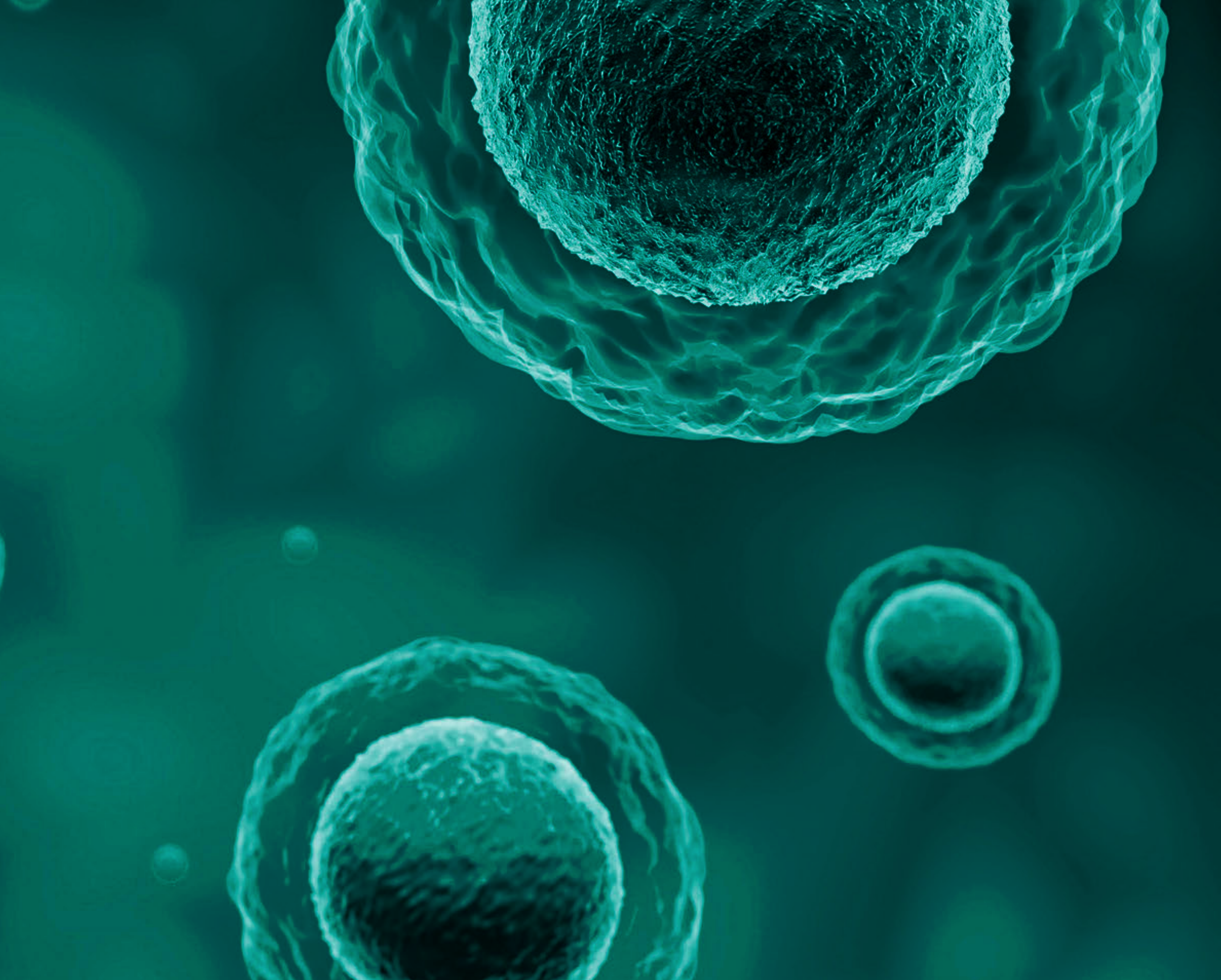
International Biotechnology Trust plc

Investing in Biotechnology for a Healthier Future

ANNUAL REPORT | 31 August 2023



International Biotechnology Trust plc

WELCOME TO

INTERNATIONAL BIOTECHNOLOGY TRUST PLC's

ANNUAL REPORT FOR THE YEAR ENDED 31 August 2023

Kepler INCOME & GROWTH RATING
Kepler's top-rated investment trusts for 2023
International Biotechnology Trust plc

cfi.co AWARDS 2023
Responsible Investing
International Biotechnology Trust plc
Best Biotechnology Investment Strategy NOMINEE

