipeline of investment opportunities, the level of the Company's borrowings (if any), the Company's working capital requirements and the degree of NAV accretion that will result from the buy-back or issuance, and, in the case of buy-backs, whether higher returns could be made from investing capital than buying back ordinary shares.

Details of the share repurchase programme implemented during the year are set out under 'Share Price' *below*. The Board will keep shareholders informed, on a regular and ongoing basis, of the approach which it has adopted to share rating management, principally through commentary in the Company's Annual and Interim Reports.

## Key Performance Indicators

The Board uses a number of performance measures to assess the Company's success in meeting its strategic objectives. The key performance indicators ('KPIs') (also referred to as alternative performance measures) are:

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

The first four KPIs are established industry measures. Having regard to the Company's target return, we believe that, at this stage in the Company's life, the portfolio fair value vs. cost is an appropriate KPI to measure the portfolio's performance. The KPIs have not changed from the prior year.

Due to the unique nature of the Company's investment strategy, there are no direct listed competitors or directly comparable indices. Consequently, we do not consider that there is a relevant external comparison against which to assess the KPIs and, as such, performance against the KPIs is considered on an absolute basis.

An explanation of the KPIs can be found in the Alternative Performance Measures section *below*. The KPIs for the year ended 30 June 2024 (and the prior year) are shown *below*. Additional comments on the performance of the Company during the year are provided in the Chair's Statement and Investment Manager's Report.

## Environmental, Social and Governance Matters

### ***Socially responsible investment***

The Board has endorsed the Investment Manager's Responsible Investment Policy, which seeks to ensure that the Investment Manager's management of SSIT's investments takes account of environmental, social, governance and ethical factors, where appropriate. However, the Company does not have explicit sustainability investment objectives or policies and does not, and will not seek to, apply a sustainability label under the FCA's UK Sustainability Disclosure Requirements and investment labels regime.

The Investment Manager actively engages with portfolio companies on ESG factors and often has a participation role at board level with such companies, helping to guide their governance policies. Details of the Investment Manager's Responsible Investment Policy are included *below*.

### ***Environment***

As an investment company with all its activities outsourced to third parties, the Company does not have any physical assets, property, employees or operations of its own and, therefore, the Company's own direct environmental impact is minimal. The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Reporting) Regulations 2018. For the same reasons, the Company considers itself to be a low energy user (i.e. it uses less than 40,000kWh of energy in the reporting period) for the purpose of Streamlined Energy & Carbon Reporting and, therefore, is not required to disclose energy and carbon information.

As an investment company, SSIT is exempt from the FCA's UK Listing Rules requirement to report against the Taskforce for Climate-related Financial Disclosures framework.

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

### ***Employees, human rights and community issues***

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

### ***Modern slavery***

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

### ***Diversity***

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

The Board's diversity policy is set out on the Corporate Governance Report *below*. The Board currently comprises four independent Directors appointed on merit-based qualifications. The professional skills and experience which the current members of the Board bring to SSIT's leadership are described *below*. Currently, the Board has 75% female representation (greater than the FCA's target for listed companies of 40%) and the Senior Independent Director (Sue Inglis) is also female (in line with the FCA's target for listed companies of one senior position being held by a woman). The Board does not currently have at least one member from a minority ethnic background (contrary to the FCA's target for listed companies). For the reasons set out in its Report *below*, the Nomination Committee concluded, in its annual review of the Board composition, that recruitment of a Director solely to meet the ethnic diversity target was not appropriate for the time being but agreed that this will be a key consideration for future appointments.

The Investment Manager (together with its affiliates) has a diverse employee base (currently, 47% female and 13% from ethnic minority backgrounds) and continues to dedicate recruiting resources to increasing its diversity across all positions and levels.

### **Integrity and business ethics**

We have a zero-tolerance policy in relation to business ethics and tax evasion. As the Company's operations are delegated to third-party service providers, as part of the annual evaluation of the Investment Manager, Administrator and other key service providers, we seek confirmation that (a) adequate safeguards are in place in keeping with the Bribery Act 2010, the Criminal Finances Act 2017 and the sanctions element of the Economic Crime (Transparency and Enforcement) Act 2022 to protect against any such potentially illegal behaviour by employees or agents and (b) a zero-tolerance policy towards the provision of illegal services is maintained, together with details of the safeguards.

### **Risk and Risk Management**

#### **Risk appetite**

The Board is ultimately responsible for defining the level and type of risk that the Company considers appropriate, ensuring it remains in line with the Company's investment objective and investment policy which set out the key components of its risk appetite. The Company's risk appetite is considered in light of the principal and emerging risks that the Company faces.

#### **Risk management**

The Board, through the Audit Committee, has established, in conjunction with the Investment Manager and Administrator, an ongoing process that is designed to identify, manage and mitigate on a timely basis both the principal and emerging risks inherent to the Company's business and activities.

The risk management process includes undertaking, at least half-yearly, a robust assessment of the principal and emerging investment, financial, regulatory and operational risks facing the Company. Particular attention is given to those risks that might threaten the long-term viability of the Company and identified key risks are recorded in the Company's risk matrix, which, in the case of each risk, assesses the likelihood of it occurring and its potential impact, the controls in place to mitigate it, the effectiveness of those controls and the residual likelihood of it occurring and the residual potential impact.

Further information on the Company's risk management and internal controls can be found in the Corporate Governance Report *below*.

### **Principal risks and uncertainties**

Based on the Company's risk matrix, the principal risks and uncertainties faced by the Company are those listed in the table below, which also summarises the potential impact of those risks and the controls in place to mitigate them. During the year the Board reviewed and concluded that public share price volatility and ESG are no longer considered to be principal risks faced by the Company and are therefore not captured in the table below.

| <b>Risk</b>  | <b>Potential impacts</b>   | <b>Mitigation/controls</b>   |
|--|--|--|
| <b>1. Portfolio company performance</b><br><i>Risk that portfolio companies, being predominantly early and growth stage private companies which may lack breadth and depth of management team and capital and have a higher risk profile than larger, more established companies, are unable to commercialise their technology, products, business concepts or services and/or otherwise fail to achieve their business objectives</i> | <ul style="list-style-type: none"> <li>Reduction in a portfolio company's valuation, potentially resulting in 100% write-off</li> <li>Adverse impact on SSIT's ability to realise the investment in a profitable and timely manner</li> <li>Reduced NAV and shareholder returns</li> </ul> | <ul style="list-style-type: none"> <li>The Investment Manager has extensive experience of investing into and supporting early and growth stage businesses and it provides support and has experience of improving portfolio company management teams and changing them if necessary</li> <li>As companies grow and develop, their management teams tend to also expand to manage the growth</li> <li>The Investment Manager actively engages with portfolio companies, including, in many cases, by way of board representation or observer status</li> <li>The Investment Manager has a rigorous investment process that is designed to identify and manage risks</li> <li>A third-party technical due diligence provider is engaged prior to every material investment to assess the technological and market opportunity</li> <li>The Investment Manager monitors progress against critical milestones, with the aim of supporting portfolio companies with changes in strategy where progress is not as anticipated</li> </ul> |

| Risk   | Potential impacts   | Mitigation/controls   |
|--|---|---|
|  |   | <p>SSIT's investment strategy is to ensure sufficient diversification within its portfolio by investing in a range of companies at different stages in their lifecycle and across a range of sub-sectors and geographies, and to syndicate investments with other investors to ensure portfolio companies are well capitalised</p> <ul style="list-style-type: none"> <li>During the year, the Company sold a number of early stage companies to Seraphim Space Ventures II LP (the 'Venture Fund') and invested into the Venture Fund which will allow for greater diversification of exposure to early stage companies and mean there is less requirement for follow-on investment</li> <li>The Investment Manager provides a detailed update at each scheduled Board meeting, including information on investment environment, portfolio performance, specific factors affecting portfolio companies (individually or collectively), transactions, investment pipeline and cash flow forecasts</li> </ul>  |
| <p><b>2. Liquidity</b><br/> <i>Risk that SSIT has insufficient liquid resources to participate in subsequent funding rounds by portfolio companies or make new investments</i></p>   | <ul style="list-style-type: none"> <li>Dilution of SSIT's holdings in existing portfolio companies</li> <li>Reduced portfolio valuation</li> <li>Reduced NAV and shareholder return</li> <li>Reputational damage</li> </ul>                               | <ul style="list-style-type: none"> <li>The Investment Manager monitors the cash runways of portfolio companies and maintains cash flow projections based on its assessment of return potential, timing and scale of potential funding rounds, the ability of others in portfolio company syndicates to support funding rounds, the availability of new investment opportunities and SSIT's projected operating costs in order to manage SSIT's ability to participate in forthcoming funding rounds</li> <li>Cash flow forecasts are reviewed regularly by the Board</li> <li>During the year, the Company sold a number of early stage companies to the Venture Fund and invested into the Venture Fund and there is no longer any requirement for follow-on investment into those companies by SSIT, enabling SSIT to concentrate its resources available for investment on its more mature assets</li> <li>Portfolio companies have a track record of raising significant capital to meet their funding requirements from other internal and external investors</li> </ul> |
| <p><b>3. Valuation</b><br/> <i>Risk that estimates, assumptions and judgements used in valuing SSIT's investments in private companies lead to a material misstatement of the valuation and, consequently, of SSIT's NAV</i></p> | <ul style="list-style-type: none"> <li>Reputational damage</li> <li>Reduced NAV and shareholder returns</li> <li>Reduced demand for SSIT's shares</li> <li>Reduced liquidity in SSIT's share trading</li> <li>Increase in share price discount</li> </ul> | <ul style="list-style-type: none"> <li>Valuations are prepared in accordance with the IPEV Valuation Guidelines and the Investment Manager's valuation policy, which has been formally reviewed by the Board and commented upon by the Company's Auditor and is consistently applied</li> <li>The Audit Committee meets with the Investment Manager at special meetings solely to consider the quarterly valuations, giving the Audit Committee an opportunity to challenge the valuations and to request further information before the valuations are approved</li> <li>SSIT's external Auditor reviews the valuations and methodology and typically attends ad hoc Audit committee meetings when interim and year end valuations are presented and discussed by the Investment Manager as part of their annual audit review procedures</li> </ul>  |
| <p><b>4. Realisation</b><br/> <i>Risk that, as SSIT's private company investments are illiquid and its investments may have restrictions on sale or</i></p>  | <ul style="list-style-type: none"> <li>Reduced NAV and shareholder returns</li> </ul>   | <ul style="list-style-type: none"> <li>SSIT's investment strategy is to hold investments for the long term in order to deliver capital growth, SSIT has no debt, dividend or buy-back</li> </ul>  |

|   |  |  |
|---|--|--|
| <p><b>Risk</b><br/> <i>Transfer of shares, SSIT may be unable to realise investments at short notice or at all and/or the price achieved on any realisation may be at a material discount to the prevailing valuation</i></p>   | <p><b>Potential impacts</b></p>  | <p><b>Mitigation/controls</b><br/> <i>Obligations: it does not have a fixed life and it manages its liquidity to pay its operating costs as they fall due, so there is no pressure to realise investments</i></p> <ul style="list-style-type: none"> <li>As set out opposite 'Valuation' above, SSIT has a robust and consistent valuation process</li> </ul>  |
| <p><b>5. Macroeconomic</b><br/> <i>Risk that the performance and business continuity of portfolio companies may be materially adversely affected by geopolitical risks, including conflict a pandemic/epidemic, climate change and/or other macroeconomic conditions, including, interest rate rises and inflation.</i></p> | <ul style="list-style-type: none"> <li>Significant widescale disruption impacting businesses generally</li> <li>Adverse impact on global markets and investor sentiment</li> <li>Reduced portfolio valuations</li> <li>Reduced NAV and shareholder return</li> <li>Reduced liquidity in SSIT's share trading</li> <li>Increase in share price discount</li> <li>SSIT's access to additional capital constrained</li> </ul> | <ul style="list-style-type: none"> <li>The Investment Manager completes extensive due diligence procedures prior to investment and, on an ongoing basis, monitors and works closely with portfolio companies to provide advice and experience in dealing with adverse macroeconomic conditions and disruptive events</li> </ul>  |
| <p><b>6. Foreign exchange</b><br/> <i>Risk that FX movements materially adversely affect the value of investments made in currencies other than Sterling</i></p>  | <ul style="list-style-type: none"> <li>Reduced NAV and shareholder returns</li> </ul>  | <ul style="list-style-type: none"> <li>SSIT invests globally and has exposure to several non-Sterling currencies, providing some FX risk diversification</li> <li>Whilst it is not currently SSIT's policy to actively manage FX risk, the Investment Manager monitors FX rates and may, in consultation with the Board and SSIT's corporate brokers, explore mitigating options</li> <li>The Company has engaged a provider who has demonstrated a track record of favourable rates for FX spot trades</li> </ul>                               |
| <p><b>7. Investment return</b><br/> <i>Risk that SSIT fails to achieve its investment objective and provide a satisfactory investment return</i></p>  | <ul style="list-style-type: none"> <li>Reduced demand for SSIT's shares</li> <li>Reduced liquidity in SSIT's share trading</li> <li>Increase in share price discount</li> </ul>  | <ul style="list-style-type: none"> <li>The returns on SSIT's private company investments are the principal drivers of the overall investment return; as set out in other risks, in particular, 'Portfolio company performance', 'Liquidity' and 'Realisation' above, there are robust controls in place to mitigate the principal risks associated with such investments</li> <li>The Board conducts a rigorous strategy review annually</li> </ul>  |
| <p><b>8. Discount</b><br/> <i>Risk that SSIT's shares trade at a material discount to NAV as a result of an imbalance between buyers and sellers which may occur for a wide variety of reasons</i></p>  | <ul style="list-style-type: none"> <li>Reduced liquidity in SSIT's share trading</li> <li>Reduced shareholder return</li> <li>Discount may attract short-term investors with return aspirations</li> </ul>   | <ul style="list-style-type: none"> <li>The Board, the Investment Manager and SSIT's corporate brokers monitor the SSIT share price discount (and premium) on an ongoing basis and movements in the share register on a regular basis, taking into account broader market conditions</li> <li>Proactive investor communication and engagement by the Board, the Investment Manager and SSIT's corporate brokers to enhance investors' understanding of SSIT, its strategy and associated risks</li> <li>Shareholders are encouraged to</li> </ul> |

| Risk  | Potential impacts  | Mitigation/controls   |
|---|--|---|
|   | <p>SSIT's investors supportive of its long-term strategy</p> <ul style="list-style-type: none"> <li>SSIT's access to additional capital constrained</li> </ul>       | <p>engage freely with the Board on matters that are of concern to them so that the Board can understand their views and concerns and consider them in its discussions and decision-making</p> <ul style="list-style-type: none"> <li>SSIT has authorities in place to buy back shares, which the Board may use when deemed to be in the best interests of shareholders as a whole</li> <li>In July 2023, the Board announced a buy-back programme to support the Company's share price in light of the significant discount it was experiencing and 2,186,344 shares had been bought back and were held in treasury as at 30 June 2024</li> </ul> |
| <p><b>9. Key persons</b><br/> <i>Risk that one or more of Mark Boggett, James Bruegger and Rob Desborough (key members of the Investment Manager's team at the time of IPO) and recently promoted Andre Ronsoehr cease to be actively engaged in the management of SSIT's portfolio</i></p> | <ul style="list-style-type: none"> <li>Adverse impact on SSIT's ability to implement its investment strategy</li> <li>Reduced NAV and shareholder returns</li> </ul> | <ul style="list-style-type: none"> <li>The Investment Manager has controls and incentives in regard to key person retention, including annual bonus, share of any performance fee payable by SSIT and succession planning</li> <li>The Investment Manager's recruitment and appointments since SSIT's IPO have added further depth to its team</li> <li>The Investment Management Agreement may be terminated by SSIT if a key person leaves the Investment Manager and is not replaced by (a) person(s) of equal or satisfactory standing within a specified timeframe</li> </ul>  |

#### Emerging risks

Following consideration of the investment, financial, regulatory and operational risks facing the Company, the Board concluded that there were no emerging risks facing the Company that required to be added to the principal risks and uncertainties during the year ended 30 June 2024 or since that date up to the date of this Annual Report.

#### Longer-term Viability

As required by the AIC Code, the Directors have assessed the prospects of the Company over a period longer than the 12 months required for the going concern statement. The Board, with the assistance of the Audit Committee, has assessed the Company's prospects over the period of three years ending 30 September 2027. The Board has chosen this period because it is consistent with the three-year basis that the Directors evaluate the Company's financial position on a quarterly basis and projecting financial and economic scenarios over a longer period would be imprecise given the lack of long-term economic visibility. During the viability assessment period ending 30 September 2027, an ordinary resolution will be proposed at the AGM in 2026 pertaining to the Company continuing as an investment company.

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

- the nature of the Company's business;
- the principal risks and their mitigation identified under 'Principal risks and uncertainties' above;
- the Company's cash and cash equivalents, as well as the value of its listed holdings;
- the Company's cash requirements to meet ongoing fees and expenses is monitored by the Investment Manager, and the Company expects to maintain sufficient assets in cash reserves to meet these obligations;
- the ability of the Investment Manager and Directors to minimise the level of cash outflows, if necessary, as the Investment Manager considers the Company's future cash requirements before making investments and the Board receives regular updates from the Investment Manager on the Company's cash position and forecast cash flows, which allows the Board to limit funding for existing and/or new investments as required;
- the circumstances in which a performance fee is payable to the Investment Manager as outlined in note 4 to the financial statements *below*; and
- the Company does not have any gearing or any obligation to pay dividends or buy back shares.

We have also assumed that SSIT's performance will continue to be satisfactory and that there will continue to be demand for UK-listed investment companies. Based on this and recent feedback received through regular shareholder engagement, we currently anticipate that the ordinary resolution to be proposed at the 2026 AGM to continue SSIT as an investment company will be passed.

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

international laws and regulations are upheld. When required, the Company seeks expert advice regarding tax, legal and other factors.

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

- the risk of a significant and prolonged economic downturn which could affect the Company through adverse impacts to growth company valuations, leading to poor investment performance, a wide share price discount and a tough fundraising environment;
- a significant majority of the Company's investments are in private companies that are not liquid and may be subject to restrictions on sale or transfer, which may limit the Company's ability to realise investments at short notice and/or at a reasonable price or at all; and
- the inability to raise funds, should the need arise.