AJBell FTT Awards2022
TECHNOLOGY/BIOTECH - ACTIVE
International Biotechnology Trust plc
NOMINEE

WHO WE ARE

International Biotechnology Trust plc offers investors access to the fast-growing biotechnology sector through an actively managed, diversified fund.

Our award-winning Investment Managers at SV Health Managers LLP are scientifically, medically and financially experienced with over 75 years of experience between them. As well as investing in a wide-ranging portfolio of global quoted biotechnology stocks, we include a small proportion of otherwise inaccessible carefully selected unquoted investments which have the potential to deliver additional returns over the long-term. Excellent management teams, unique innovative products and strong potential for outperformance are the key criteria for inclusion in our diversified portfolio of assets. The six key attributes of the Company are detailed below:

Strong fundamentals

Driven by the strong fundamental demand and supply of the Biotechnology sector

Diversified portfolio

Access to a broad spectrum of quoted and unquoted investments

Growth and yield

Provides investors exposure to both growth and an attractive yield

Active management

Bottom up stock selection with diversification overlay

Expert team

Scientifically and financially experienced Investment Managers with access to specialists at SV Health Managers LLP

Innovation

Invested in some of the most innovative companies in the world, developing therapies to improve and save lives

FUND FACTS

FINANCIAL HIGHLIGHTS	31 August 2023	31 August 2022
Total equity/net asset value (NAV) (£'000)	270,317	284,889
NAV per share†	687.5p	697.2p
Share price	644.0p	651.5p
Share price discount to NAV†	(6.3)%	(6.6)%
Dividend per share***	28.2p	31.4p
Gearing†	12.0%	14.0%
Ongoing charges†*	1.4%**	1.3%**
Ongoing charges including performance fee	1.6%**	1.5%**

†For detailed calculations on the discount/premium, gearing and ongoing charges, please refer to Alternative Performance Measures (APMs) on page 112.
*Calculated in accordance with the Association of Investment Companies (the AIC) guidance. Based on total expenses excluding finance costs and performance fee and expressed as a percentage of average daily net assets. The ratio including performance fee has also been provided, in line with the AIC recommendations. Research costs under MiFID II borne by the Company are included in the ongoing charges calculation.
**Includes Management fees paid to SV Health Managers LLP directly from investment in SV Fund VI and SV BCOF (SV unquoted funds) of £791,000 (2022: £623,000).
***4% of the Company's NAV as at the last day of the preceding financial year.

FIVE YEAR PERFORMANCE (Cumulative Total Return)	1yr (%)	3yr (%)	5yr (%)
Share price total return to 31 August	3.0%	(0.5)%	15.8%
NAV per share total return to 31 August	2.7%	5.9%	18.8%
NASDAQ Biotechnology Index (NBI) to 31 August	(1.4)%	6.1%	13.5%
FTSE All-Share Index to 31 August	5.0%	34.5%	18.0%

For detailed calculations on the share price total return and the NAV per share total return, please refer to Alternative Performance Measures (APMs) on page 113. Data for NBI and FTSE All-Share Index sourced from Bloomberg. All sterling-adjusted and on a shareholder returns basis.

TOP TEN HOLDINGS			As at 31 August 2023		As at 31 August 2022
Investment	Therapeutic area	Geographic location	£'000	% of NAV	% of NAV
Incyte	Oncology	United States	18,243	6.0	5.1
Amgen	Oncology	United States	16,031	5.3	1.2
SV Fund VI	Venture Fund	United States	14,105	4.7	6.6
Gilead Sciences	Infectious diseases	United States	14,098	4.7	4.0
Harmony Biosciences	Rare diseases	United States	13,803	4.6	3.5
Supernus Pharmaceuticals	Central nervous system	United States	13,154	4.4	3.1
Vera Therapeutics	Autoimmune	United States	11,598	3.8	1.8
BioMarin Pharmaceutical	Rare diseases	United States	11,081	3.7	1.6
Regeneron Pharmaceuticals	Ophthalmology	United States	8,996	3.0	4.2
Intra-Cellular Therapies	Central nervous system	United States	8,973	3.0	2.7
			130,082	43.2	

At 31 August 2022, the top ten holdings represented 49.5% of NAV.

PORTFOLIO OVERVIEW	31 August 2023	31 August 2022
Number of total portfolio companies*	76	72
Number of quoted holdings	69	64
Number of unquoted holdings**	7	8
NAV	£270.3m	£284.9m
Quoted investments	£276.6m	£285.5m
Unquoted investments	£25.3m	£28.0m
Net (debt)***	(£32.5m)	(£40.0m)

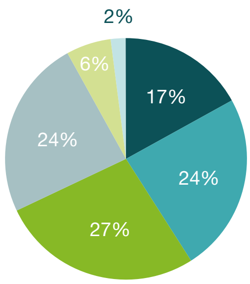
*Excluding companies fully written off.
**Includes two SV unquoted funds. SV Health Managers LLP Fund VI (SV Fund VI) and SV Biotech Crossover Opportunities Fund LP (SV BCOF) have a further 18 and six companies, respectively, in their portfolios.
***Debt as at 31 August is a result of the Investment Managers' investment strategy. Please refer to Glossary on pages 110 and 111 and APMs on page 112 for more information.

PORTFOLIO COMPOSITION

AS AT 31 AUGUST 2023

NAV% by Size*

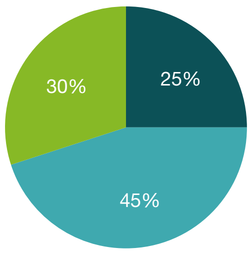
- Mega cap > $30bn
- Large cap = $10-30bn
- Mid cap = $2-10bn
- Small cap < $2bn
- Unquoted funds
- Directly-held unquoted



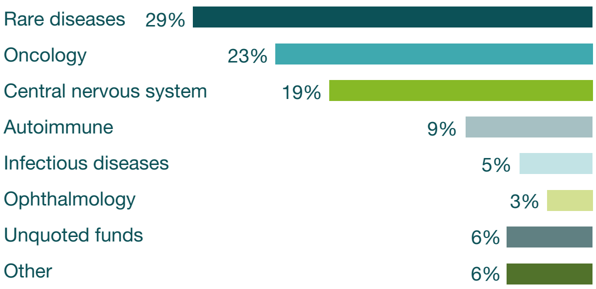
*Adjusted for cash/(debt) balance.

NAV% by Development Stage

- Profitable
- Revenue growth
- Early-stage



NAV% by Therapeutic Area



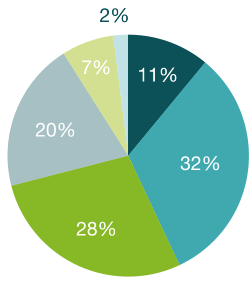
NAV% by Geography

92% US/Canada 7% Europe/UK 1% Rest of World

AS AT 31 AUGUST 2022

NAV% by Size*

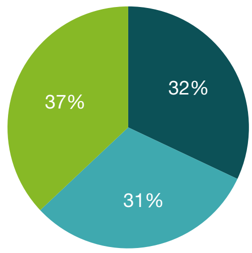
- Mega cap > $30bn
- Large cap = $10-30bn
- Mid cap = $2-10bn
- Small cap < $2bn
- Unquoted funds
- Directly-held unquoted



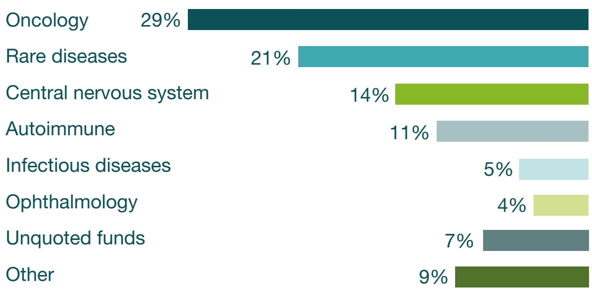
*Adjusted for cash/(debt) balance.