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

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

### Life of the Company

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

### Future Development of the Company

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

### Approval of Strategic Report

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

**Will Whitehorn**  
Chair  
14 October 2024

## Section 172: Promoting the Success of the Company

### S.172 Responsibilities

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

As an externally managed investment company, SSIT has no premises, employees or customers and conducts its core activities through third-party service providers. Currently, SSIT has no debt finance. We consider, therefore, shareholders to be the Company's principal stakeholders but also regard potential shareholders, the Investment Manager, the Administrator, other key service providers (corporate brokers, Auditor, legal advisers, public relations and communications adviser, depositary and registrar) and portfolio companies as key stakeholders. The Investment Manager's Responsible Investment Policy is integrated into its investment process, ensuring that it has regard to the impact of SSIT's investments on the wider community and environment.

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

### Stakeholder Engagement

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

| Stakeholder group                    |  |
|--------------------------------------|--|
| Shareholders and potential investors | <b>Why they are important</b><br>Continued shareholder support and engagement and attracting new investors are critical to the continuing existence of the Company |

|  |  |
|--|--|
| Stakeholder group                                  | and the delivery of its long-term strategy.  |
|  | <p><b>How we engage</b></p> <p>The Company has a broad range of shareholders, comprising both professional and retail investors, and has developed various ways of engaging with them, including:</p> <ul style="list-style-type: none"> <li>• <b>Regulatory announcements and publications:</b> The Company issues regulatory announcements via the London Stock Exchange in respect of routine reporting obligations, periodic financial and portfolio information updates and in response to other events. The Company's Annual and Interim Reports and associated presentations, as well as quarterly reports and fact sheets and shareholder circulars, are made available on the Company's website. Their availability is announced via the London Stock Exchange.</li> <li>• <b>RNS Reach newsletter:</b> The Company issues a monthly newsletter via RNS Reach to provide timely updates, based on publicly available information, on the Company's investments, its Investment Manager and the wider SpaceTech market.</li> <li>• <b>Website</b> (<a href="https://investors.seraphim.vc/">https://investors.seraphim.vc/</a>): This includes videos, research notes available to retail investors and other relevant information to enhance investors' understanding of the Company, its strategy and investments and the wider SpaceTech market. Shareholders and other interested parties can subscribe to email news updates by registering online on the website.</li> <li>• <b>Investor meetings and events:</b> The Investment Manager, on behalf of the Board and with the assistance of SSIT's corporate brokers and public relations and communications advisor, undertakes a programme of investor engagement throughout the year. During the year to 30 June 2024, the Investment Manager held four group meetings for research analysts and four professional and/or retail investor webinars through the Company's public relations and communications advisor following the announcement of the annual and interim results and Q1 and Q3 NAVs and updates. Each analyst presentation had at least 20 attendees. Through the Company's corporate brokers, there were 59 interactions with 154 unique investors. Directors attend some investor meetings to gauge sentiment first hand. All investors are offered the opportunity to meet the Chair, Senior Independent Director or other Board members.</li> <li>• <b>Capital markets day:</b> This is an event, attended by research analysts and professional investors, held periodically consisting of presentations from the Chair and senior members of the Investment Manager's team. The capital markets day held on 18 October 2023 also included presentations from a selection of SSIT's portfolio companies. Videos of the event are available on SSIT's website. The next capital markets day is scheduled for 7 November 2024.</li> <li>• <b>Investor relations updates:</b> At its scheduled Board meetings, the Directors receive updates on the share trading activity, share price performance and investor feedback. The Directors also receive investor feedback following investor roadshows arranged by the Company's corporate brokers.</li> <li>• <b>Annual General Meetings:</b> The AGM provides a forum for shareholders to meet, ask questions and discuss issues with the Directors and Investment Manager. The next AGM will take place on 26 November 2024 (the notice convening the meeting will be set out in a separate circular to shareholders).</li> <li>• <b>Working with external partners:</b> The Board also engages some external providers, such as a public relations and communications adviser, to assist in investor communication and obtain input on specific aspects of shareholder communications, such as developing more effective ways to communicate with investors.</li> </ul> <p>We welcome diversity of thought and opinions. Shareholders may contact the Company via <a href="mailto:seraphimteam@ocorian.com">seraphimteam@ocorian.com</a> or by post via the Company Secretary on any matters that they wish to discuss with the Board and the Company Secretary will arrange for the relevant Board member to contact them.</p> <p><b>Target outcomes</b></p> <ul style="list-style-type: none"> <li>• Shareholders and potential investors receive relevant information to enable them to evaluate the Company's performance and whether their investment interests are aligned with the Company's strategy.</li> <li>• Ongoing demand for SSIT's shares, which can help narrow the discount at which the shares trade to their NAV, which benefits shareholders.</li> <li>• We receive feedback and views on investor concerns and priorities which inform our discussions and decisions.</li> </ul> |
| Investment Manager<br>(Seraphim Space Manager LLP) | <p><b>Why it is important</b></p> <p>The Investment Manager's specialist knowledge and experience is vital to implementing SSIT's investment strategy successfully and achieving its long-term success.</p>  |



| Stakeholder group  | How we engage  |
|--|--|
|  | <p>Important components in the collaboration with the Investment Manager are:</p> <ul style="list-style-type: none"> <li>• drawing on Board members' individual professional skills and experience to support the Investment Manager in the performance of its responsibilities to the Company, including implementing SSIT's investment strategy; and</li> <li>• willingness to make the Board members' experience available to support the Investment Manager in the sound, long-term development of its business and resources, recognising that SSIT is currently the principal client of the Investment Manager and so the long-term success of the Investment Manager is closely aligned to that of the Company.</li> </ul> <p>We engage with the Investment Manager in numerous ways, including:</p> <ul style="list-style-type: none"> <li>• <b>Regular reporting:</b> We receive at least quarterly reports from the Investment Manager on performance, investment activity and pipeline, portfolio company developments, cash flow projections and investor relations activities, as well as on a wide range of other topics.</li> <li>• <b>Meetings:</b> The Board and Investment Manager meet face-to-face at least for scheduled Board and Committee meetings. In addition, the Board and Investment Manager frequently meet, either in person or virtually, between scheduled Board and Committee meetings to consider ad hoc matters.</li> <li>• <b>Continuous dialogue:</b> The Board maintains an open dialogue with the Investment Manager, engaging on key matters affecting SSIT or the Investment Manager.</li> </ul> <p><b>Target outcomes</b></p> <ul style="list-style-type: none"> <li>• We engage with the Investment Manager in a collaborative and collegiate manner, whilst also ensuring that appropriate and regular challenge is brought.</li> <li>• The Company's portfolio is well-managed, enabling it to meet its strategic objectives and achieve long-term sustainable success.</li> </ul> |
| <p><b>Administrator/<br/>Company<br/>Secretary</b><br/>(Ocorian<br/>Administration (UK<br/>Limited))</p>   | <p><b>Why it is important</b></p> <p>The Administrator provides accounting, company secretarial and other administrative services, so maintaining a strong, collaborative relationship with the Administrator is critical to the effective running of SSIT's day-to-day operations.</p> <p><b>How we engage</b></p> <p>We engage with the Administrator in several ways, including:</p> <ul style="list-style-type: none"> <li>• <b>Regular reporting:</b> We receive at least quarterly reports from the Administrator on a range of matters, including financial, corporate governance, legal, regulatory and compliance matters.</li> <li>• <b>Meetings:</b> The Administrator attends both scheduled and ad hoc Board and Committee meetings.</li> <li>• <b>Continuous dialogue:</b> The Board maintains open and constructive dialogue with the Administrator, engaging on key matters affecting SSIT.</li> </ul> <p>In addition, the Investment Manager, on our behalf, engages with the Administrator on at least a weekly basis and ensures service levels are satisfactory and appropriate controls are in place.</p> <p><b>Target outcomes</b></p> <ul style="list-style-type: none"> <li>• We maintain a strong, collaborative relationship with the Administrator.</li> <li>• The Company's day-to-day operations are well-managed, supporting its ability to meet its strategic objectives and achieve long-term sustainable success.</li> </ul>  |
| <p><b>Other key service<br/>providers</b><br/>(corporate brokers,<br/>Auditor, legal<br/>advisers, public<br/>relations and<br/>communications<br/>adviser, depository,<br/>registrar - see below<br/>for details)</p> | <p><b>Why they are important</b></p> <p>For the Company to operate as a listed investment company, the Board relies on the other key service providers for essential services and for advice and support in meeting relevant obligations and complying with best practice. Constructive working relationships with the other key service providers helps ensure the Company continues to operate effectively.</p> <p><b>How we engage</b></p> <p>We engage with the other key service providers in several ways, including receiving regular and, as needed, ad hoc reports, face-to-face meetings (at the request of the Board or the relevant service provider) and other dialogue as and when appropriate.</p> <p>In addition, the Investment Manager and/or Administrator, on our behalf, engage with the other key service providers on a regular basis and ensure service levels are satisfactory.</p> <p><b>Target outcomes</b></p> <ul style="list-style-type: none"> <li>• We, directly and indirectly, maintain constructive working relationships with our other key service providers.</li> <li>• Other key service providers provide the required level of service, enabling the Company to meet its obligations and follow best practice.</li> </ul>   |
| <p><b>Portfolio<br/>companies</b></p>  | <p><b>Why they are important</b></p> <p>For the Company to deliver capital appreciation, it needs to invest in portfolio companies that ultimately develop their products and</p>  |

|                          |   |
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| <b>Stakeholder group</b> | in portfolio companies that ultimately develop their products and services and successfully grow.   |
|                          | <p><b>How we engage</b><br/>The Investment Manager, on our behalf, engages with portfolio companies on a regular basis through participation on their boards, interaction with their shareholders, introductions to partners, customers and potential funding providers and value-add support and advice. In addition, we engage with portfolio companies during investor events.</p> <p><b>Target outcomes</b><br/>Portfolio companies benefit from the engagement, leading to their growth and, ultimately, higher value for the Company.</p> |

#### Examples of Stakeholder Considerations and Outcomes

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

| Topic                       | Stakeholder considerations and outcome   |
|-----------------------------|--|
| <b>Investment approvals</b> | <p><b>S.172 consideration: the desirability of the Company maintaining a reputation for high standards of business conduct</b></p> <p>The Company has appointed the Investment Manager to manage its investments on a discretionary basis, save where the Investment Manager may have a potential conflict of interest.</p> <p>A company affiliated with the Investment Manager runs accelerator programmes for very early stage SpaceTech companies and receives share options and/or warrants from participants in those programmes. During the year, the Investment Manager proposed that SSIT invest, in aggregate, up to £1.3m, in three former accelerator programme participants (all follow-on investments) where the affiliate had a potential conflict of interest. In each case, the Board considered the proposed investment and the conflict and noted that only the independent members of the Investment Manager's Independent Advisory Committee (listed <i>below</i>) had considered the investment at the Investment Manager's Investment Committee meeting and were recommending the investment. The Board was satisfied that the conflict had been managed appropriately and the investments were consistent with SSIT's strategy and objectives and had the benefit of having been monitored by the Investment Manager for some time. Accordingly, the Board concluded that it was in the interests of SSIT's shareholders to approve the investments.</p> <p>Also during the year, the Investment Manager proposed that we should sell 100% of SSIT's interests in nine early stage portfolio companies, being all early stage investments made by SSIT since IPO (the 'Early Stage Portfolio'), to the Venture Fund in exchange for an interest in the Venture Fund. The Venture Fund is a new private venture capital vehicle managed by Seraphim Space that will invest during its 10-year life in Seed and Series A stage SpaceTech companies globally. Having sought advice from our corporate brokers and legal and tax advisers and obtained an independent valuation of the Early Stage Portfolio, we were satisfied that the potential conflict of interest on the part of the Investment Manager had been managed appropriately and concluded that the proposal was in the best interests of shareholders as a whole, principally for the following reasons:</p> <ul style="list-style-type: none"> <li>the transaction had the dual benefit of enabling SSIT to concentrate its resources on its more mature assets, whilst also building a larger pipeline for future growth round investments by SSIT via the Venture Fund's wider portfolio of early stage SpaceTech companies;</li> <li>the Early Stage Portfolio would be sold at a price equal to the independent valuation, which SSIT commissioned from Azets, of £3.8m (vs. cost of £3.5m), so the transaction would be NAV neutral; and</li> <li>SSIT will not incur any management fees or be subject to carried interest as a limited partner in the Venture Fund.</li> </ul> <p><b>Stakeholders influencing considerations and/or impacted by outcome:</b> Shareholders and potential investors, relevant portfolio companies.</p> |
| <b>Capital allocation</b>   | <p><b>S.172 consideration: the likely consequences of the decisions in the long term</b></p> <p>Having regard to the challenging environment for raising additional capital (debt and/or equity) and in expectation that such environment would continue for some time, the Board and Investment Manager regularly reviewed the Company's cash resources and other sources of liquidity, identified the anticipated shorter-term funding requirements of SSIT's portfolio companies and agreed capital allocations for supporting portfolio companies and new investment opportunities until such time as the fundraising environment improves or a significant liquidity event occurs. These allocations were consistent with SSIT's long-term strategy, should enable the Company to continue to foster good relationships with portfolio company management teams and maintain its standing as a key investor in the SpaceTech sector and are aimed at supporting the long-term growth of the NAV per share.</p> <p><b>Stakeholders influencing considerations and/or impacted by outcome:</b> portfolio companies, Shareholders and potential investors, Investment Manager.</p>   |
| <b>Share price discount</b> | <p><b>S.172 considerations: the likely consequences of the decisions in the long term, the need to act fairly as between members of the Company</b></p> <p>Having initially traded at a substantial premium to NAV post-IPO, the share price dropped to a discount following Russia's invasion of Ukraine in February 2022 as investor sentiment turned against high growth stocks generally and the discount continued to widen thereafter. Since the ordinary shares have been trading at a discount, the Board has kept under review whether NAV-accretive share buy-backs would be in the best interests of shareholders as a whole, having regard to market</p>   |

|   |  |
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| <b>Topic</b>                              | <p>best interests of shareholders as a whole having regard to market conditions, the anticipated shorter-term funding requirements of SSIT's portfolio companies, the investment opportunities available to the Company, feedback from shareholder meetings and advice from SSIT's corporate brokers.</p> <p>At the beginning of the year under review, the ordinary share price discount had widened to a level that the Board concluded, having regard to the matters referred to in the previous paragraph, that it would be in the interests of shareholders to commence a limited share repurchase programme. On 13 July 2023, the Board announced a share repurchase programme funded out of SSIT's existing cash resources. During the year, the Company bought back a total of 2,186,344 shares (0.9% of the shares in issue at 12 July 2023) at an average share price of 45.01p and an aggregate cost of £1.0m. The share buy-backs created some additional market liquidity for sellers, whilst providing NAV accretion for remaining shareholders and appear to have contributed to a material narrowing of the share price discount.</p> <p>In conjunction with the share repurchase programme, we, together with the Investment Manager, have continued our pro-active engagement with shareholders and potential investors, seeking to promote SSIT, highlight the significant progress of our portfolio companies and communicate our faith in the value of the portfolio in an attempt to counter the negative investor sentiment towards growth stocks and create additional demand for the ordinary shares.</p> <p><b>Stakeholders influencing considerations and/or impacted by outcome:</b> Shareholders and potential investors.</p> |
| <b>Annual review of service providers</b> | <p><b>S.172 consideration: the need for the Company's to foster business relationships with suppliers, customers and others</b></p> <p>The Management Engagement Committee met during the year to review the Company's external service providers and, in particular, the quality and costs of the services provided (details of the review are included in the Management Engagement Report <i>below</i>). For the reasons noted in its Report, the Management Engagement Committee concluded that the interests of the Company's shareholders would be best served by the ongoing appointments of the Investment Manager, the Administrator and SSIT's other key service providers on the existing terms.</p> <p><b>Stakeholders influencing considerations and/or impacted by outcome:</b> Investment Manager, Administrator, other key service providers, shareholders.</p>  |

## Directors and Investment Manager

### Board of Directors

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

The Directors are all non-executive and independent.

|   |   |   |   |  |
|---|---|---|---|--|
|   | <b>William (Will) Whitehorn</b><br><i>Chair</i>   | <b>Susan (Sue) Inglis</b><br><i>Senior Independent Director</i>   | <b>Angela Lane</b><br><i>Director</i>   | <b>Christina McComb</b><br><i>Director</i>   |
| <b>Date of appointment</b>                | 14 June 2021  | 14 June 2021  | 1 January 2022  | 14 June 2021   |
| <b>Committee membership</b>               | AC, RNC, MEC  | AC, RNC®, MEC   | AC®, RNC, MEC   | AC, RNC, MEC®  |
| <b>Professional skills and experience</b> | Will was formerly a director of Virgin Group and President of Virgin Galactic until 2010. He has since pursued a private equity and non-executive career. He is the President of UKSpace, the trade body that represents the Space industry in the UK. In addition to these | Sue has a wealth of experience from more than 30 years advising listed investment companies and financial institutions. Her executive roles included Managing Director, Corporate Finance in the investment companies team at Cantor Fitzgerald Europe and investment | Angela has decades of experience working with private equity-owned companies and investment companies and as the chair of audit and remuneration committees. She is a Fellow of the Institute of Chartered Accountants in England and Wales and | Christina has over 25 years' experience of venture capital and growth investment as a former director of 3i PLC and other venture funds. She is Chair and non-executive director of Aegon UK plc. She has been a director of other investment companies, including as Chair of Standard Life |

|                              |   |   |  |   |
|------------------------------|---|---|--|---|
|                              | corporate roles, he has been a Fellow of the Royal Aeronautical Society since 2014 and is a member of the UK Government's Space Exploration Advisory Committee, which reports to the UK Space Agency. | companies and financial institutions teams at Canaccord Genuity. Sue is a qualified lawyer and was a partner and head of the funds and financial services group at Shepherd & Wedderburn, a leading Scottish law firm. In 1999 she was a founding partner of Intelli Corporate Finance, an advisory boutique firm focusing on the asset management and investment company sectors, which was acquired by Canaccord Genuity in 2009. | began her career at the venture capital firm 3i PLC and became a partner of 3i's Growth Capital business, overseeing the UK Growth Capital portfolio. Subsequently, she has held a number of positions as chair of private equity-backed businesses. She is currently on the Board of and acts as chair of the audit committee for three investment trusts investing in quoted and unquoted companies. | European Private Equity Trust PLC, from which role she retired in April 2022. She has also held a number of senior public sector roles involved in SME and growth business finance, including as Senior Independent Director at the British Business Bank. She was awarded an OBE in the Queen's Birthday Honours 2018 for services to the economy. |
| <b>External appointments</b> | <b>Listed companies:</b> Chair of Good Energy Group PLC and Craneware PLC.<br><b>Other significant appointments:</b> None.  | <b>Listed companies:</b> Senior independent director of Baillie Gifford Growth US Growth Trust PLC, senior independent director and Audit Committee chair of CT Global Managed Portfolio Trust PLC and non-executive director of Invesco Global Equity Income Trust PLC.<br><b>Other significant appointments:</b> None.  | <b>Listed companies:</b> Non-executive director and chair of the Audit Committee of BlackRock Throgmorton Trust PLC, Pacific Horizon Investment Trust PLC and Dunedin Enterprise Investment Trust PLC.<br><b>Other significant appointments:</b> None.   | <b>Listed companies:</b> None.<br><b>Other significant appointments:</b> Chair of Aegon UK plc, non-executive director and Investment Committee member of Better Society Capital Ltd, non-executive director and Investment Committee member of Midlands Mindforge Ltd.   |

*Committee membership key*

AC Audit Committee  
MEC Remuneration Engagement Committee  
RNC Remuneration and Nomination Committee  
© Chair

## Investment Manager

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

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

### Mark Boggett, General Partner & CEO

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

### James Bruegger, General Partner & CIO

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

#### **Rob Desborough, General Partner**

Rob is a partner at Seraphim Space, heading up the early stage investments. He is a co-founder of Seraphim Space Accelerator, which was launched in 2018 and is now one of the world's leading accelerator programmes for SpaceTech start-ups. Prior to Seraphim Space, Rob was with YFM Equity Partners as an Investment Director. Rob holds a BSc (Hons) in Biomedical Sciences from University of Glasgow and a Postgraduate Diploma (PGDip) in Information Technology Systems from University of Strathclyde. Under Rob's guidance the Seraphim Space Accelerator has graduated 109 SpaceTech start-ups, which have collectively raised over 500m. He is a fund representative on the boards of Xona Space Systems, Altitude Angel and other early stage investments.