NAV% by Development Stage

- Profitable
- Revenue growth
- Early-stage



NAV% by Therapeutic Area



NAV% by Geography

86% US/Canada 11% Europe/UK 3% Rest of World

LONG-TERM RECORD

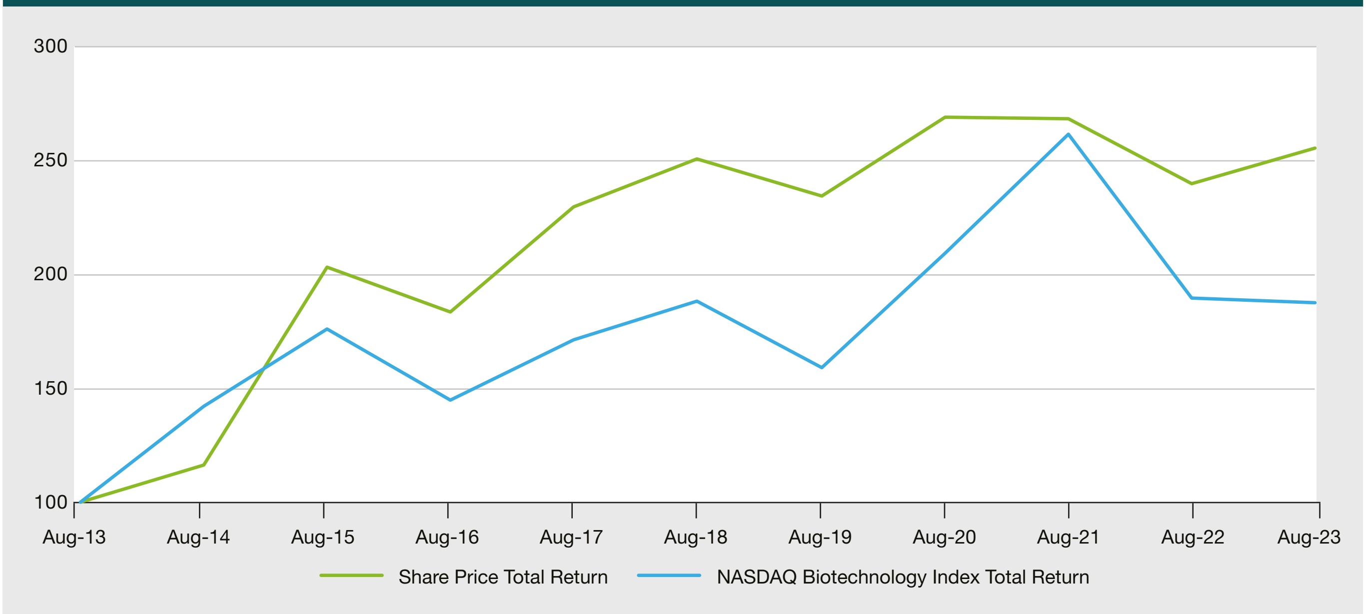
TEN YEAR PERFORMANCE as at 31 August

As at 31 August	Total NAV £'000	Number of shares in issue*	NAV per share pence	NAV** total return %	Share price pence	Share price** total return %	NBI total return %	(Discount)/ premium %
2023	**270,317**	**39,318,183**	**687.5**	**2.7**	**644.0**	**3.0**	**(1.4)**	**(6.3)**
2022	284,889	40,863,009	697.2	(6.9)	651.5	(6.4)	(13.8)	(6.6)
2021	323,775	41,383,817	783.2	9.8	729.5	3.8	24.8	(6.8)
2020	283,897	38,436,817	738.6	22.4	730.0	18.7	18.6	(1.2)
2019	239,579	38,397,663	623.9	(6.8)	636.0	(2.1)	(9.8)	1.9
2018	262,473	37,547,663	699.0	8.6	680.0	13.7	10.1	(2.7)
2017	252,651	37,547,663	672.9	20.9	624.0	30.5	21.7	(7.3)
2016	216,651	37,672,663	575.1	(1.7)	497.5	(9.8)	(6.5)	(13.5)
2015	236,001	40,247,663	586.4	48.2	551.5	75.4	38.0	(6.0)
2014	214,970	54,332,663	395.7	26.4	314.5	16.9	33.8	(20.5)

* Excludes Treasury shares.
** On a total return basis (with all dividends reinvested since 2017).

TEN YEAR PERFORMANCE

Share Price/NASDAQ Biotechnology Index Total Return (%)



Source: Bloomberg. Data rebased to 100 at 31 August 2013.

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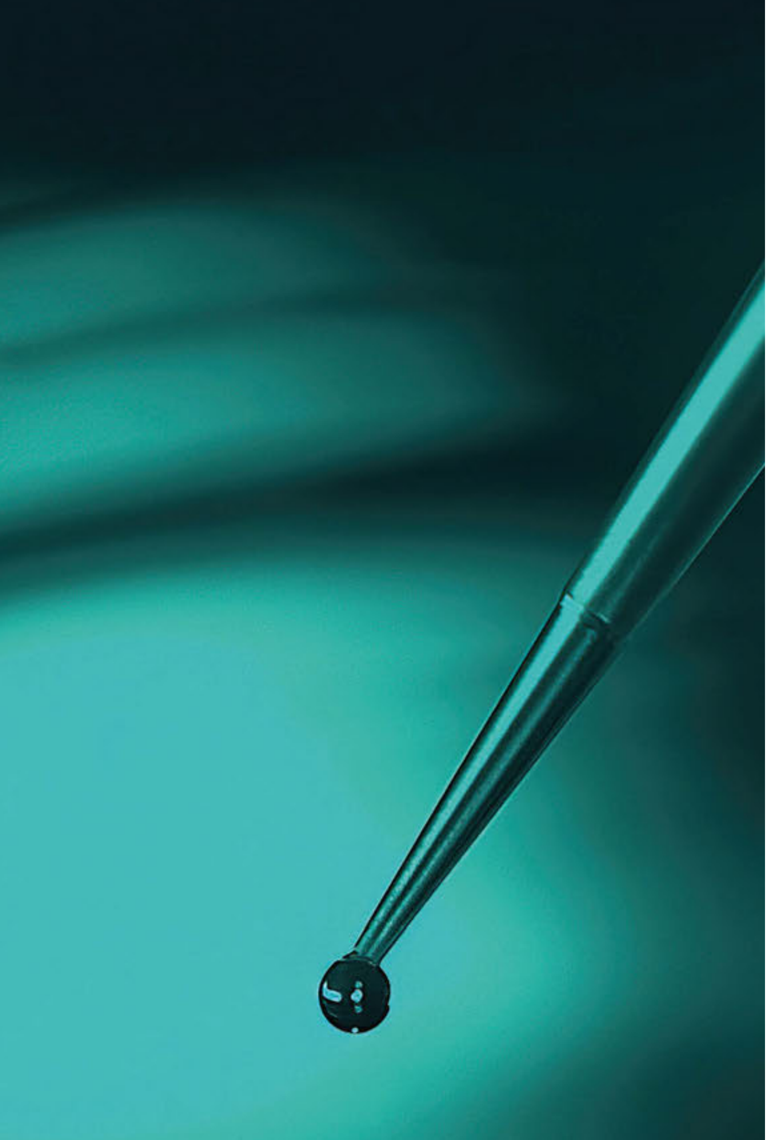
31 August 2023



International Biotechnology Trust

Further information:
www.ibtplc.com

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CHAIR'S STATEMENT

Kate Cornish-Bowden | Chair

SUMMARY

The share price total return of International Biotechnology Trust plc (IBT) rose by 3% over the financial year to the end of August 2023, while the benchmark NASDAQ Biotechnology Index (NBI) fell by 1.4% over the same period. The Company's Net Asset Value rose by 2.7%. All figures are on a sterling adjusted total return basis, with dividends reinvested. It is gratifying that the Fund Manager has again delivered a return in excess of the NBI, although disappointing to have underperformed the FTSE All Share Index. IBT has now outperformed the NBI over one, five and ten years.