#### **Andre Ronsoehr, Investment Partner**

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

#### **Sarah Shackleton, Partner & COO**

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

#### **Kenny Mumford, Partner & General Counsel**

Kenny is General Counsel at Seraphim Space and has 25 years of legal experience with growth companies and venture capital investors. Previously, Kenny was a partner at MBM Commercial LLP for nearly 15 years, latterly as Head of Corporate. In that role, Kenny acted for high-growth companies and investors (including Seraphim Space), concerning all aspects of equity investment, fund formation, business sales and acquisitions, joint ventures and restructuring, alongside general corporate advice. Previous roles before MBM included In-house Counsel at Braveheart Investment Group plc, Investment Manager at Scottish Enterprise and solicitor at Shepherd+ Wedderburn. Kenny is a solicitor and notary public in Scotland and holds an LLB (Hons) and Diploma in Legal Practice from University of Edinburgh.

#### **Patrick McCall, Venture Partner**

Patrick joined as a Venture Partner to the Company after working for Virgin Group for 25 years where he was Senior Partner. He was chair or on the board of eight companies that grew from being startups to being valued at over 1 billion. He was chair of Virgin Galactic, Virgin Orbit, Virgin Trains, Trainline and Virgin Unite, and was also a board director of many Virgin Group companies, including Virgin Active, Virgin Blue, Virgin Mobile USA, OneWeb and Virgin Money. He also spent 10 years as an investment banker at S.G. Warburg and has a degree in Economics and Agricultural Economics from Exeter University. Patrick is a director of three SSIT companies, ALL.SPACE, SatVu and D-Orbit.

#### **Maureen Haverty, Investment Principal**

Maureen joined Seraphim Space in 2022 following a successful career in the space industry. She was COO at Apollo Fusion, a space start up that was sold for 145m, where she was responsible for business development, manufacturing and complex programmes. She was also Senior Director of Corporate Development at Astra, a rocket launch company listed on NASDAQ. She has a first-class Bachelor Civil and Environmental Engineering (BE) degree from University College Cork and a PhD in Nuclear Engineering from University of Manchester. Maureen is focussed on deal origination, deal execution, portfolio management and fund operations in addition to actively supporting the Seraphim Space Camp Accelerator.

#### **Candace Johnson, Independent Advisory Committee Member**

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

#### **Matt O'Connell, Independent Advisory Committee Member**

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

#### **Ann Winblad, Independent Advisory Committee Member**

Ann is a Managing Director of Hummer Winblad Venture Partners, a venture capital firm she co-founded in 1989. She is a well-known and respected software industry entrepreneur and technology leader. Ann's firm has launched over 160 enterprise software companies and led investments that pioneered successful companies across the enterprise software

and led investments that pioneered successful companies across the enterprise software sector. She served as a director of numerous private and public companies including MuleSoft, Hyperion, Sonatype, The Knot, Liquid Audio, Net Perceptions and Ace Metrix. She also currently serves as a Director of OptiMine. Ann serves on Seraphim Space's Investment Committee as an independent member to advise on and address any conflicts of interest.

## Directors' Report

The Directors present their Report for the year ended 30 June 2024. The Corporate Governance Report *below* is deemed to form part of this Report.

### Company Status

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

The Company is an investment company as defined in section 833 of the Companies Act 2006, approved as an investment trust in accordance with section 1158 of the Corporation Tax Act 2010 ('s.1158') and an alternative investment fund under the Alternative Investment Fund Managers Regulations. The Directors intend at all times to conduct the affairs of the Company to enable it to continue to qualify as an investment trust for the purposes of s.1158.

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

### Business Review

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

A detailed review of the Company's business and performance during the year, any future likely developments in the Company and the outlook for the Company are contained in the Strategic Report and should be read as part of this Report.

### Results and Dividends

The total comprehensive income for the year was a profit of £6.7m (2023: loss of £16.9m), comprising a loss of £3.7m (2023: loss of £4.5m) attributable to revenue and a profit of £10.5m (2023: loss of £12.4m) attributable to capital. As the Company is focused on generating capital growth over the long term and given the nature of the Company's investments, the Board does not anticipate recommending paying any dividends in the foreseeable future.

### Share Capital

As at 30 June 2024, the Company's issued share capital comprised 239,384,928 ordinary shares of £0.01 each, of which 2,186,344 ordinary shares were held in treasury. The total number of voting rights of the Company at 30 June 2024 was, therefore, 237,198,584.

Shareholders are entitled to all dividends paid by the Company (however, as stated above, the Company does not expect to pay dividends in the foreseeable future). On a winding up, provided the Company has satisfied all its liabilities, shareholders are entitled to the surplus assets of the Company. Shareholders are entitled to attend and vote at all general meetings of the Company and, on a poll, to one vote for each ordinary share held. Shares held in treasury have no rights to dividends, capital or vote.

There are:

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

### Share Issues and Buy-backs

The Board has not adopted any formal premium or discount targets which would dictate the point at which the Company would seek to issue or buy back ordinary shares.

During the year ended 30 June 2024, the Company did not issue any new ordinary shares

and bought back through the market 2,186,344 ordinary shares into treasury at an average price of 45.01p and for an aggregate consideration of £1.0m (the rationale for these buy-backs is set out opposite 'Share price discount' *below*). In the period since the year end to 14 October 2024, the Company did not issue or buy-back any shares.

The Company's current general authorities to allot for cash on a pre-emptive or non-pre-emptive basis up to 23,719,858 ordinary shares, representing c.10% of the ordinary shares in issue on the date the authority was granted, expires at the conclusion of the 2024 AGM. Ordinary resolution 9 and special resolution 10 will be proposed at the forthcoming AGM seeking renewal of such authorities to issue ordinary shares up to 10% of the ordinary shares in issue on the date the authorities are granted until the next AGM or 31 December 2025, whichever is the earlier. Unless specifically authorised by shareholders, no issue of ordinary shares (or sale of ordinary shares from treasury) on a non-pre-emptive basis will be made at a price less than the prevailing NAV per ordinary share at the time of issue (or sale).

The Company's current authority to make market purchases of up to 35,556,067 ordinary shares, representing 14.99% of the ordinary shares in issue on the date the authority was granted, expires at the conclusion of the 2024 AGM. Special resolution 11 will be proposed at the forthcoming AGM seeking renewal of this authority until the next AGM or 31 December 2025, whichever is the earlier. The Company may hold bought-back shares in treasury and then re-sell such shares (or any of them) for cash or cancel bought-back shares (or any of them). Shares will only be re-sold from treasury at a premium to the NAV per share.

### Major Interests in Shares

At 30 June 2024 and 30 September 2024, the Company had been notified under the FCA's Disclosure Guidance and Transparency Rules or was otherwise aware of the following shareholders who were directly or indirectly interested in 3% or more of the voting rights in the Company's issued share capital:

| Holder                                     | % of voting rights<br>30 June 2024 | % of voting rights<br>30 September 2024 |
|--|------------------------------------|---|
| British Business Bank Finance              | 14.07                              | 14.07                                   |
| Schroders                                  | 11.08                              | 10.57                                   |
| Hargreaves Lansdown Asset Mgmt             | 7.15                               | 7.36                                    |
| RBC Brewin Dolphin                         | 5.49                               | 5.26                                    |
| RBC Dominion Securities                    | 5.27                               | 5.27                                    |
| Asset Value Investors Limited (UK)         | 3.92                               | 4.53                                    |
| Airbus Defence & Space Limited             | 3.69                               | 3.69                                    |
| Interactive Investor Services Limited (UK) | 3.40                               | 3.53                                    |

### Directors

The names and biographical details of the Directors who all served throughout the year are shown *below*. Details of the interests of the Directors and their connected persons in the Company's ordinary shares, the Directors' remuneration policy and their remuneration can be found in the Directors' Remuneration Report *below*. No Director has a service contract with the Company and there are no agreements between the Company and its Directors providing for compensation for loss of office.

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

In line with the AIC Code and the Company's Articles of Association, all of the Directors are retiring at the forthcoming AGM and each offers themselves for re-election. The Board has reviewed the performance and commitment of the Directors standing for re-election and considers that each should continue to serve on the Board as they bring wide, current and relevant experience that allows them to contribute effectively to the leadership of the Company and have demonstrated full commitment to and independence in their roles.

### Directors' Insurance and Indemnification

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

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

### Related Party and Investment Manager Transactions

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

Details of amounts paid to the Investment Manager during the year are included in note to the financial statements *below*. During the year, the Investment Manager recharged the Company for £116k of third-party expenses it incurred on the Company's behalf. There were no amounts outstanding to the Investment Manager at 30 June 2024.

As explained *below*, in April 2024, the Company announced the sale of nine early stage portfolio companies to the Venture Fund for a total consideration of £3.8m, settled through the issuance of an interest for the Company in the Venture Fund. The Investment Manager also acts as investment manager to the Venture Fund.

### Risks and Risk Management

The principal risks and uncertainties facing the Company are set out *below*. Further details of the Company's key financial risks are set out in note 14 to the financial statements *below*.

### Going Concern

In light of the conclusions drawn in the longer-term viability statement *below* and as set



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

#### **Disclosure of Information to the Company's Auditor**

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

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

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

#### **Independent Auditor**

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

#### **Annual Report**

As disclosed in the Audit Committee Report *below*, after due consideration the Audit Committee concluded that this Annual Report, taken as a whole, is fair, balanced and understandable. Therefore, the Board is of the opinion that this Annual Report provides the information necessary for shareholders to assess the position and performance, strategy and business model of the Company.

#### **Events After the Balance Sheet Date**

Save as disclosed in note 17 to the financial statement *below*, there have been no significant events since 30 June 2024.

#### **2024 AGM**

The next AGM will be held at 1 Fleet Place, London, EC4M 7WS (GPS postcode EC4M 7RA) at 11.00 on 26 November 2024. The formal notice convening the AGM, together with an explanation of the resolutions to be considered at it, will be sent to shareholders in due course and a copy of the notice will be published on the Company's website (<https://investors.seraphim.vc>).

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

#### **Articles of Association**

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

#### **UK Listing Rule 9.8.4C**

The FCA's UK Listing Rule 9.8.4C requires the Company to include certain information in a single identifiable section of the Annual Report or a cross-reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this regard.

#### **Approval**

This Directors' Report was approved on 14 October 2024.

On behalf of the Board:

**Will Whitehorn**

Chair

14 October 2024

## **Corporate Governance Report**

### **Corporate Governance Framework and Compliance**

The FCA's Disclosure Guidance and Transparency Rules (the '**Disclosure Rules**') require listed companies to disclose how they have applied the principles and complied with the provisions of the UK Corporate Governance Code issued by the Financial Reporting Council (the '**FRC**') in July 2018 (the '**UK Code**'). The UK Code can be viewed at [www.frc.org.uk](http://www.frc.org.uk). In January 2024 the Financial Reporting Council updated the UK Code which will apply to financial years beginning on or after 1 January 2025.

The related Code of Corporate Governance issued by the Association of Investment Companies (the '**AIC**') in February 2019 (the '**AIC Code**') addresses the principles and provisions set out in the UK Code, as well as setting out additional provisions on issues that are of specific relevance to listed closed-ended investment companies, such as the Company. The AIC Code is available on the AIC website ([www.theaic.co.uk](http://www.theaic.co.uk)). In August 2024 the AIC Code was updated and endorsed by the FRC, the 2024 AIC Code applies to accounting periods beginning on or after 1 January 2025, with the exception of Provision 34 which will apply to accounting periods beginning on or after 1 January 2026. It includes an explanation of how the AIC Code adapts the principles and provisions set out in the UK Code to make them relevant for listed closed-ended investment companies. The FRC has endorsed the AIC Code and confirmed that AIC member companies who report against the AIC Code will be meeting their obligations in relation to the UK Code and the associated disclosure requirements of the Disclosure Rules.

The Company is a member of the AIC and the Board considers that reporting against the principles and provisions of the AIC Code provides more relevant information on the Company's governance arrangements to shareholders than reporting against the principles and provisions of the UK Code.

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

Nomination Committee Reports *below* are deemed to form part of this Report. The Board confirms that the Company complied with the relevant principles and provisions of the AIC Code during the year.

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

## **Board Leadership and Purpose**

### ***Role of the Board***

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

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

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

### ***Company purpose and strategy***

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

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

### ***Culture and values***

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

The Board operates in an open, respectful and inclusive manner, where differences of perspective are welcomed and constructive challenge is encouraged. Advice and input are sought from external advisers and others, as required, to ensure a broad range of views are available and to guard against groupthink.

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

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

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

### ***Conflicts of interest***

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

The Board has a procedure in place to deal with conflict situations. As part of this process, Directors must submit any actual or potential conflict situations they may have to the Board for approval as soon as possible. In deciding whether to approve a conflict situation, the Board will act in a way it considers, in good faith, will be most likely to promote the Company's success, taking into consideration whether the Director's ability to act in accordance with their wider duties is affected. The Company Secretary maintains the register of approved conflict situations (which also includes a list of other external positions held). Directors have a duty to keep the Board updated about any changes to their approved conflict situations. In certain circumstances the conflicted Director may be required to absent themselves from discussions or decisions on the matter on which they are conflicted. No such circumstances arose in the year. None of the Directors have, or have had, any potential conflicts of interest of the nature listed in provisions 6 and 12 of the AIC Code.

The Board also has a procedure in place to manage potential conflicts of interest of the Investment Manager. These can arise, for example, where share options and/or warrants

have been granted to an affiliate of the Investment Manager by a participant in an accelerator programme run by that affiliate and the Company subsequently has the opportunity to invest in the participant. In such instances, only the independent advisory committee members of the Investment Manager's Investment Committee (listed *below*) consider the investment at the Investment Committee meeting, and the final stage of the Board's conflict management process requires any such investment to be approved by the Board before it is made. Details of potential conflicts of interest of the Investment Manager that arose during the year are set out opposite 'Investment approvals' *below*.

### **Division of Responsibilities**

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

### **Board**

The Board's principal responsibilities include:

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

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

- approving SSIT's long-term objectives and any matters of a strategic nature, including any change in investment objective, policy and restrictions, including those which may need to be submitted to shareholders for approval;
- the appointment and removal of key service providers and any material amendments to the Company's agreements with them;
- approval of any other material contracts and agreements entered into, varied or terminated;
- approving any transactions with related parties;
- approval of quarterly and any ad hoc NAV and other financial announcements;
- approval of the Company's operating and marketing budgets;
- the Company's corporate governance arrangements; and
- approving any actual or potential conflicts of interest, including any potential investments in respect of which the Investment Manager may have a potential conflict of interest.

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

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

### **Chair**

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

- ensuring the overall effectiveness of the Board in directing the Company;
- taking a leading role in setting the Company's strategic objectives;
- facilitating open, honest and constructive debate among Directors and the effective contribution of all Directors;
- ensuring the Company is meeting its responsibilities to shareholders and wider stakeholders; and
- engaging with shareholders to ensure that the Board has a clear understanding of their views.

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

### **Senior Independent Director ('SID')**

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

### **Board Committees**

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

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

#### **Investment Manager**

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

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

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

#### **Administrator/Company Secretary**

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

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

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

#### **Board and Committee Meetings**

Regular Board and Committee meetings are scheduled throughout the year (Board: four; Audit Committee: eight, including four valuation meetings; Management Engagement Committee: one; Remuneration and Nomination Committee: one). In addition, the Board and Committees meet between scheduled meetings in preparation for or follow-up after scheduled meetings and any other matters that may arise between scheduled meetings. The Company also holds an annual strategy meeting to enable the Directors to consider strategic matters outside of standard Board meetings.

The Company Secretary assists the Board and Committee Chairs in agreeing the agenda in sufficient time before the meeting to allow input from key stakeholders. Care is taken to ensure that papers are presented clearly and with the appropriate level of detail and delivered in a timely manner in advance of the relevant meeting to ensure the Directors have sufficient time to prepare properly for the meeting and to make further enquiries about any matter prior to the meeting, should they so wish. This also allows any Director who is unable to attend to submit views in advance of the meeting.

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

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

## Attendance at meetings

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

|                        | Board | Audit Committee | Remuneration and Nomination Committee | Management Engagement Committee |
|------------------------|-------|-----------------|---------------------------------------|---------------------------------|
| <i>No. of meetings</i> | 4     | 8               | 1                                     | 1                               |
| Will Whitehorn         | 4     | 8               | 1                                     | 1                               |
| Sue Inglis             | 4     | 8               | 1                                     | 1                               |
| Angela Lane            | 4     | 8               | 1                                     | 1                               |
| Christina McComb       | 4     | 8               | 1                                     | 1                               |

In addition to the scheduled meetings, there were two ad hoc Board and Committee meetings during the year. Typically, all Directors attend ad hoc meetings, although this is not always feasible or necessary and Directors who are unable to attend a meeting can communicate their views ahead of the meeting. The Board also meets from time to time on an informal basis to discuss, in particular, developments affecting the Company and progress on identified workstreams.

## Board Composition and Succession

### Board composition and independence

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

The current Board was selected to bring a breadth of professional skills, experience and knowledge relevant to the Company's structure and strategy. Three of the Directors were appointed prior to the IPO and the fourth joined the Board on 1 January 2022. Details of the Directors, including their professional skills and experience, are set out *below*.

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

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

### Board diversity

In accordance with the FCA's UK Listing Rules 14.3.33, we are required to disclose on a 'comply or explain' basis whether the Board has met the following targets: (a) at least 40% of the Board should be women; (b) at least one of the senior Board positions should be held by a woman; and (c) at least one member of the Board should be from a minority ethnic background. The required disclosures are set out in the tables below and are based on information provided by individual Directors in response to a request from the Administrator.

As an externally managed investment company with solely non-executive Directors, the Company does not have a chief executive or a chief financial officer (both being 'senior positions' under the relevant FCA UK Listing Rule) and has no employees. Accordingly, no disclosures about executive management positions have been included. However, given the nature of the Company, the Board considers the chair of the Audit Committee to be senior positions and, therefore we have added a further (last) column to the prescribed tables below to show the Board-defined senior positions.

#### Board gender representation at 30 June 2024

|                                 | No. of Board members | % of Board | No. of senior positions on Board (Chair, SID) | No. of Board-defined senior positions (Chair, SID, Audit Committee Chair) |
|---------------------------------|----------------------|------------|---|---|
| Men                             | 1                    | 25%        | 1   | 1   |
| Women                           | 3                    | 75%        | 1   | 2   |
| Other categories                | -                    | -          | -   | -   |
| Not specified/prefer not to say | -                    | -          | -   | -   |

#### Board ethnicity representation at 30 June 2024

|  | No. of Board members | % of the Board | No. of senior positions on Board (Chair, SID) | No. of Board-defined senior positions (Chair, SID, Audit Committee Chair) |
|--|----------------------|----------------|---|---|
|--|----------------------|----------------|---|---|

|  |   |     |   |   |
|--|---|-----|---|---|
| White British or other White (including minority-white groups) | 4 | 100 | 2 | 3 |
| Mixed/Multiple Ethnic groups                                   | - | -   | - | - |
| Asian/Asian British  | - | -   | - | - |
| Black/African/Caribbean/Black British                          | - | -   | - | - |
| Other Ethnic group, including Arab                             | - | -   | - | - |
| Not specified/ prefer not to say                               | - | -   | - | - |

As shown in the tables above, the Board has met the gender-based diversity targets but has not met the ethnicity-based diversity target. The Board supports the principle of boardroom diversity, of which gender and ethnicity are important aspects. The Company's policy is that the Board should be comprised of Directors who collectively display the necessary balance of professional skills, experience, perspectives and length of service and that appointments to the Board should be made on merit, against objective criteria, including diversity in its broadest sense.

The objective of the of the Company's diversity policy is to have a broad range of professional skills, knowledge, experience, backgrounds, approaches and length of service represented on the Board. The Board believes that this ensures that there is a breadth of perspectives among the Directors and the challenge needed to support good decision-making and, ultimately, will make the Board more effective in promoting the long-term sustainable success of the Company and generating value for shareholders. Consequently, achieving a diversity of perspectives and backgrounds on the Board is a key consideration in any Director search process.

As part of its annual evaluation of the composition of the Board, the Remuneration and Nomination Committee debated whether it would be in shareholders' interests to recruit, at this stage, a Director that would allow the Board to meet the ethnicity-based diversity target referred to above. As explained in its Report *below*, the Remuneration and Nomination Committee decided against recruiting an ethnically diverse Director at this time.

#### **Appointments to the Board**

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

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

When considering new appointments, the Committee also takes into account other demands on the candidates' time. In advance of joining the Board, successful candidates will be asked to disclose any existing significant commitments with an indication of the time involved and to confirm that they are able to allocate sufficient time to the business of the Company and that there are no situations where they have, or could have, a direct or indirect interest that conflicts, or possibly could conflict, with the Company's interests.

Directors are not appointed for any specific term and are subject to election at the first AGM following their appointment and, thereafter, annual re-election at AGMs appointment and may resign by notice in writing to the Board at any time. At the time of appointment, a new Director receives a letter of appointment that sets out their duties and obligations. Copies of the letters of appointment of the current Directors are available for inspection at the Company's registered office and at each AGM.

#### **Board induction and training**

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

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

#### **Information and support**

To enable the Board to function effectively and the Directors to discharge their responsibilities, the Directors are regularly updated on investment, financial, investor and other stakeholder engagement and other matters. In addition to periodic reporting at scheduled Board and Committee meetings, the Directors receive, and may request, ad hoc information from the Investment Manager, Administrator and other key service providers.

The Directors have access to the advice and services of the Administrator. In addition, there is a procedure in place for Directors to take independent professional advice at the Company's expense should this be required to aid them in their duties. No such independent professional advice was sought during the year under review.

### ***Time commitment***

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

### ***Election and re-election by shareholders***

Directors are required to stand for election at the first AGM following their and annual re-election at each subsequent AGM. Directors' appointments are reviewed by the Remuneration and Nomination Committee ahead of their submission for election or re-election, with submission being contingent on satisfactory performance evaluation and their willingness to continue to act.

If, at a general meeting at which a Director retires, the Company neither re-elects that Director nor appoints another person to the Board in the place of that Director, the retiring Director shall, if willing to act, be deemed to have been re-elected unless at the general meeting it is resolved not to fill the vacancy or a resolution for the re-election of the Director is put to the meeting and not passed.

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

### ***Board tenure***

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

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

### ***Succession planning***

The Remuneration and Nomination Committee is responsible for succession planning and its approach to succession planning is explained in its Report *below*.

### ***Annual Performance Evaluations Board, Committees, Chair and individual Directors***

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

### ***Investment Manager***

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

### ***Administrator and other key service providers***

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

### ***Risk Management and Internal Controls***

A critical factor in achieving the long-term sustainable success of the Company is understanding the risks that the Company faces and ensuring that controls are in place to manage and mitigate them. The Company's principal and emerging risks, together with details of how we seek to manage and mitigate them, are set out in the Strategic Report. The Company's financial risks are discussed in note 14 to the financial statements *below*.

### ***Responsibility for risk management and internal controls***

The Board is responsible for determining the nature and extent of the principal and emerging risks the Company is willing to take in order to achieve its long-



term strategic objectives. The Board is also responsible for maintaining the Company's systems of risk management and internal controls (such as financial, operational and compliance controls).

***Risk management and internal control systems***

The Board, through the Audit Committee, has established, in conjunction with the Investment Manager and Administrator, an ongoing process that is designed to identify, manage and mitigate on a timely basis both the principal and emerging risks inherent to the Company's business and activities and safeguard the Company's assets. The process takes account that the Company has delegated its day-to-day activities to the Investment Manager and Administrator and has clearly defined their roles, responsibilities and authorities. The Investment Manager, which is regulated by the FCA, and Administrator have their own risk management and internal control systems that operate on an ongoing basis. The Administrator has an annual type 2 report produced under the International Standard on Assurance Engagements (ISAE) 3402, which entails an independent rigorous examination and testing of its controls and processes.

The Company has a risk-based approach to risk management and internal controls through a detailed matrix that identifies each of the key risk associated with the Company's business and activities and the controls employed to mitigate those risks. Accordingly, the process seeks to manage rather than eliminate the risk of failure to achieve the Company's business objectives and provides reasonable, but not absolute, assurance against material misstatement or loss.

The Audit Committee is responsible for monitoring and regularly reviewing the Company's risk management and internal control process, including the risk matrix, and reports its findings and conclusions to the Board. Where changes in risk are identified during the year, the risk matrix is updated as appropriate and an assessment made as to whether further action is required to manage and/or mitigate the changes identified and then the updated risk matrix is recommended by the Audit Committee to the Board for approval.

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

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

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

Each year a detailed review of the quality of services and performance of the Investment

Manager, Administrator and other key service providers pursuant to their terms of engagement is undertaken by the Management Engagement Committee.

The Company's risk management and internal control systems accord with the AIC Code and the FRC's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' were in operation, and did not change materially, throughout the year and up to the date of this Report.

#### ***Effectiveness of risk management and internal controls***

The AIC Code requires the Board to review the effectiveness of the Company's systems of risk management and internal controls at least annually. At its October 2024 meeting, the Audit Committee carried out an annual assessment of the Company's risk management and internal controls for the year ended 30 June 2024 and took into account events since the year end. The Committee determined that the risk management and internal controls were operating effectively and as expected.

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

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

#### **Internal Audit Function**

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

#### **Relations with Shareholders and Other Stakeholders**

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

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

#### **Approval**

This Corporate Governance Report was approved by the Board on 14 October 2024.

On behalf of the Board:

#### **Will Whitehorn**

Chair  
October 2024

#### **Audit Committee Report**

Angela Lane

I am pleased to present my report as Chair of the Audit Committee. All Board members are also members of the Committee.

The Committee members have considerable business and financial experience. In particular, I am a Fellow of the Institute of Chartered Accountants in England and Wales. The AIC Code permits the Chair of the Board to be a member of the Committee and the Board believes that Will Whitehorn's SpaceTech industry experience and knowledge is a significant benefit to the Committee. The Board considers that the membership of the Committee as a whole has sufficient recent and relevant sector and financial experience to discharge the responsibilities of the Committee. All members of the Committee are independent of the Company's Auditor, Investment Manager and Administrator.

The role of the Committee is to assist the Board in protecting shareholders' interests through fair, balanced and understandable financial reporting, ensuring effective internal controls and maintaining an appropriate relationship with the Company's Auditor. The Committee operates to a forward-planned agenda linked to the Company's financial

calendar. The Committee meets eight times a year (four valuation meetings and four meetings to, amongst other matters, approve the quarterly NAVs) and at such other times as the Committee Chair shall require.

Representatives of the Investment Manager and Administrator attend Committee meetings and the Committee Chair may invite other external specialists as and when deemed appropriate. The Auditor attends the Committee meeting at which the Annual Report is considered and such other meetings as may be agreed with the Committee Chair. At least once a year the Committee meets with the Auditor without any representative of the Investment Manager or Administrator being present.

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

#### **Key responsibilities**

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

#### **Principal Activities**

The Committee met eight times during the year and two times in the subsequent period to the date of this Report. In addition, there was ongoing liaison and discussion between the Auditor (BDO LLP), Investment Manager, Administrator and me with regard to the audit approach and progress and other matters pertinent to the Committee.

The main matters reviewed and discussed at its meetings included:

- the Investment Manager's valuation approach and the quarterly valuations of the Company's investments prepared by the Investment Manager;
- SSIT's key risks, including emerging risks, and its risk matrix;
- the adequacy and effectiveness of the Company's risk management and internal control systems;
- SSIT's costs budget and costs incurred relative to budget;
- SSIT's ability to continue as a going concern and of its longer-term viability;
- SSIT's periodic financial statements, including accounting policies;
- the format and content of the Annual and Interim Reports, associated results announcements and related matters;
- whether there is a need for an internal audit function;
- the Financial Reporting Council's latest Annual Review of Audit Quality Report and its Audit Quality Inspection and Supervision Report on BDO LLP;
- the Auditor's independence, fee and terms of engagement; and
- the audit plan of the Auditor and its implementation.

#### **Significant Areas of Judgement**

The most significant risk of misstatement of the Company's financial statements relates to the valuations of SSIT's private company investments, which are held at fair value through profit or loss and represent a significant proportion of the Company's net assets (83.3% as at 30 June 2024), as their valuations the use of estimates, assumptions and judgements. Whilst the Administrator calculates the NAV, the most significant input to calculating the NAV is the valuations of the Company's investments, which are prepared by the Investment Manager. Accordingly, there is also an inherent risk of management override as the Investment Manager's performance fee is calculated based on NAV (see note 4 to the financial statements *below* for details of the performance fee). Valuations are subject to review by the Committee and approval by the Board.

The Company's private company investments are predominantly early or growth stage companies. Valuations are prepared in accordance with the IPEV Valuation Guidelines and the Investment Manager's valuation policy, which is formally reviewed by the Audit Committee on at least an annual basis and is approved by the Board. The Investment Manager's Report approach to valuation of investments is outlined in its Report *below* and notes 2 and 8 to the financial statements *below* respectively.

On a quarterly basis, the Investment Manager provides a detailed analysis of the proposed valuations of the Company's investments with supporting materials. These are initially reviewed and discussed in detail by the Committee at a valuation meeting and the Committee, as necessary, challenges the analysis and supporting materials, including the methodology and integrity of the valuations, and may request additional information. The final proposed valuations are then considered by the Committee at its meeting to approve the quarterly NAV. Once the Committee has satisfied itself that the key estimates, assumptions and judgements used in the valuations are appropriate and that the investments have been fairly valued, it recommends the valuations for approval by the Board.

The Auditor has explained the results of its audit work on valuations in its Report *below*. There were no adjustments proposed that were material in the context of this Annual Report as a whole.

#### **Risk Management and Internal Controls**

Under the AIC Code, the Board is required to establish procedures to manage risk, oversee the internal control framework and determine the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives. A principal role of the Committee is to assist the Board in this regard. Details of the Company's risk management and internal controls framework are set out under 'Principal Risks and Uncertainties' *below*. The Company's principal and emerging risks, together with details of how the Board seeks to manage and mitigate them, are also set out under 'Risk and Risk Management' *below*. The Committee continued to monitor the effectiveness of the Company's risk management and internal controls framework during the year, making changes as required.

The AIC Code requires the Board to review the effectiveness of the Company's risk management and internal controls systems at least annually. At its October 2024 meeting, the Committee carried out an annual assessment of the Company's risk management and internal control systems for the year ended 30 June 2024 and took into account events subsequent to the year end. No significant weaknesses in the systems were identified and the Committee concluded that they were operating effectively and as expected.

### **Financial Reporting**

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

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

To aid its review, the Committee considers reports from the Administrator and Investment Manager and, in relation to the Annual Report, the report from the Auditor on the outcome of its annual audit. Information on the assessment of SSIT's longer-term viability is set out in the Strategic Report.

Having completed a comprehensive review of this Annual Report and made enquiries of the various parties involved in its preparation, the Committee concluded that this Annual Report, taken as a whole, is fair, balanced and understandable and provides the necessary information for shareholders to assess the Company's financial position, performance, business model and strategy. The Committee reported its conclusion to the Board.

### **Internal Audit**

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

### **Auditor**

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

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

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

Following this review, the Audit Committee was satisfied that BDO LLP had carried out its duties in a diligent and professional manner and provided a high level of service.

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

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

the relevant ethical standards.

Details of the audit fees paid to BDO LLP in respect of the year under review and the prior year are set out in note 5 to the financial statements *below*. During the last three financial years, BDO LLP was paid non-audit fees of £210k (including VAT) in relation to share issue and valuation work completed before the IPO. Notwithstanding such non-audit services, the Committee considered BDO LLP to be independent of the Company and that the provision of such services was not a threat to BDO LLP's objectivity and independence.

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

Having satisfied itself as to the effectiveness of the audit process and independence of BDO LLP as the Company's Auditor, the Committee recommended to the Board that BDO LLP be reappointed as Auditor for the year ending 30 June 2024. Accordingly, a resolution proposing the reappointment of BDO LLP as the Auditor will be put to shareholders at the 2024 AGM.

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

#### **Committee Evaluation**

The Audit Committee's composition and activities are reviewed annually as part of the Board's annual performance evaluation undertaken by the Remuneration and Nomination Committee (see the Remuneration and Nomination Committee Report *below* for further information). Having completed the annual evaluation process in May 2024, the Remuneration and Nomination Committee concluded that the Audit Committee had the right balance of membership in terms of breadth of professional skills, experience and knowledge relevant to the Company's structure and strategy and was operating effectively with the appropriate level of diligence and challenge.

#### **Approval**

This Audit Committee Report was approved on 14 October 2024.

On behalf of the Committee:

#### **Angela Lane**

Audit Committee Chair

14 October 2024

## **Management Engagement Committee Report**

Christina McComb

I am pleased to present my report as Chair of the Management Engagement Committee. All Board members are also members of the Committee.

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

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

#### **Key responsibilities**

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

#### **Principal Activities During the Year** **Evaluation of the Investment Manager**

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

The Committee met in May 2024 for the purpose of the formal annual evaluation of the Investment Manager's performance and to review the terms of the Investment Management Agreement (details of which are included under 'Investment Manager' *below* and in note 4 to the financial statements *below*), including the fee provisions. The Committee reviewed a detailed questionnaire completed by the Investment Manager, which included sections on the Investment Manager's systems, controls and policies. The results of the detailed questionnaire completed by the Directors and the Investment Manager in connection with the Board evaluation, to the extent that they were relevant to the Investment Manager evaluation, were also reviewed. Other factors reviewed included:

Investment Manager evaluation, were also reviewed. Other factors reviewed included:

- depth, quality and continuity of the Investment Manager's team responsible for SSIT;
- investment results achieved to date;
- the Investment Manager's engagement with the Board, investors and other key stakeholders;
- the Investment Manager's ongoing commitment to promoting the Company;
- the Investment Manager's compliance with contractual arrangements and duties, including compliance with SSIT's investment policy;
- the methodology and level of the management fees, and where relevant the performance fees (see note 4 to the financial statements *below* for details) and the other terms of the Investment Management Agreement, having regard to those of comparable listed investment companies; and
- the Investment Manager's culture and its strategy and goals for developing its business.