It has been a very busy year for IBT, whilst we conducted a comprehensive, independent process to select a new fund manager for the Company; and it is particularly pleasing that the Investment Managers have continued to deliver strong performance during this transition.

QUOTED PORTFOLIO

The NAV of the quoted portfolio, which represents 91.6% of total investments, rose by 3.8% during the financial year, beating the NBI return by 5.2%. All figures are on a sterling adjusted total return basis, with dividends reinvested.

Your Investment Managers, Ailsa Craig and Marek Poszepczynski, have continued to focus their efforts on identifying companies which have innovative treatments for unmet medical needs which command powerful competitive positions, have strong balance sheets, and have experienced management teams. The largest exposures by therapeutic area are Rare Diseases (29%), Oncology (23%) and the Central Nervous System (19%).

Most of the outperformance during the financial year was due to careful selection of mid cap revenue-generating biotech opportunities, which became acquisition targets. IBT benefited from being overweight in six companies which were subject to M&A activity. The Fund Manager's Review provides more detail on these transactions, but I would like to draw your attention to both Horizon and Seagen, which represented the two largest portfolio holdings before they became the subject of takeover bids from Amgen and Pfizer respectively, in the first half of the year under review. In both cases shareholders benefited significantly from the performance uplift, and the Investment Managers subsequently took the decision to reduce the positions to lower exposure to the transaction risks. This has proved prescient as both share prices have been volatile following announcements of investigations into the deals by the Federal Trade Commission (FTC). Since the year end, the FTC has given the Amgen acquisition of Horizon the green light, but Pfizer's proposed takeover of Seagen remains under review by the regulator.

The outlook for M&A activity in the sector remains bright. The large cap companies in the industry have substantially outperformed their smaller brethren this year. Whilst the NBI, which is a market capitalisation weighted index which also includes pharmaceutical companies, fell by 1.4% in sterling terms, XBI, which is equal weighted, fell by 13% in sterling terms over the same period. The relative valuation differential has made the smaller innovative companies which are developing the drugs of the future look even more appealing. The industry is forecast to lose up to $200bn in sales per annum by 2030 as a result of major drugs coming off patent. The cash-rich, large cap companies in the sector are under pressure to maintain earnings growth and are eager to identify the next generation of innovative candidates to fill the pipeline.

UNQUOTED PORTFOLIO

The unquoted portfolio, which comprises 8.4% of total investments, is primarily invested in two venture capital funds, SV Fund VI and SV BCOF, managed by SV Health Investors LLC and SV Health Managers LLP respectively, as well as a small number of directly held unquoted companies, most of which have been exited with potential contingent milestone payments still remaining.

CHAIR'S STATEMENT | continued

Rising interest rates have led to a tougher funding environment for the private equity industry, and biotechnology is no exception. Deal activity has fallen dramatically and the heady valuations of a couple of years ago are a distant memory. During the year SV Fund VI, which is a mature fund with 86% of the initial IBT $30m commitment drawn down, fell in value with a number of write downs. Nevertheless, since its launch in 2016, SV Fund VI has delivered a currency adjusted Internal Rate of Return (IRR) of 17.7% per annum for investors.

The younger fund, SV BCOF, focuses on later stage, pre IPO and newly listed opportunities. Of the initial $30m commitment from IBT, only 28% is drawn down, and invested in six companies. During the year, Nimbus, one of the original SV BCOF investments, announced the sale of one of its key assets, a TYK2 Inhibitor for psoriasis, to Takeda for $4bn in upfront cash, and up to $2bn in commercial milestone payments. This has led to an exceptional early return for investors in SV BCOF which has delivered a currency adjusted IRR of 109% since it was launched in January 2022. The majority of SV BCOF remains in cash assets ready to take advantage of the significantly reduced valuations in the recently derated private biotech space.

NEW MANAGER

At the beginning of August this year, we were able to release the news to our patient shareholders and the market that we have selected a new fund manager for IBT; Schroders. This has been the culmination of an exhaustive and independent process, and we are very pleased with the outcome. The transition to Schroders, which is due to occur on 20 November 2023, ensures continuity of the existing mandate combined with the benefit of the significant investment trust expertise which Schroders brings to the table. Ailsa Craig and Marek Poszepczynski are moving to Schroders and will continue to manage the quoted portfolio with the same investment philosophy.