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

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

#### **Evaluation of other key service providers**

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

At its meeting in May 2024, the Committee undertook the formal annual evaluation of the other key service providers' performance and reviewed their respective remuneration. The Committee reviewed a detailed questionnaire completed by the other key service providers, which included sections on their systems, controls and policies. In most instances, relationships with the other key service providers are managed by the Investment Manager and/or Administrator and Company Secretary on behalf of the Board and the Committee considered feedback received from them regarding the levels of service provided by, and relationships with, the other key service providers.

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

#### **Committee Evaluation**

The Management Engagement Committee's composition and activities are reviewed as part of the Board's annual performance evaluation undertaken by the Remuneration and Nomination Committee (see the Remuneration and Nomination Committee Report *below* for further information). Having completed the annual evaluation process in May 2024, the Remuneration and Nomination Committee concluded that the Management Engagement Committee had the right balance of membership and was discharging its duties effectively.

#### **Approval**

This Management Engagement Committee Report was approved on 14 October 2024.

On behalf of the Committee:

#### **Christina McComb**

Management Engagement Committee Chair

14 October 2024

## **Remuneration and Nomination Committee Report**

Sue Inglis

I am pleased to present my report as Chair of the Remuneration and Nomination Committee. All Board members are also members of the Committee. Individual Directors are not involved in decisions connected with their own appointments.

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

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

**Key responsibilities**

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

**Principal Activities During the Year*****Annual evaluation of Board, Committees and Directors***

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

The evaluations, which were facilitated by the Company Secretary and undertaken during May 2024, consisted of performance appraisals, questionnaires and discussions to determine effectiveness and performance in various areas. The areas considered included (a) the composition, knowledge, professional skills and independence of the Board and its standing Committees, (b) governance and processes, (c) the contributions of individual Directors to the work of the Board and its standing Committees, (d) the relationships and communication between the Directors, as well as between the Board and the Investment Manager, the Administrator and other key service providers, (e) investment matters, (f) shareholder engagement delivering shareholder value and (g) key priorities for the financial year ending 30 June 2025. The Committee also sought the views of the Investment Manager as part of the evaluation process. The performance evaluation of the Chair was led by Sue Inglis as the Company's Senior Independent Director and Chair of the Committee.

Following review and discussion of the evaluation results, the Committee concluded, at its scheduled meeting in May 2024, that:

- each Director continued to be independent in character and judgement, their professional skills, experience and knowledge were a significant benefit to the Board and its Committees and they had demonstrated their ability to commit the time required to fulfil their responsibilities;
- the Directors (individually and collectively as the Board and members of the standing Committees) had been operating effectively;
- the Board and each of its Committees had a good balance of relevant professional skills, experience and knowledge relevant to the Company's structure and strategy; and
- there were no specific additional training requirements for any of the Directors.

The Committee was cognisant that the Board does not currently have at least one member from a minority ethnic background (contrary to the FCA's target for listed companies) and had a robust debate as to whether to recruit an ethnically diverse Director in the near future. Based on SSIT's current size, the Committee concluded a Board of four Directors was appropriate and, accordingly, the recruitment of an ethnically diverse Director would either require an existing Director to stand down or add additional cost for the Company. The Committee noted the outcome of the evaluation of the current Directors, Board and standing Committees referred to above and agreed that the Board and standing Committee structures, sizes and compositions were appropriate at this stage in the Company's life. The Committee also noted that all Directors had been in office for less than four years. The Committee concluded that shareholders' interest would not be best served by recruiting an ethnically diverse Director at this stage. However, the Committee supports the principle of boardroom diversity, including ethnic diversity, and agreed that ethnic representation will be an important consideration in future Board appointments.

The Committee agreed at the proposed re-election of each Director at the 2024 AGM should be recommended.

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

***Annual review of Directors' remuneration***

Details of the annual review of Directors' fees and its outcome can be found in the Directors' Remuneration Report *below*.

### **Other routine activities**

The Committee also reviewed:

- the Board's policies on diversity and Board tenure and recommended them to the Board for approval (see 'Board diversity' *below* and 'Board tenure' *below* for details of these policies, as approved by the Board);
- the Board's succession plan; and
- the Directors' remuneration policy and concluded that no changes were required in respect of the year ending 30 June 2024.

### **Succession planning**

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

The aim of the Company's succession plan is:

- to preserve continuity by phasing the retirement of the original Directors so that they do not all retire at once after serving nine years;
- to ensure the necessary balance of professional skills, experience, perspectives and length of service is maintained.

The Committee intends to use non-executive director recruitment consultants and/or open advertising when recruiting new Directors in the future. In line with our commitment to robust governance and continuity, we anticipate the succession of the original Directors will be staggered and take place in the coming years to ensure a seamless transition whilst maintaining the strategic direction of the Company. The process for recruiting additional Directors is described under 'Appointments to the Board' *below*.

### **Committee Evaluation**

The Committee's composition and activities are reviewed as part of the annual Board evaluation process. As noted above, the last annual Board evaluation process was completed in May 2024, with the Committee concluding it was operating effectively with the right balance of membership and professional skills.

### **Approval**

This Remuneration and Nomination Committee Report was approved on 14 October 2024.

On behalf of the Committee:

### **Sue Inglis**

Remuneration and Nomination Committee Chair

14 October 2024

## **Directors' Remuneration Report**

This Report has been prepared by the Directors in accordance with the requirements of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. By law, the Company's Auditor is required to audit certain of the disclosures provided in this Report. Where disclosures have been audited, they are indicated as such. An ordinary resolution for the approval of this Report (excluding the 'Remuneration Policy' section) will be put to shareholders at the Company's AGM on 26 November 2024.

### **Annual Statement from the Chair of the Board**

The Company's remuneration policy, which is set out below, is subject to shareholder approval every three years or sooner if an alteration to the policy is proposed. The remuneration policy was approved at the AGM held on 17 November 2022 and no changes to the policy are proposed. It is intended that the current remuneration policy will continue in force until the AGM in 2025.

The Directors' remuneration has been set in order to attract individuals of a calibre appropriate to the future development of the Company. For the year ended 30 June 2024, the Directors' remuneration was set at £50,000 per annum for each Director (and has remained unchanged since the Company's IPO in 2021). Following the Remuneration and Nomination Committee's most recent annual review of Directors' fees in May 2024, the Board approved the Committee's recommendation that the fee should be increased by 5% to £52,500 per annum for each Director effective 1 July 2024. The Company's flat fee structure for Directors' is unusual but, having assessed the Directors' respective contributions and activities in promoting the long-term sustainable success of the Company and generating value for shareholders, the Remuneration and Nomination Committee concluded that the structure remained appropriate as a fair reflection of those contributions. The Remuneration and Nomination Committee did not receive independent advice or services in respect of its review of the Directors' remuneration but did consider the level of directors' fees paid by comparable UK-listed investment companies.

### **Remuneration Policy**

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

The Company's Articles of Association limit the aggregate fees payable to the Directors to £500,000 per annum (any change to that limit requires shareholder approval). Within that limit, it is the responsibility of the Board as a whole to determine and approve the



initially, it is the responsibility of the Board as a whole to determine and approve the Directors' fees, following a recommendation from the Remuneration and Nomination Committee. The fees are fixed and payable in cash, quarterly in arrears. Annual fees are pro-rated where a change takes place during a financial year. Directors have no entitlement to pensions or pension-related benefits, medical or life insurance schemes, share options or long-term incentive schemes.

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

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

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

#### Annual Report on Directors' Remuneration (Audited Information)

The table below shows all remuneration earned by each individual Director during the year.

|                  | Role  | 30 June 2024<br>£ | 30 June 2023<br>£ |
|------------------|---|-------------------|-------------------|
| Will Whitehorn   | Chair   | 50,000            | 50,000            |
| Sue Inglis       | Senior Independent Director and Remuneration and Nomination Committee Chair | 50,000            | 50,000            |
| Angela Lane      | Audit Committee Chair   | 50,000            | 50,000            |
| Christina McComb | Management Engagement Committee Chair                                       | 50,000            | 50,000            |
| <b>Total</b>     |   | <b>200,000</b>    | <b>200,000</b>    |

None of the Directors received any taxable benefits or other remuneration or additional discretionary payments during the year from the Company (2023: £NIL).

#### Changes in Directors' Remuneration

The table below shows the percentage changes in the level of Directors' fees from year to year since the Company's IPO in 2021.

|                               | Change - year ending/ended |              |              |              |
|-------------------------------|----------------------------|--------------|--------------|--------------|
|                               | 30 June 2025               | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| Annual fixed fee per Director | 5.0%                       | --           | -            | -            |

#### Relative Importance of Spend on Pay

The remuneration of the Directors with respect to the year totalled £200,000 (2023: £200,000). As explained under 'Target Returns and Dividend Policy' below, the Directors to manage the Company's affairs to achieve shareholder returns through capital growth rather than income. Therefore, no dividends have been declared or paid during the year (2023: none) and a comparison of amounts paid to Directors against distributions to shareholders would not be relevant.

#### Directors' Interests (Audited Information)

The Directors who held office during the year and their interests (including the interests of their connected persons, where applicable) in the ordinary shares of the Company at 30 June 2024 are shown in the table below. There have been no changes to the Directors' interests between 30 June 2024 and the date of this Report.

|                  | 30 June 2024<br>Ordinary shares | 30 June 2023<br>Ordinary shares |
|------------------|---------------------------------|---------------------------------|
| Will Whitehorn   | 130,000                         | 100,000                         |
| Sue Inglis       | 50,000                          | 50,000                          |
| Angela Lane      | 47,000                          | 27,284                          |
| Christina McComb | 41,706                          | 25,000                          |

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

#### Statement of Voting at Annual General Meeting

An ordinary resolution to approve the Directors' remuneration policy requires to be put to shareholders at least every three years and an advisory ordinary resolution to approve the Directors' Remuneration Report (excluding the Directors' remuneration policy) requires to be put to members at each AGM. The results of the last resolutions put to shareholders, which were both proposed on polls, were as set out in the table below.

|  | Votes for  |      | Votes against |     | Total votes | Votes withheld |
|--|------------|------|---------------|-----|-------------|----------------|
|  | No.        | %    | No.           | %   | No.         | No.            |
| Approval of Directors' remuneration policy at 2022 AGM                             | 88,012,818 | 99.6 | 356,387       | 0.4 | 88,369,005  | 72,047         |
| Approval of Directors' remuneration report for year ended 30 June 2023 at 2023 AGM | 82,850,000 | 99.4 | 528,249       | 0.6 | 83,378,249  | 23,459         |

#### Approval

This Directors' Remuneration Report was approved by the Board on 14 October 2024.

On behalf of the Board:

## Directors' Responsibilities Statement

### Responsibilities

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

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

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

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

The Directors are responsible for:

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

### Website Publication

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

### Responsibility Statement

The Directors confirm to the best of their knowledge that:

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

This responsibility statement was approved by the Board on 14 October 2024.

On behalf of the Board

**Will Whitehorn**  
Chair  
14 October 2024

## Statement of Comprehensive Income For the year ended 30 June 2024

|  | Note | Year ended<br>30 June 2024 |                  |                | Year ended<br>30 June 2023 |                  |                 |
|--|------|----------------------------|------------------|----------------|----------------------------|------------------|-----------------|
|  |      | Revenue<br>£'000           | Capital<br>£'000 | Total<br>£'000 | Revenue<br>£'000           | Capital<br>£'000 | Total<br>£'000  |
| <b>Investment gain/(loss)</b>  |      |                            |                  |                |                            |                  |                 |
| Net gain/(loss) on investments held at fair value through profit or loss | 8    | -                          | 10,454           | <b>10,454</b>  | -                          | (12,416)         | <b>(12,416)</b> |
|  |      | -                          | <b>10,454</b>    | <b>10,454</b>  | -                          | <b>(12,416)</b>  | <b>(12,416)</b> |

|   |   |                |               |                |                |                 |                 |
|---|---|----------------|---------------|----------------|----------------|-----------------|-----------------|
| <b>Expenses</b>   |   |                |               |                |                |                 |                 |
| Management fee  | 4 | (2,826)        | -             | (2,826)        | (2,912)        | -               | (2,912)         |
| Other operating expenses  | 5 | (1,482)        | -             | (1,482)        | (1,851)        | -               | (1,851)         |
| <b>Total expenses</b>   |   | <b>(4,308)</b> | <b>-</b>      | <b>(4,308)</b> | <b>(4,763)</b> | <b>-</b>        | <b>(4,763)</b>  |
| <b>Operating (loss)/profit for the year</b>   |   | <b>(4,308)</b> | <b>10,454</b> | <b>6,146</b>   | <b>(4,763)</b> | <b>(12,416)</b> | <b>(17,179)</b> |
| <b>Finance income</b>   |   |                |               |                |                |                 |                 |
| Interest income   |   | 582            | -             | 582            | 260            | -               | 260             |
| <b>Total finance income</b>   |   | <b>582</b>     | <b>-</b>      | <b>582</b>     | <b>260</b>     | <b>-</b>        | <b>260</b>      |
| <b>(Loss)/profit for the year before tax</b>  |   | <b>(3,726)</b> | <b>10,454</b> | <b>6,728</b>   | <b>(4,503)</b> | <b>(12,416)</b> | <b>(16,919)</b> |
| Tax   | 6 | -              | -             | -              | -              | -               | -               |
| <b>(Loss)/profit and total comprehensive (expense)/income attributable to equity holders of the Company</b> |   | <b>(3,726)</b> | <b>10,454</b> | <b>6,728</b>   | <b>(4,503)</b> | <b>(12,416)</b> | <b>(16,919)</b> |
| <b>Profit per share</b>   |   |                |               |                |                |                 |                 |
| Basic and diluted (losses)/earnings per share (pence)   | 7 | (1.57)         | 4.40          | 2.83           | (1.88)         | (5.19)          | (7.07)          |

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

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

The accompanying notes *below* form an integral part of these financial statements.

## Statement of Financial Position

As at 30 June 2024

|  | Note | 30 June 2024<br>£'000 | 30 June 2023<br>£'000 |
|--|------|-----------------------|-----------------------|
| <b>Non-current assets</b>                        |      |                       |                       |
| Investments at fair value through profit or loss | 8    | 201,499               | 187,428               |
|  |      | <b>201,499</b>        | <b>187,428</b>        |
| <b>Current assets</b>                            |      |                       |                       |
| Trade and other receivables                      | 9    | 98                    | 88                    |
| Cash and cash equivalents                        | 10   | 26,985                | 35,309                |
|  |      | <b>27,083</b>         | <b>35,397</b>         |
| <b>Current liabilities</b>                       |      |                       |                       |
| Trade and other payables                         | 11   | (444)                 | (428)                 |
|  |      | <b>(444)</b>          | <b>(428)</b>          |
| <b>Net current assets</b>                        |      | <b>26,639</b>         | <b>34,969</b>         |
| <b>Net assets</b>                                |      | <b>228,138</b>        | <b>222,397</b>        |
| <b>Equity</b>                                    |      |                       |                       |
| Share capital                                    | 12   | 2,394                 | 2,394                 |
| Share premium                                    | 12   | 60,377                | 60,377                |
| Treasury shares                                  | 12   | (987)                 | -                     |
| Retained losses                                  |      | (6,822)               | (13,550)              |
| Other reserves                                   | 12   | 173,176               | 173,176               |
| <b>Total shareholders' funds</b>                 |      | <b>228,138</b>        | <b>222,397</b>        |
| Number of shares in issue at year end            | 13   | <b>237,198,584</b>    | <b>239,384,928</b>    |
| <b>Net assets per share (pence)</b>              |      | <b>96.18</b>          | <b>92.90</b>          |

The financial statements were approved and authorised for issue by the Board of Directors on 14 October 2024 and signed on its behalf by:

14 October 2024 and signed on its behalf by:

**Will Whitehorn**  
Chair

**Sue Inglis**  
Director

Registered Company Number 13395698

The accompanying notes *below* form an integral part of these financial statements.

## Statement of Changes in Equity

**For the year  
ended 30 June  
2024**

| ended 30 June<br>2024  |                           |                           |                             |  | Retained (losses)/earnings |                  |                |
|--|---------------------------|---------------------------|-----------------------------|--|----------------------------|------------------|----------------|
|  | Share<br>capital<br>£'000 | Share<br>premium<br>£'000 | Treasury<br>shares<br>£'000 | Special<br>distributable<br>reserve<br>£'000 | Revenue<br>£'000           | Capital<br>£'000 | Total<br>£'000 |
| Total<br>shareholders'<br>funds at 1 July<br>2023            | 2,394                     | 60,377                    | -                           | 173,176                                      | (8,789)                    | (4,761)          | 222,397        |
| Repurchase of<br>ordinary shares                             | -                         | -                         | (987)                       | -  | -                          | -                | (987)          |
| Total<br>comprehensive<br>(expense)/income<br>for the year   | -                         | -                         | -                           | -  | (3,726)                    | 10,454           | 6,728          |
| <b>Total<br/>shareholders'<br/>funds at 30 June<br/>2024</b> | <b>2,394</b>              | <b>60,377</b>             | <b>(987)</b>                | <b>173,176</b>                               | <b>(12,515)</b>            | <b>5,693</b>     | <b>228,138</b> |

**For the Year  
ended 30 June  
2023**

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

The accompanying notes *below* form an integral part of these financial statements.

## Statement of Cash Flows

**For the year ended 30 June 2024**

|  | Note | For the Year<br>Ended<br>30 June 2024<br>£'000 | For the Year<br>Ended<br>30 June 2023<br>£'000 |
|--|------|--|--|
| <b>Cash flows from operating activities</b>      |      |  |  |
| Profit/(loss) for the year before tax            |      | 6,728  | (16,919)                                       |
| Adjustments for:                                 |      |  |  |
| Foreign currency cash movement                   |      | (68)   | 237  |
| Purchase of investments                          |      | (7,145)  | (21,330)                                       |
| Disposal of investments                          | 8    | 3,528  | 3,341  |
| Unrealised movement in fair value of investments | 8    | (11,875)                                       | 10,456   |
| Realised loss on disposal of investments         | 8    | 1,421  | 1,960  |
| Movement in payables                             | 11   | 16   | 118  |
| Movement in receivables                          | 9    | (10)   | 33   |

|   |                |                 |
|---|----------------|-----------------|
| <b>Net cash used in operating activities</b>              | <b>(7,405)</b> | <b>(22,104)</b> |
| <b>Cash flows from financing activities</b>               |                |                 |
| Share buy-backs   | 12             | (987)           |
| <b>Net cash generated from financing activities</b>       | <b>(987)</b>   | <b>-</b>        |
| Net movement in cash and cash equivalents during the year | <b>(8,392)</b> | <b>(22,104)</b> |
| Cash and cash equivalents at the beginning of the year    | 35,309         | 57,650          |
| Exchange translation movement                             | 68             | (237)           |
| <b>Cash and cash equivalents at the end of the year</b>   | <b>26,985</b>  | <b>35,309</b>   |

Cash flows include bank interest received of £582k (30 June 2023: £260k).

The accompanying notes *below* form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 1. General Information

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

### 2. Material Accounting Policies

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

The following relevant IFRSs have been applied in these Financial Statements during the year - IAS 1 (amended), 'Presentation of Financial Statements' - (amendments regarding the disclosure of accounting policies, effective for accounting periods commencing on or after 1 January 2023). The changes arising from the amendments to these IFRSs are either presentational and/or minor in nature. In the opinion of the Directors, the adoption of these new and amended standards has had no material impact on the Financial Statements of the Company.

#### Basis of preparation

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

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

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

#### Going concern

The Company's cash balance at 30 June 2024 was £27.0m (2023: £35.3m), which was sufficient to cover its liabilities of £0.4m (2023: £0.4m) at that date and any foreseeable expenses for a period of at least 12 months from the date of approval of these financial statements, including in severe but plausible downside scenarios. The Company's cash balance at the date of approval of these financial statements was £25.6m.

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

Heightened inflation rates and interest rates continue to depress the macroeconomic environment, impacting global markets. Capital markets and the Company's share price and investments continue to experience volatility which remains a risk to the Company. The Directors and Investment Manager continue to consider the following specific key potential

impacts:

- increased volatility in the fair value of investments;
- uncertainty regarding the Company's ability to raise additional capital and support the existing portfolio; and
- disruptions to business activities of the portfolio companies.

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

Having made inquiries, the Board is satisfied that the Company's service providers have robust processes in place in order to continue to provide the required level of services to the Company, and to maintain compliance with laws and regulations, in the face of the challenges arising as a result of the weak macroeconomic environment. There have been no operational difficulties encountered or disruption in service to date.

Based on the assessment outlined above, including the various risk mitigation measures in place, the Directors do not consider that the impact of a weak global macroeconomic environment has created a material uncertainty over the assessment of the Company as a going concern.

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

#### **Segmental reporting**

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

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

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

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

#### **Functional currency and foreign currency transactions**

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

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

#### **New and amended standards and interpretations not applied**

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

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

- classification of liabilities as current or non-current (amendments to IAS 1 Presentation of Financial Statements);
- non-current liabilities with covenants (amendments to IAS 1 Presentation of Financial Statements); and
- supplier finance arrangements (amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures).

Effective for accounting periods beginning on or after 1 January 2025:

- lack of exchangeability (amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates).

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

#### **Assessment as an investment entity**

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

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

In satisfying the second essential criteria, the notion of an investment time frame is critical, and

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

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

The Directors are of the opinion that the Company meets the essential criteria and typical characteristics of an investment entity as it obtains funds from investors to invest for returns from capital appreciation and substantially all of its investments are held at fair value through profit or loss, in accordance with IFRS 9 Financial Instruments. Fair value is measured in accordance with IFRS 13 Fair Value Measurement.

#### **Fair value movement**

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

#### **Expenses**

The Company's management, administration and all other expenses are charged through the Revenue column and any performance fee is charged to the Capital column of the Statement of Comprehensive Income.

#### **Taxation**

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

In respect of each accounting period for which the Company is and continues to be approved by HMRC as an investment trust, the Company will be exempt from UK corporation tax on its chargeable gains. The Company will, however, be subject to UK corporation tax on its income (currently at a rate of 25%).

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

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

#### **Financial instruments**

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

At 30 June 2024 and 2023, 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.

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

#### **Cash and cash equivalents**

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

#### **Investments held at fair value through profit or loss**

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

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

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

- the value of investments that are not publicly traded are valued using recognised valuation methods that are consistent with the IFRS Valuation Guidelines. These

valuation methodologies in accordance with the IPEV Valuation Guidelines. These methods include primary valuation techniques such as revenue or earnings multiples, milestones or recent transactions;

- where an investment in an unlisted business has been made recently, the Company may use the calibrated price of recent investment as the best indicator of fair value. In such a case, changes or events subsequent to the relevant transaction date are assessed to ascertain if they imply a change in the investment's fair value;
- publicly traded securities are valued by reference to their bid price or last traded price, if applicable, on the relevant exchange in accordance with the AIC's valuation guidelines and applicable accounting standards. Where trading in the securities of a portfolio company is suspended, the investment in those securities would be valued at the estimate of its net realisable value. In preparing valuations, account is taken, where appropriate, of latest dealing prices, valuations from reliable sources, comparable asset values and other relevant factors; and
- any value otherwise than in Sterling is converted into Sterling at the prevailing rate.

#### *Derecognition of financial assets*

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

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

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

#### **Financial liabilities**

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.

#### **Share capital**

Financial instruments issued by the Company are treated as equity if the holder has only a residual interest in the assets of the Company after the deduction of all liabilities. The Company's ordinary shares are classified as equity instruments.

For the issue of each ordinary share, £0.01 has been recognised in share capital and the remaining amount received has been recognised in share premium. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from proceeds. Amounts in the share capital and share premium accounts are not distributable.

The amount standing to the credit of the share premium account of the Company on completion of the IPO, less issue expenses set off against the share premium account, was cancelled by a court order dated 14 December 2021 and credited to the special distributable reserve (presented as 'Other reserves'). Retained earnings include cumulative unrealised movements in investments which are classified as capital in the Statement of Comprehensive Income, which are not distributable; and cumulative revenue items, which are classified as distributable to shareholders.

### **3. Significant Accounting Judgements, Estimates and Assumptions**

The preparation of the financial statements requires the application of estimates which may affect the results reported in the financial statements. Estimates, by their nature, are based on judgement and available information.

#### **Investment entity**

As disclosed in note 2, the Directors have concluded that the Company meets the definition of an investment entity as defined in IFRS 10, IFRS 12 and IAS 27. This conclusion involved a degree of judgement and assessment as to whether the Company met the criteria outlined in the accounting standards.

#### **Valuation**

The key area involving a high degree of estimation or complexity that is significant to the financial statements has been identified as the risk of misstatement of the valuation of the Company's unlisted investments (see note 8). In addition, as disclosed in note 4, amounts payable as management fee or performance fee to the Investment Manager are dependent on NAV and, therefore, valuation of investments.

The Company's unlisted investments are early or growth stage companies. The Company abides by the IPEV Valuation Guidelines in determining fair value. Given the nature of these investments, there are often no current or short-term future earnings or positive cash flows. Although not considered to be the default valuation technique, the appropriate approach to determine fair value may be based on a methodology with reference to a calibrated price of recent investment, or, in the case of terms for a future round being agreed, fair value may be based with reference to a calibrated price of such future round, discounted for execution risk. This is of greater reliability than other methods based on estimates and assumptions and, accordingly, where there have been recent investments by third parties, the price of that investment generally provides a basis of the valuation. Recent transactions may include post year end (if terms were agreed pre year end) as well as pre year end transactions depending on their nature and timing. Where a significant milestone is achieved by a portfolio company and there has not yet been a subsequent funding round, the fair value is determined using comparable metrics. Where relevant, such as in cases where portfolio companies are profitable or have stable and predictable revenues, fair value may be determined using a multiples approach (earnings or revenue, respectively). It may be necessary to apply discounts to some or all of the comparables due to differences between the portfolio company and the comparables (such as size, margin, liquidity, marketability, etc). In addition, in the case of underperformance, fair value write-downs are taken. Publicly traded securities are valued by reference to their bid price or last traded price.

All valuations are considered on a quarterly basis and adjusted against the price of the last



All valuations are considered on a quarterly basis and calibrated against the price or the last funding round to ensure this price remains reasonable. In addition, the Company undertakes a more thorough recalibration for the material portfolio companies (i) whose last funding rounds took place more than 12 months earlier or (ii) which had experienced a significant milestone event or material under- or over-performance (each a '**recalibration event**'). This process entails assessing the enterprise value following the most recent round against a composite of four elements: observable market data (where possible), recent relevant private investment transactions, public market valuations of comparable companies and the company's internal metrics and performance.

In all cases, valuations of unlisted investments are based on the judgement of the Directors after consideration of the above and upon available information believed to be reliable, which may be affected by conditions in the financial markets. Due to the inherent uncertainty of the investment valuations, the estimated values may differ significantly from the values that would have been used had a ready market for the investments existed and the differences could be material. Due to this uncertainty, the Company may not be able to sell its investments at the carrying value in these financial statements when it desires to do so or to realise what it perceives to be fair value in the event of a sale.

#### 4. Management and Performance Fees

##### Management fee

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

Management fees incurred in the year were £2.8m (2023: £2.9m), of which £NIL was payable to the Investment Manager as at 30 June 2024 (2023: £NIL).

##### Performance fee

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

No performance fee was accrued for or paid to the Investment Manager for the year (2023: £NIL).

#### 5. Operating Expenses

|   | Year Ended<br>30 June 2024<br>£'000 | Year Ended<br>30 June 2023<br>£'000 |
|---|-------------------------------------|-------------------------------------|
| Administration & depository fees        | 290                                 | 219                                 |
| Legal & professional fees               | 273                                 | 394                                 |
| Directors' fees                         | 223                                 | 224                                 |
| Audit of statutory financial statements | 105                                 | 96                                  |
| Irrecoverable VAT                       | 60                                  | 95                                  |
| Insurance expense                       | 22                                  | 23                                  |
| Other operating expenses                | 509                                 | 800                                 |
| <b>Total operating expenses</b>         | <b>1,482</b>                        | <b>1,851</b>                        |

The Company had no employees during the year ended 30 June 2024 (2023: NIL)

#### 6. Tax

As an investment trust, the Company is exempt from UK corporation tax on capital gains arising on the disposal of shares.

Capital profits from its creditor loan relationships or derivative contracts are exempt from UK tax where the profits are accounted for through the Capital column of the Statement of Comprehensive Income, in accordance with the AIC SORP.

No tax liability has been recognised in the financial statements.

| 30 June 2024     |                  |                | 30 June 2023     |                  |                |
|------------------|------------------|----------------|------------------|------------------|----------------|
| Revenue<br>£'000 | Capital<br>£'000 | Total<br>£'000 | Revenue<br>£'000 | Capital<br>£'000 | Total<br>£'000 |

|  | 2023 | 2023 | 2023 | 2023 | 2023 | 2023 |
|--|------|------|------|------|------|------|
| UK corporation tax charge on profits for the year at 25% (2023: 20.5% <sup>1</sup> ) | -    | -    | -    | -    | -    | -    |

<sup>1</sup> The tax rate changed from 19% to 25% on 31 March 2023 such that the average rate for the year was 20.5% and this is the percentage used for the tax reconciliation.

|  | 30 June 2024     |                  |                | 30 June 2023     |                  |                |
|--|------------------|------------------|----------------|------------------|------------------|----------------|
|  | Revenue<br>£'000 | Capital<br>£'000 | Total<br>£'000 | Revenue<br>£'000 | Capital<br>£'000 | Total<br>£'000 |
| Return on ordinary activities before taxation  | (3,726)          | 10,454           | 6,728          | (4,503)          | (12,416)         | (16,919)       |
| (Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2023: 20.5% <sup>1</sup> ) | (932)            | 2,614            | 1,682          | (923)            | (2,545)          | (3,468)        |
| Effects of:  |                  |                  |                |                  |                  |                |
| Non-taxable (gains)/losses on investments  | -                | (2,614)          | (2,614)        | -                | 2,545            | 2,545          |
| Disallowable expenses  | 1,616            | -                | 1,616          | 32               | -                | 32             |
| Excess management expenses not utilised in the year  | (685)            | -                | (685)          | 891              | -                | 891            |
| <b>Total tax charge</b>  | <b>-</b>         | <b>-</b>         | <b>-</b>       | <b>-</b>         | <b>-</b>         | <b>-</b>       |

As at 30 June 2024, the Company has not recognised a deferred tax asset of £3,056k (2023: £2,106k) arising as a result of having unutilised management expenses carried forward at the year end of £12,225k (2023: £8,424k) based on a prospective corporation tax rate of 25% (2023: 20.5%). These expenses will only be utilised if the tax treatment of the Company's income and chargeable gains changes or if the Company's investment profile changes.

Deferred tax is not provided on capital gains and losses arising on the revaluation or disposal of investments because the Company meets (and intends to continue to meet for the foreseeable future) the conditions for approval as an investment trust company.

## 7. Earnings Per Share

|   | Year ended 30 June 2024 |             |             | Year ended 30 June 2023 |               |               |
|---|-------------------------|-------------|-------------|-------------------------|---------------|---------------|
|   | Revenue                 | Capital     | Total       | Revenue                 | Capital       | Total         |
| (Loss)/profit attributable to equity - £'000                      | (3,726)                 | 10,454      | 6,728       | (4,503)                 | (12,416)      | (16,919)      |
| Weighted average number of ordinary shares in issue               |                         | 237,478,177 |             |                         | 239,384,928   |               |
| Basic and diluted (losses)/earnings per share in the year (pence) | <b>(1.57)</b>           | <b>4.40</b> | <b>2.83</b> | <b>(1.88)</b>           | <b>(5.19)</b> | <b>(7.07)</b> |

## 8. Investments Held at Fair Value Through Profit or Loss

| For the year ended 30 June 2024  | Level 1<br>£'000 | Level 2<br>£'000 | Level 3<br>£'000 | Total<br>£'000 |
|--|------------------|------------------|------------------|----------------|
| Opening balance  | 3,171            | 1,637            | 182,620          | 187,428        |
| Investment additions <sup>(1)</sup>                                      | -                | -                | 15,800           | 15,800         |
| Investment disposals <sup>(2)</sup>                                      | -                | -                | (12,183)         | (12,183)       |
| Transfers from Level 3 to Level 1  | 3,852            | -                | (3,852)          | -              |
|  | <b>7,023</b>     | <b>1,637</b>     | <b>182,385</b>   | <b>191,045</b> |
| Loss on disposals  | -                | -                | (1,421)          | (1,421)        |
| Change in fair value   | (82)             | 2,752            | 9,088            | 11,758         |
| Change in fair value - foreign exchange movement                         | 5                | 30               | 82               | 117            |
|  | <b>(77)</b>      | <b>2,782</b>     | <b>7,749</b>     | <b>10,454</b>  |
| Net (loss)/gain on investments held at fair value through profit or loss | (77)             | 2,782            | 7,749            | 10,454         |
| <b>Closing balance</b>   | <b>6,946</b>     | <b>4,419</b>     | <b>190,134</b>   | <b>201,499</b> |

<sup>[1]</sup> During the year ended 30 June 2024, cash transactions amounted to £7.1m (2023: £17.1m) and non-cash transactions amounted to £8.7m (2023: £NIL) and relate to the conversions of loan to equity in D-Orbit (£4.8m) and Seraphim Space Ventures II LP (£0.1m) and the initial investment in Seraphim Space Ventures II LP (£3.8m).

<sup>[2]</sup> During the year ended 30 June 2024, cash transactions amounted to 3.5m (2023: £NIL) and non-cash transactions amounted to £8.7m (2023: £NIL) and relate to the conversions of loan to equity in D-Orbit (£4.7m) and Seraphim Space Ventures II LP (£0.1m) and the in specie distribution of nine assets to Seraphim Space Ventures II LP (£3.8m).

| For the year ended 30 June 2023 | Level 1<br>£'000 | Level 2<br>£'000 | Level 3<br>£'000 | Total<br>£'000 |
|---------------------------------|------------------|------------------|------------------|----------------|
| Opening balance <sup>(1)</sup>  | 16,236           | 2,373            | 167,474          | 186,083        |
| Investment additions            | -                | -                | 17,102           | 17,102         |
| Investment disposals            | (3,341)          | -                | -                | (3,341)        |

|   |                |              |                |                 |
|---|----------------|--------------|----------------|-----------------|
| Transfers from Level 3 to Level 1                                 | 103            | -            | (103)          | -               |
|   | <b>12,998</b>  | <b>2,373</b> | <b>184,473</b> | <b>199,844</b>  |
| Loss on disposals   | (1,358)        | -            | (602)          | (1,960)         |
| Change in fair value  | (7,569)        | (525)        | 4,427          | (3,667)         |
| Change in fair value - foreign exchange movement                  | (900)          | (211)        | (5,678)        | (6,789)         |
|   | <b>(9,827)</b> | <b>(736)</b> | <b>(1,853)</b> | <b>(12,416)</b> |
| Net loss on investments held at fair value through profit or loss | (9,827)        | (736)        | (1,853)        | (12,416)        |
| <b>Closing balance</b>  | <b>3,171</b>   | <b>1,637</b> | <b>182,620</b> | <b>187,428</b>  |

<sup>[1]</sup> Investment in AST SpaceMobile was reclassified to a Level 2 investment.

During the year ended 30 June 2024 investments with a fair value of £3.9m were transferred from Level 3 to Level 1 due to the Astroscale IPO and listing in June 2024 (2023: investments with a fair value of £0.1m were transferred from Level 3 to Level 1 due to the Nightingale IPO and listing in November 2022).

#### Fair value measurements

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

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

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

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The objective of the valuation techniques used is to arrive at a fair value measurement that reflects the price that would be received if an asset was sold or a liability transferred in an orderly transaction between market participants at the measurement date.

The following table analyses, within the fair value hierarchy, the Company's investments measured at fair value at 30 June 2024 and 2023.