As previously announced, SV Health Managers LLP served notice to IBT in February this year following the partnership's decision to focus on its venture capital business. The Board and its Advisers spoke to our major shareholders in order to gain an understanding of their priorities and expectations for the future of IBT. Our shareholders said they were pleased with the investment record of the Investment Managers and keen to ensure that our differentiated mandate remained as a distinctive option within the biotechnology and healthcare specialist area. Most of our shareholders value our policy of paying a regular dividend out of capital, and our commitment to invest up to 15% of assets in innovative private equity opportunities within the biotechnology sector.

Amongst the many expressions of interest which we received the Board was particularly keen to identify investment houses with experience of managing investment trusts. Schroders has an established investment trust business with 14 investment trusts and over £10bn under management, and is strongly placed to support IBT both from a regulatory and marketing perspective. IBT provides Schroders with a flagship biotechnology offering within its global thematic funds business.

UNQUOTED EQUITY EXPOSURE

SV Health Managers LLP, which has delivered a strong track record for IBT shareholders from investments in unquoted biotech assets, will continue to provide advice on the Company's current private equity exposure. This is primarily invested in two venture capital funds; SV Fund VI and SV BCOF. The remaining legacy direct investments, which now represent less than 2% of total assets, will no longer attract a management fee but will be subject to the same performance fee of 20% (capped at 2% of the Company's NAV).

CHANGE IN DEPOSITARY, CUSTODIAN AND LENDER

As part of the move to Schroders, IBT is changing its depositary and custodian from Northern Trust to HSBC. As a result of this change, the £55m one year lending facility from Northern Trust will be repaid early. The Board is in the process of negotiating a new, one year secured revolving lending facility with Scotiabank which will replace the arrangement with Northern Trust.

NEW FEE ARRANGEMENTS

The Board has negotiated a fee free period for up to six months with Schroders which will offset the costs associated with the transition. The annual management fee at Schroders will be 0.7%, in line with the effective fee currently payable on the quoted portfolio. The performance fee will be retained and is payable at a rate of 10% of the relative outperformance above the NBI plus a hurdle rate of 0.5%. The performance fee is subject to a cap of 1.25%, and payable only when the NAV per share has increased over the period. The ongoing charge ratio is expected to fall marginally and further reduce over time.

SUSTAINABILITY

Schroders has a dedicated sustainability team which will help complement IBT's initiatives to incorporate Environmental, Social and Governance (ESG) criteria into the investment process.

Investing in companies that develop innovative treatments for patients suffering with unmet medical needs has an inherent positive social impact. IBT has implemented an ESG policy which

[1]For information on how the performance fee is calculated, please refer to the Directors' Report on page 41.
*For detailed calculation of the discount, please refer to APMs on page 112.

CHAIR'S STATEMENT | continued

incorporates ESG screening in the investment process. Data provided by Morningstar's Sustainalytics is used to measure the environmental and social impact and the quality of governance in key portfolio holdings. The results of this screen are outlined on page 32 of this Report.

DIVIDENDS

The Company's dividend policy is to make dividend payments equivalent to 4% of the Company's closing NAV, as at the last day of the preceding financial year (31 August), through two semi-annual distributions. This enables shareholders to gain access to this exciting growth sector without sacrificing the security of regular income. The first dividend for the year of 14 pence per share was paid on 27 January 2023. The second dividend for the year of 14.2 pence per share was paid on 25 August 2023. The dividend policy, which will be once again proposed at the AGM, will remain the same after the transition to Schroders.

DISCOUNT AND PREMIUM MANAGEMENT

The Board keeps the Company's share price discount to NAV under close review and is committed to buying back its shares to help manage this. Similarly, the Board is keen to grow the Company and will issue shares when the share price is trading at a premium to NAV. During the year under review, 1,544,826 shares were bought back to be held in Treasury. The share price discount to NAV, which was 6.6% at 31st August 2022, stood at 6.3% at 31 August 2023.