#### As at June 2024

|                      | Level 1      | Level 2      | Level 3        | Total          |
|----------------------|--------------|--------------|----------------|----------------|
|                      | £'000        | £'000        | £'000          | £'000          |
| Listed investments   | 6,946        | 4,419        | -              | 11,365         |
| Unlisted investments | -            | -            | 190,134        | 190,134        |
|                      | <b>6,946</b> | <b>4,419</b> | <b>190,134</b> | <b>201,499</b> |

#### As at June 2023

|                      | Level 1      | Level 2      | Level 3        | Total          |
|----------------------|--------------|--------------|----------------|----------------|
|                      | £'000        | £'000        | £'000          | £'000          |
| Listed investments   | 3,171        | 1,637        | -              | 4,808          |
| Unlisted investments | -            | -            | 182,620        | 182,620        |
|                      | <b>3,171</b> | <b>1,637</b> | <b>182,620</b> | <b>187,428</b> |

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

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

#### Significant unobservable inputs for Level 3 valuations

The fair value of unlisted securities is established with reference to the IPEV Valuation Guidelines and the Company may base valuations on the calibrated price of recent investment

calculated and the Company may base valuations on the calculated price of recent investment in the portfolio companies, comparable milestones or multiples of earnings or revenues where applicable. An assessment is made at each measurement date as to the most appropriate valuation methodology.

The valuation methodologies applied involve subjectivity in their significant unobservable inputs and the table below outlines these inputs. Note 14 illustrates the sensitivity that flexing these inputs has on fair value ('FV').

#### As at 30 June 2024

| Valuation methodology                              | FV (£'000)     | Unobservable input   |
|--|----------------|--|
| <u>Level 1</u>                                     |                |  |
| Available market price                             | 6,946          | n/a  |
| <u>Level 2</u>                                     |                |  |
| Available market price                             | 4,419          | n/a  |
| <u>Level 3</u>                                     |                |  |
| Calibrated price of recent investment (<3 months)  | 22,812         | Transaction price and company performance                        |
| Calibrated price of recent investment (3-6 months) | 38,289         | Transaction price and company performance                        |
| Calibrated price of recent investment (>6 months)  | 65,329         | Transaction price and company performance                        |
| Premium to price of recent investment              | 47,785         | Premium percentage, transaction price and company performance    |
| Partial write down to price of recent investment   | 12,297         | Write down percentage, transaction price and company performance |
| Milestone multiples                                | 3,622          | Discount to comparables/multiples                                |
| <b>Total</b>                                       | <b>201,499</b> |  |

#### As at 30 June 2023

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

Details of significant holdings as required by Schedule 4 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulation 2008 are set out below.

#### 30 June 2024

| Name                        | Nature of relationship | Country of incorporation | Class of shares held     | % shareholding | Capital & reserves (£) | Profit/(loss) (£)      | Year end of data |
|-----------------------------|------------------------|--------------------------|--------------------------|----------------|------------------------|------------------------|------------------|
|                             |                        |                          | Series Seed 2 Preference | 78%            |                        |                        |                  |
|                             |                        |                          | Pre-Series A Preference  | 29%            |                        |                        |                  |
| PlanetWatchers (UK) Limited | Shareholder            | UK                       | Series A Preference      | 43%            | 12,052,704             | Not publicly available | 31-Dec-23        |

#### 30 June 2023

| Name                 | Nature of relationship | Country of incorporation | Class of shares held | % shareholding | Capital & reserves (£) | Profit/(loss) (£) | Year end of data |
|----------------------|------------------------|--------------------------|----------------------|----------------|------------------------|-------------------|------------------|
| Bamboo Systems Group |                        |                          | A                    |                |                        | Not publicly      | 31-Dec-          |

|                             |             |    |               |     |             |                        |           |
|-----------------------------|-------------|----|---------------|-----|-------------|------------------------|-----------|
| Limited                     | Shareholder | UK | Preference    | 47% | (1,355,598) | available              | 20        |
|                             |             |    | Series Seed 2 |     |             |                        |           |
|                             |             |    | Preference    |     |             |                        |           |
|                             |             |    | Pre-Series A  | 78% |             |                        |           |
|                             |             |    | Preference    | 29% |             |                        |           |
| PlanetWatchers (UK) Limited | Shareholder | UK | Series A      |     |             |                        |           |
|                             |             |    | Preference    | 43% | 12,106,431  | Not publicly available | 31-Dec-22 |

## 9. Trade and Other Receivables

|                | 30 June<br>2024<br>£'000 | 30 June<br>2023<br>£'000 |
|----------------|--------------------------|--------------------------|
| Prepayments    | 83                       | 78                       |
| VAT receivable | 15                       | 10                       |
|                | <b>98</b>                | <b>88</b>                |

## 10. Cash and Cash Equivalents

|                           | 30 June<br>2024<br>£'000 | 30 June<br>2023<br>£'000 |
|---------------------------|--------------------------|--------------------------|
| Cash and cash equivalents | 26,985                   | 35,309                   |
|                           | <b>26,985</b>            | <b>35,309</b>            |

Cash and cash equivalents include money market investments of £10.9m (30 June 2023: £10.2m).

## 11. Trade and Other Payables

|                 | 30 June 2024<br>£'000 | 30 June 2023<br>£'000 |
|-----------------|-----------------------|-----------------------|
| Accruals        | 294                   | 313                   |
| Trade creditors | 150                   | 115                   |
|                 | <b>444</b>            | <b>428</b>            |

## 12. Share Capital

| Date      | Issued and fully paid       | Number of<br>ordinary<br>shares | Share<br>capital | Treasury<br>shares | Share<br>premium | Other<br>reserves | Total          |
|-----------|-----------------------------|---------------------------------|------------------|--------------------|------------------|-------------------|----------------|
|           |                             |                                 | £'000            | £'000              | £'000            | £'000             | £'000          |
| 30-Jun-23 | Opening balance             | 239,384,928                     | 2,394            | -                  | 60,377           | 173,176           | <b>235,947</b> |
| 30-Jun-24 | Share buy-backs in the year | -2,186,344                      | -                | -987               | -                | -                 | <b>-987</b>    |
|           | <b>30-Jun-24</b>            | <b>237,198,584</b>              | <b>2,394</b>     | <b>-987</b>        | <b>60,377</b>    | <b>173,176</b>    | <b>234,960</b> |

On 13 July 2023, the Company announced a share repurchase programme to repurchase ordinary shares in the Company. During the year, 2,186,344 shares were purchased (2023: NIL). The Company holds 2,186,344 of its ordinary shares in treasury and has 237,198,584 ordinary shares in issue (excluding treasury shares).

## 13. Net Asset Value Per Share

The net asset value per ordinary share at the year end was as follows:

|  | 30 June 2024 | 30 June 2023 |
|--|--------------|--------------|
| Net assets (per Statement of Financial Position)             | £228.1m      | £222.4m      |
| Number of ordinary shares issued (excluding treasury shares) | 237,198,584  | 239,384,928  |
| Net asset value per share                                    | 96.18p       | 92.90p       |

## 14. Financial Risk Management

### Financial risk management objectives

The Company's investing activities intentionally expose it to a variety of financial risks. The Company makes investments in order to generate returns, in accordance with its investment policy and objectives.

The most important types of financial risks to which the Company is exposed are market risk (including price, interest rate and foreign currency risk), liquidity risk and credit risk. The Board has overall responsibility for the determination of the Company's risk management and sets policies to manage financial risks at an acceptable level to achieve the Company's objectives. The policy and process for measuring and mitigating each of the main risks are described below. The Investment Manager and the Administrator provide advice to the Board which allows it to monitor and manage financial risks relating to its operations through internal risk reports which analyse exposures by degree and magnitude of risks. The Investment Manager and the Administrator report to the Board on a quarterly basis.

#### Categories of financial instrument

For financial assets and liabilities carried at amortised cost, the Directors are of the opinion that their carrying value approximates to their fair value.

Financial assets/liabilities are as follows:

|  | 30 June 2024<br>£'000 | 30 June 2023<br>£'000 |
|--|-----------------------|-----------------------|
| <b>Financial assets</b>                                |                       |                       |
| Investments held at fair value through profit or loss: |                       |                       |
| Investments  | 201,499               | 187,428               |
| Other financial assets:                                |                       |                       |
| Cash and cash equivalents                              | 26,985                | 35,309                |
| Trade and other receivables                            | 98                    | 88                    |
| <b>Financial liabilities</b>                           |                       |                       |
| Current liabilities                                    |                       |                       |
| Trade and other payables                               | -444                  | 428                   |

#### Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the capital return to shareholders. The capital structure of the Company consists of share capital, share premium, treasury shares, retained losses and other reserves, as stated in the Statement of Financial Position.

In order to maintain or adjust the capital structure, the Company may buy back shares or issue new shares. There are no external capital requirements imposed on the Company.

During the year ended 30 June 2024, the Company had no borrowings (2023: £NIL).

The Company's investment policy is set out in the Strategic Report.

#### Market risk

Market risk includes price risk (including the impact of the general market on the price of any listed holdings or the uncertainty associated with the price of unlisted holdings), foreign currency risk and interest rate risk.

##### a) Price risk

The investments held by the Company present a potential risk of loss of capital to the Company. Price risk arises from uncertainty about future prices of the financial investments held by the Company. See note 8 for quantitative information about the fair value measurement of the Company's Level 3 investments.

The table below outlines that the valuation methodologies employed involve subjectivity in their significant unobservable inputs and illustrates sensitivity of the valuations to these inputs. The table below shows the reasonable alternative inputs.

#### As at 30 June 2024

| Valuation methodology                 | FV (£'000) | Key unobservable input                                 | Other unobservable inputs | Range | Reasonable alternative inputs |     | Change (£'000) |
|---------------------------------------|------------|--|---------------------------|-------|-------------------------------|-----|----------------|
|                                       |            |  |                           |       | (+)                           | (-) | (+)            |
| <u>Level 1</u>                        |            |  |                           |       |                               |     |                |
| Available market price                | 6,946      | n/a  | n/a                       | n/a   | 5%                            | -5% | 347            |
| <u>Level 2</u>                        |            |  |                           |       |                               |     |                |
| Available market price                | 4,419      | n/a  | n/a                       | n/a   | 5%                            | -5% | 221            |
| <u>Level 3</u>                        |            |  |                           |       |                               |     |                |
| Calibrated price of recent investment | 22,812     | Transaction price <sup>1</sup> and company performance | 2, 3, 4, 5, 8             | n/a   | 5%                            | -5% | 925            |

|  |                |  |               |                 |     |      |        |
|--|----------------|--|---------------|-----------------|-----|------|--------|
| (<3 months)<br>Calibrated<br>price of<br>recent<br>investment<br>(3-6 months)<br>Calibrated<br>price of<br>recent<br>investment<br>(>6 months) | 38,289         | Transaction<br>price <sup>1</sup> and<br>company<br>performance                              | 2, 3, 4, 5, 8 | n/a             | 10% | -10% | 3,829  |
|  | 65,329         | Transaction<br>price <sup>1</sup> and<br>company<br>performance                              | 2, 3, 4, 5, 8 | n/a             | 20% | -20% | 8,140  |
| Premium to<br>price of<br>recent<br>investment   | 47,785         | Premium<br>percentage,<br>transaction<br>price <sup>1</sup> and<br>company<br>performance    | 6             | 15%             | 5%  | -20% | 2,078  |
| Partial write<br>down to<br>price of<br>recent<br>investment   | 12,297         | Write down<br>percentage,<br>transaction<br>price <sup>1</sup> and<br>company<br>performance | 7             | 15%<br>-<br>50% | 25% | -25% | 1,689  |
| Milestone<br>multiples   | 3,622          | Discount to<br>comparables /<br>multiples  | 3,4,5, 8      | 50%             | 10% | -10% | 802    |
| <b>Total</b>   | <b>201,499</b> |  |               |                 |     |      | 18,031 |

Notes:

<sup>1</sup> While transaction price is observable, where it is deemed to be the appropriate valuation methodology, it is also calibrated against recent developments and other methodologies as outlined in the table above.

<sup>2</sup> Benchmark performance against relevant indices - the selection of appropriate benchmarks is assessed for each investment, taking into account its industry, geography, products and customers.

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

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

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

<sup>6</sup> The premium percentage applied for strong performance is typically in 5% increments - the level of premium to be applied is assessed for each investment based on its level of performance, cash runway and ability to deliver revenue growth.

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

<sup>8</sup> Where multiple methods of calibration or valuation are used, weightings of 5-40% are applied to these methods to total 100% - the level of weighting applied to each method is assessed for each investment based on the relevance of such method and to offset the impact of any outliers.

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

| Investments and multiples | Weightings and discount to comparables / multiples |  |  |  |  |  |               |                 |
|---------------------------|--|--|--|--|--|--|---------------|-----------------|
| <b>Total</b>              | <b>187,428</b>                                     |  |  |  |  |  | <b>15,327</b> | <b>(18,152)</b> |

Notes:

- <sup>1</sup> While transaction price is observable, where it is deemed to be the appropriate valuation methodology, it is also calibrated against other methodologies as outlined in the table above.
- <sup>2</sup> Benchmark performance against relevant indices - the selection of appropriate benchmarks is assessed for each investment, taking into account its industry, geography, products and customers.
- <sup>3</sup> EV/revenue multiple of comparable companies or M&A/secondary transactions - the selection of comparable companies or M&A/secondary transactions is assessed for each investment, taking into account its industry, geography, level of revenue and growth profile.
- <sup>4</sup> Milestone comparison with private company comparables - the selection of milestones to be compared to EV is assessed for each investment based on its industry and includes milestones such as number of satellites/missions/radars, headcount and funding raised.
- <sup>5</sup> Growth in company metrics - the selection of metrics is assessed for each investment based on its industry, level of revenue and growth profile and includes metrics such as satellites/missions/radars, headcount, revenue and bookings.
- <sup>6</sup> The premium percentage applied for strong performance is typically in 10% increments - the level of premium to be applied is assessed for each investment based on its level of performance, cash runway and ability to deliver revenue growth.
- <sup>7</sup> The write down percentage applied for underperformance is typically in 25% increments - the level of write down to be applied is assessed for each investment based on its level of underperformance, cash runway and ability to show improvement.
- <sup>8</sup> The uncertainty discount applied where terms for a new funding round have been agreed, but the round has not yet closed, can vary from 0-100% - the level of discount applied is assessed for each investment based on the level of certainty.
- <sup>9</sup> Where multiple methods of calibration or valuation are used, weightings of 5-40% are applied to these methods to total 100% - the level of weighting applied to each method is assessed for each investment based on the relevance of such method and to offset the impact of any outliers.

Reasonable alternative inputs are explained as follows:

- Investments valued using Level 1 methodologies or the calibrated price of recent transactions which completed in the three months to the year end are flexed up and down by 5% as the Board believes these do not involve significant subjectivity.
- Investments valued using the calibrated price of recent transactions which completed more than three months but less than six months before the year end are flexed up and down by 10% as the subjectivity is thought to be greater than the above, but still not very material.
- Investments valued using the calibrated price of recent transactions which completed more than six months before the year end are flexed up and down by 20% as there is a greater chance that market movements would impact the price of private transactions.
- Partial write downs used in the period were 15-50%, but tend to usually be applied in 25% increments and, therefore, the inputs are flexed up and down by this amount to account for this level of improvement or deterioration in the portfolio companies' performance.
- Premiums of 15% were applied where the recalibration exercise suggested an increase to enterprise value was warranted due to strong performance. In an upside scenario, this input is flexed up by 5% and accounts for a 5% flex up in relation to the underlying price which the Board does not believe involves significant subjectivity. In the downside scenario, the input is flexed down by 20% to remove the applied premium and accounts for a 5% reduction in relation to the underlying price.
- Investments valued using milestone multiples relative to comparable companies or M&A/secondary transactions, with the discount factor flexed up and down by 10%. A 10% flex is considered reasonable as a result of judgement in relation to the comparable multiples.

The Company is exposed to a variety of risks which may have an impact on the carrying value of the Company's investments.

i) *Not actively traded*

The majority of the Company's investments are not generally traded in an active market but are indirectly exposed to market price risk arising from uncertainties about future values of the investments held. The Company's investments vary as to the industry sub-sector, geographic distribution of operations and size, all of which may impact the susceptibility of their valuation to uncertainty.

Although the investments are in the same industry, the risk is managed through careful selection of investments within the specified limits of the investment policy. The investments are monitored on an ongoing basis by the Investment Manager.

ii) *Concentration*

The Company invests principally in early and growth stage unquoted SpaceTech businesses. This means that the Company is exposed to the concentration risk of only making investments in the SpaceTech sector, of which concentration risk may further relate to sub-sector, geography, relative size of an investment or other factors.

The Board and the Investment Manager monitor the concentration of the investment portfolio on a quarterly and ongoing basis respectively to ensure compliance with the investment policy.

iii) *Liquidity*

The Company maintains flexibility in funding by keeping sufficient liquidity in cash, short-term deposits and other cash equivalents, which may be invested on a temporary basis in line with the cash management policy as agreed by the Board from time to time.

As at 30 June 2024, £27.0m, or 11.9% of Company's financial assets, were money market fixed deposits and cash balances held on deposit with banks with high credit ratings (2023: £35.3m, or 15.9%).

b) *Foreign currency risk*

The Company has exposure to foreign currency risk due to the acquisition of some investments and payment of some expenses in currencies other than Sterling. Consequently, the Company is exposed to risks that the exchange rate of its functional currency relative to other foreign



currencies may change in a manner that has an adverse effect on the value of that portion of the Company's assets or liabilities denominated in currencies other than Sterling.

The following table shows the FX rates as at 30 June 2024 compared to 30 June 2023.

|         | 30 June 2024 | 30 June 2023 | % change |
|---------|--------------|--------------|----------|
| GBP/USD | 1.265        | 1.271        | (0.47)   |
| GBP/EUR | 1.181        | 1.165        | 1.37     |
| GBP/DKK | 8.802        | 8.675        | 1.44     |
| GBP/AUD | 1.897        | 1.910        | (0.69)   |

The following table sets out, in Sterling, the Company's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities.

| As at 30 June 2024                              | £<br>£'000    | USD<br>£'000   | €<br>£'000    | DKK<br>£'000 | AUD<br>£'000 | Total<br>£'000 |
|---|---------------|----------------|---------------|--------------|--------------|----------------|
| <b>Non-current assets</b>                       |               |                |               |              |              |                |
| Investment at fair value through profit or loss | 19,995        | 144,538        | 33,840        | 3,126        | -            | 201,499        |
| <b>Total non-current assets</b>                 | <b>19,995</b> | <b>144,538</b> | <b>33,840</b> | <b>3,126</b> | <b>-</b>     | <b>201,499</b> |
| <b>Current assets</b>                           |               |                |               |              |              |                |
| Trade and other receivables                     | 82            | 16             | -             | -            | -            | 98             |
| Cash and cash equivalents                       | 20,864        | 6,121          | -             | -            | -            | 26,985         |
| <b>Total current assets</b>                     | <b>20,946</b> | <b>6,137</b>   | <b>-</b>      | <b>-</b>     | <b>-</b>     | <b>27,083</b>  |
| <b>Current liabilities</b>                      |               |                |               |              |              |                |
| Trade and other payables                        | (444)         | -              | -             | -            | -            | (444)          |
| <b>Total current liabilities</b>                | <b>(444)</b>  | <b>-</b>       | <b>-</b>      | <b>-</b>     | <b>-</b>     | <b>(444)</b>   |
| <b>Total net assets</b>                         | <b>40,497</b> | <b>150,675</b> | <b>33,840</b> | <b>3,126</b> | <b>-</b>     | <b>228,138</b> |

| As at 30 June 2023                              | £<br>£'000    | USD<br>£'000   | €<br>£'000    | DKK<br>£'000 | AUD<br>£'000 | Total<br>£'000 |
|---|---------------|----------------|---------------|--------------|--------------|----------------|
| <b>Non-current assets</b>                       |               |                |               |              |              |                |
| Investment at fair value through profit or loss | 25,477        | 135,871        | 22,101        | 3,876        | 103          | 187,428        |
| <b>Total non-current assets</b>                 | <b>25,477</b> | <b>135,871</b> | <b>22,101</b> | <b>3,876</b> | <b>103</b>   | <b>187,428</b> |
| <b>Current assets</b>                           |               |                |               |              |              |                |
| Trade and other receivables                     | 88            | -              | -             | -            | -            | 88             |
| Cash and cash equivalents                       | 32,437        | 2,872          | -             | -            | -            | 35,309         |
| <b>Total current assets</b>                     | <b>32,525</b> | <b>2,872</b>   | <b>-</b>      | <b>-</b>     | <b>-</b>     | <b>35,397</b>  |
| <b>Current liabilities</b>                      |               |                |               |              |              |                |
| Trade and other payables                        | (428)         | -              | -             | -            | -            | (428)          |
| <b>Total current liabilities</b>                | <b>(428)</b>  | <b>-</b>       | <b>-</b>      | <b>-</b>     | <b>-</b>     | <b>(428)</b>   |
| <b>Total net assets</b>                         | <b>57,574</b> | <b>138,743</b> | <b>22,101</b> | <b>3,876</b> | <b>103</b>   | <b>222,397</b> |

If the US Dollar weakened/strengthened by 5% (2023: 5%) against Sterling with all other variables held constant, the fair value of net assets would increase/decrease by £7,534k (2023: £6,794k).

If the Euro weakened/strengthened by 5% (2023: 5%) against Sterling with all other variables held constant, the fair value of net assets would increase/decrease by £1,692k (2023: £1,105k).

If the Danish Krone weakened/strengthened by 5% (2023: 5%) against Sterling with all other variables held constant, the fair value of net assets would increase/decrease by £156k (2023: £194k).

If the Australian Dollar weakened/strengthened by 5% (2023: 5%) against Sterling with all other variables held constant, the fair value of net assets would increase/decrease by £0k (2023: £5k).

#### c) Interest rate risk

The Company's exposure to interest rate risk relates to the Company's cash and cash equivalents. The Company is subject to risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates. As at the date of the Statement of Financial Position, the majority of the Company's cash and cash equivalents were held in interest bearing fixed deposit accounts.

The Company had no other Interest-bearing assets or liabilities as at the reporting date. As a consequence, the Company was only exposed to variable market interest rate risk. As at 30 June 2024, the cash balance held by the Company was £27.0m (2023: £35.3m). A 0.5% increase/decrease in interest rates with all other variables held constant would result in a change to interest received of +/- £134k per annum (2023: 0.5% increase/decrease resulting in

change to interest received of +/- £157k per annum (2023: 0.5 % increase/decrease resulting in a change of +/- £176k).

### Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet a demand for cash or fund an obligation when due. The Investment Manager and the Board monitor forecast and actual cash flows to consider future investing activities.

The Company adopts a prudent approach to liquidity management and through the preparation of budgets and cash flow forecasts maintains sufficient cash reserves to meet its obligations.

### Credit risk

Credit risk refers to the risk that a counterparty to a financial instrument will default on a contractual obligation or commitment that it has entered into with the Company, resulting in financial loss to the Company. It arises principally from investments in money market funds held and also from derivative financial assets, cash and cash equivalents and other receivables balances.

The Company's policy for credit risk is to minimise its exposure to counterparties with perceived higher risk of default by only dealing with counterparties that meet certain credit standards.

Credit risk is monitored on an ongoing basis by the Investment Manager in accordance with the procedures and policies in place.

The table below shows the material cash and short-term deposit balances and credit rating for the counterparties used by the Company at the year end.

| Counterparty                 | Location | Rating<br>S&P | As at 30<br>June 2024<br>£'000 | As at 30<br>June 2023<br>£'000 |
|------------------------------|----------|---------------|--------------------------------|--------------------------------|
| Barclays                     | UK       | A+            | 16,133                         | 25,038                         |
| JPMorgan Asset<br>Management | UK       | A-            | 10,852                         | 10,271                         |

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

|   | As at 30 June<br>2024<br>£'000 | As at 30<br>June<br>2023<br>£'000 |
|---|--------------------------------|-----------------------------------|
| Investments held at fair value through profit or loss | 201,499                        | 187,428                           |
| Cash and cash equivalents                             | 26,985                         | 35,309                            |
| Trade and other receivables (less prepayments)        | 15                             | 10                                |

### Directors

As at 30 June 2024, the Company had four non-executive Directors. Directors' fees (excluding employer national insurance contributions) for the year ended 30 June 2024 amounted to £200k (2023: £200k), of which £NIL was outstanding at the year end (2023: £NIL).

### Investment Manager

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

For the provision of services under the Investment Management Agreement, the Investment Manager earns a management fee and performance fee, as disclosed in note 4. Further details of the Investment Management Agreement are included under 'Investment Manager' in the Corporate Governance Report *below*.

During the year, the Investment Manager recharged the Company for £116k of third party expenses it incurred on the Company's behalf.

As explained *below*, in April 2024, the Company announced the sale of nine early stage portfolio companies to the Venture Fund for a total consideration of £3.8m, settled through the issuance of an interest for the Company in the Venture Fund. The Investment Manager also acts as investment manager to the Venture Fund.

## 16. Ultimate Controlling Party

In the opinion of the Board, on the basis of the shareholdings advised to it, the Company has no ultimate controlling party.

## 17. Subsequent Events

Please refer *below* for details of subsequent events in the normal course of business. There are no other significant subsequent events.

## Alternative Performance Measures

We assess the Company's performance using a variety of measures, some of which are not specifically defined under UK-adopted International Accounting Standards and are therefore termed 'APMs'. Our APMs, which are shown below, are reconciled, where appropriate, to the financial statements through the narrative below. The Board believes that each of the APMs, which are typically used within the listed investment company sector, (with the exception of portfolio fair value vs. cost), provide additional useful information to shareholders to help assess the Company's performance.

## Share Price Movement

The share price is a measure of the value of a share in the Company as determined by the stock market. The share price movement measures how the share price has performed over the relevant period of time, expressed as a percentage of the opening share price. As the Company does not pay dividends, the shareholder total return for any period is the same as the share price movement over that period.

### 30 June 2024 vs 30 June 2023

|                             |         |        |
|-----------------------------|---------|--------|
| Share price on 30 June 2023 | a       | 27.0   |
| Share price on 30 June 2024 | b       | 54.6   |
| <b>Movement</b>             | (b-a)/a | 102.2% |

### 30 June 2023 vs 30 June 2022

|                             |         |        |
|-----------------------------|---------|--------|
| Share price on 30 June 2022 | a       | 53.0   |
| Share price on 30 June 2023 | b       | 27.0   |
| <b>Movement</b>             | (b-a)/a | -49.1% |

## NAV per Share Movement

The NAV per share is a measure of the value of the Company attributable to each share at the relevant date (see note 13 to the financial statements *below*). The NAV per share movement is a measure of our success in creating shareholder value over the relevant period of time, expressed as a percentage of the opening NAV per share. As the Company does not pay dividends, the NAV total return for any period is the same as the NAV per share movement over that period.

### 30 June 2024 vs. 30 June 2023

|                               |         |       |
|-------------------------------|---------|-------|
| NAV per share on 30 June 2023 | a       | 92.90 |
| NAV per share on 30 June 2024 | b       | 96.18 |
| <b>Movement</b>               | (b-a)/a | 3.5%  |

### 30 June 2023 vs. 30 June 2022

|                               |         |       |
|-------------------------------|---------|-------|
| NAV per share on 30 June 2022 | a       | 99.97 |
| NAV per share on 30 June 2023 | b       | 92.90 |
| <b>Movement</b>               | (b-a)/a | -7.1% |

## -Discount/+Premium

The -discount/+premium is a measure of the share price relative to the NAV per share, expressed as a percentage of the NAV per share. If the percentage is negative, the shares were trading at a price lower than (i.e. a discount to) their NAV and, if it is positive, they were trading at a price higher than (i.e. a premium to) their NAV.

|   |         | <b>30 June<br/>2024</b> | <b>30 June<br/>2023</b> |
|---|---------|-------------------------|-------------------------|
| NAV per share (note 13 to the financial statements) | a       | 96.18p                  | 92.90p                  |
| Share price   | b       | 54.60p                  | 27.00p                  |
| <b>-Discount/+premium</b>                           | (b-a)/a | -43.2%                  | -70.9%                  |

## Ongoing Charges

The ongoing charges ratio is a measure of the recurring annual costs of running the Company based on historical data, indicating the minimum gross profit that the Company needs to produce to make a positive return for shareholders. It is calculated using the AIC methodology and is the Company's recurring operating costs incurred in the 12 months ending at the end of the relevant financial period, charged to Revenue or Capital in the Statement of Comprehensive Income, calculated as a percentage of the average published NAV in respect of that 12-month period. Operating costs exclude, for this purpose, the costs of acquiring and disposing of investments, any finance costs, costs of issuing or buying back shares, taxation and any costs not expected to recur in the foreseeable future.

|  |     | <b>30 June<br/>2024</b> | <b>30 June<br/>2023</b> |
|--|-----|-------------------------|-------------------------|
|  |     | <b>£'000</b>            | <b>£'000</b>            |
| Investment management fee (note 4 to the financial statements) |     | 2,826                   | 2,912                   |
| Other operating expenses (note 5 to the financial statements)  |     | 1,482                   | 1,851                   |
| Less non-recurring operating expenses                          |     | (157)                   | (442)                   |
| Ongoing charges  | a   | 4,151                   | 4,321                   |
| Average quarterly NAV  | b   | 226,902                 | 228,604                 |
| <b>Ongoing charges ratio</b>                                   | a/b | <b>1.83%</b>            | <b>1.89%</b>            |

The ongoing charges calculated above are different from the ongoing costs provided in the Company's Key Information Document (the '**KID**'), which are calculated in line with the Packaged Retail and Insurance-based Investment Products Regulation. The ongoing costs in the KID include investment transaction costs.

## Portfolio Fair Value vs. Cost

Portfolio fair value vs. cost is a measure of the absolute performance of the investments in the Company's portfolio at the relevant reporting date since they were acquired. It is the amount

Company's portfolio at the relevant reporting date since they were acquired. It is the amount by which the fair value of the investments in the portfolio at the end of the relevant financial period has changed in relation to the aggregate cost of those investments (adjusted for any disposals), expressed as a percentage of the aggregate cost.

|   |     | 30 June<br>2024 | 30 June<br>2023 |
|---|-----|-----------------|-----------------|
|   |     | £m              | £m              |
| Portfolio fair value (note 8 to the financial statements) | a   | 201.5           | 187.4           |
| Aggregate cost of the assets (adjusted for any disposals) | b   | 192.5           | 190.2           |
| <b>Portfolio fair value vs. cost</b>                      | a/b | <b>104.7%</b>   | <b>98.5%</b>    |

## Glossary

**Administrator or Company Secretary:** Ocorian Administration (UK) Limited.

**AI:** artificial intelligence.

**AIC:** The Association of Investment Companies, the trade body for UK-listed closed-ended investment companies.

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

**Auditor:** BDO LLP.

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

**Board:** the Board of Directors of the Company.

**Bookings:** contracted future revenues.

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

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

**Directors:** the Directors of the Company.

**Discount:** the share price of a listed investment company is rarely the same as its NAV. When the share price is lower than the NAV per share it is said to be trading at a discount. The discount is the difference between the share price and the NAV, expressed as a percentage of the NAV.

**ESG:** environmental, social and governance.

**EV:** enterprise value.

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

**FCA:** Financial Conduct Authority.

**FV:** fair value.

**FX:** foreign exchange.

**GEO:** geosynchronous equatorial orbit (35,786km from earth) with a 24-hour period.

**GP:** general partner.

**GPS:** global positioning system.

**Gross asset value:** the value of the gross assets of the Company, determined in accordance with its accounting policies.

**IAS:** International Accounting Standard.

**IFRS:** the International Financial Reporting Standards, being the principles-based accounting standards, interpretations and the framework by that name issued by the International Accounting Standards Board, to the extent they have been adopted by the UK.

**IoT:** the interconnection via the internet of computing devices embedded in everyday objects, enabling them to send and receive data.

**Initial Portfolio:** the portfolio of investments acquired from the LP Fund by the Company on completion of its IPO, details of which are set out in the IPO prospectus, which is available on the Company's website (<https://investors.seraphim.vc/>).

**Investment Management Agreement:** the investment management agreement entered into between the Investment Manager and the Company, details of which are included under 'Investment Manager' in the Governance Report *below*.

**Investment Manager or Seraphim Space:** Seraphim Space Manager LLP.

**IPEV:** the International Private Equity and Venture Capital Association.

**IPO:** initial public offering, being an offering by a company of its share capital to the public with a view to seeking an admission of its shares to a recognised stock exchange.

**LEO:** low earth orbit, being an orbit that is relatively close to the earth's surface, extending from 160km to 2,000km above earth.

**London Stock Exchange:** London Stock Exchange PLC.

**LP Fund:** Seraphim Space LP.

**LTM:** last 12 months.

**M&A:** mergers and acquisitions.

**NASDAQ:** National Association of Securities Dealers Automated Quotations.

**NAV or net asset value:** the value of the assets of the Company less its liabilities as calculated in accordance with its accounting policies (or, in the context of an ordinary share, the NAV of the Company divided by the number of ordinary shares in issue (but excluding any treasury shares)).

**Premium:** a premium occurs when the share price of a listed investment company is higher than the NAV. The premium is the difference between the share price and the NAV, expressed as a percentage of the NAV.

**Retained Assets:** the investments acquired from the LP Fund by the Company subsequent to its IPO, details of which are set out in the IPO prospectus, which is available on the Company's website (<https://investors.seraphim.vc/>).

**RF:** radio frequency, which involves using electromagnetic radiation for transferring information between two circuits that have no direct electrical connection.

**SaaS:** software as a service.

**Seraphim Space Accelerator:** the accelerator programme for early stage SpaceTech companies run by an affiliate of the Investment Manager.

**SPAC:** special purpose acquisition company.

**SpaceTech:** in the context of a business, an organisation which relies on space-based connectivity and/or precision, navigation and timing signals or whose technology or services are already addressing, originally derived from or of potential benefit to the space sector.

**Total return:** the total return on an investment comprises both changes in the NAV per share or share price and any dividends paid to shareholders and is calculated on the basis that all historic dividends have been reinvested in the NAV or shares on the date the shares become ex-dividend.

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

**VC:** venture capital.

**Venture Fund:** Seraphim Space Ventures II LP.

## **Corporate Information**

### **Registered Office**

5th Floor  
20 Fenchurch Street  
London  
EC3M 3BY

### **Board of Directors**

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

### **Investment Manager**

Seraphim Space Manager LLP  
2nd Floor  
One Fleet Place  
London

EC4M 7WS

**Administrator and Company Secretary**

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

**Corporate Brokers**

Deutsche Numis, London Branch  
Winchester House  
1 Great Winchester Street  
London  
EC2N 2DB

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

**Legal Adviser**

Stephenson Harwood LLP  
1 Finsbury Circus London  
EC2M 7SH

**Depository**

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

**Registrar**

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

**Independent Auditor**

BDO LLP  
55 Baker Street  
London  
W1U 7EU

**Custodian**

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

**Public Relations and Communications Adviser**

SEC Newgate  
14 Greville Street  
London  
EC1N 8SB

**Identifiers**

**Website:** <https://investors.seraphim.vc/>

**ISIN:** GB00BKPG0138

**Ticker:** SSIT

**SEDOL:** BKPG013

**GIIN:** GXNBCF.99999.SL.826

**Registered Company Number:** 13395698

**Legal Entity Identifier:** 2138002THGUZBGZC2V85

### Cautionary Statement

The Annual Report may include statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements are sometimes, but not always, identified by the use of forward-looking terminology, including the terms 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will' or 'should' or, in each case, their negative or other variations or comparable terminology.

Forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Annual Report and include statements regarding the intentions, beliefs or current expectations of the Directors or Investment Manager concerning, amongst other things, the investment objective and investment policy, investment performance, results of operations, financial condition, liquidity, financing strategies and prospects of the Company and the markets in which it invests.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance.

The Company's actual investment performance, results of operations, financial condition, liquidity, financing strategies and prospects may differ materially from the impression created by the forward-looking statements contained in this Annual Report.

Subject to their legal and regulatory obligations, the Directors and the Investment Manager expressly disclaim any obligations to update or revise any forward-looking statement contained in this Annual Report to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

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[1] Fair value weighted average (as defined in the Glossary below.)

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

[3] <https://www.forbes.com/sites/committeef200/2020/09/22/diversity-as-uperpower-the-well-known-data-against-homogeneous-teams-in-venture-capital/?sh=228846b52019>

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



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