PERFORMANCE FEE

Thanks to outperformance in both the quoted and unquoted portfolios, a performance fee of £514,000 is payable for the year ended 31 August 2023. The quoted portfolio outperformed the NBI plus a 0.5% hurdle rate by over 4.5% which has led to a performance fee payment of £418,000. A performance fee of £96,000 is also payable on the unquoted portfolio due to net realised gains of £479,000 during the financial year.

BOARD AND SUCCESSION

Gillian Elcock, who joined the Board in February this year following the retirement of Jim Horsburgh, will be standing for election for the first time at this year's AGM. Gillian was the founder and Managing Director of Denny Ellison, an independent investment research company, and is a member of the board of the CFA UK. Gillian is also a Non-executive Director of Melrose Industries plc and STS Global Income and Growth Trust plc.

I am a Director of Schroder Oriental Income Fund Limited and will be stepping down from this role prior to IBT's move to Schroders.

AGM AND CONTINUATION VOTE

We look forward to seeing as many of our shareholders as possible at the AGM on 12 December which will be held at 3.00pm at Schroders' offices at 1 London Wall Place, London EC2Y 5AU.

In accordance with the Company's Articles of Association, a biennial continuation vote will be put to shareholders as an ordinary resolution at the AGM. We have consulted with many of our shareholders during the year and have received positive feedback. In particular, many of our major shareholders have informed us that they are pleased with the impending move to Schroders, and the continuity of the mandate and the investment management team. The Board strongly recommends that shareholders vote in favour.

OUTLOOK

It has been a volatile year for all investors as markets have swung from facing the reality of global inflation and the threat of recession to the belief that the interest rate cycle may be nearing a peak and the worst may be over. At the time of writing, the devastating news of a resurgence of the conflict in the Middle East has shaken market confidence. The continuing war in Ukraine and the increasingly tense relations between the US and China have further exacerbated the uncertainty within the investment environment.

Nevertheless, the Board shares the Investment Managers' views that there are grounds for optimism. Whilst higher costs of capital have had a substantial effect on the funding environment for early stage drug discovery companies, the fundamentals of the sector remain very much intact: namely a growing elderly population, a rising middle class, and an increasing demand for treatments to cure disease and enhance the quality of our lives. This spend is, to a large degree, non-discretionary.

Furthermore, scientific innovation in areas such as personalised targeted therapies and the application of artificial intelligence has led to faster, positive outcomes from clinical trials and better prospects for patients.

I would like to take this opportunity to thank my fellow Directors, the investment management team, and our professional advisers, all of whom have worked hard this year to ensure that we achieved the optimum outcome for our shareholders. We are excited about the opportunities for IBT within the Schroders stable and are looking forward to the future with confidence.

Kate Cornish-Bowden | Chair

6 November 2023

FUND MANAGER'S REVIEW

Ailsa Craig

Marek Poszepczynski

SV HEALTH INVESTORS

SUMMARY

In the year to 31 August 2023, the NAV per share rose 2.7% and the share price total return was up 3.0%. The Company's Benchmark, the NASDAQ Biotechnology Index (NBI), fell 1.4% whilst the FTSE All-Share Index rose 5.0%. All figures are on a sterling adjusted total return basis, with dividends reinvested. As of 31 August 2023, the Company's NAV amounted to £270.3m. The quoted portfolio represented 102.3% at £276.6m including 12% gearing of £32.5m. The unquoted portfolio represented 9.3% of NAV at £25.3m, and other net assets at £0.9m represented 0.4% of NAV.

Although the Company's discount widened at points during the financial year, the discount was managed by share buybacks and closed the year at 6.3%, not dissimilar from the 6.6% discount at the start of the year.

By subsector, as of 31 August 2023, 87% of the portfolio was invested in therapeutics, 4% in speciality pharmaceuticals, 3% in life sciences, tools and diagnostics and 6% in other sub-sectors. The Company's three largest therapeutic areas were Rare Diseases (29%), Oncology (23%), and Central Nervous System (19%).

COMPANY PERFORMANCE

Quoted portfolio

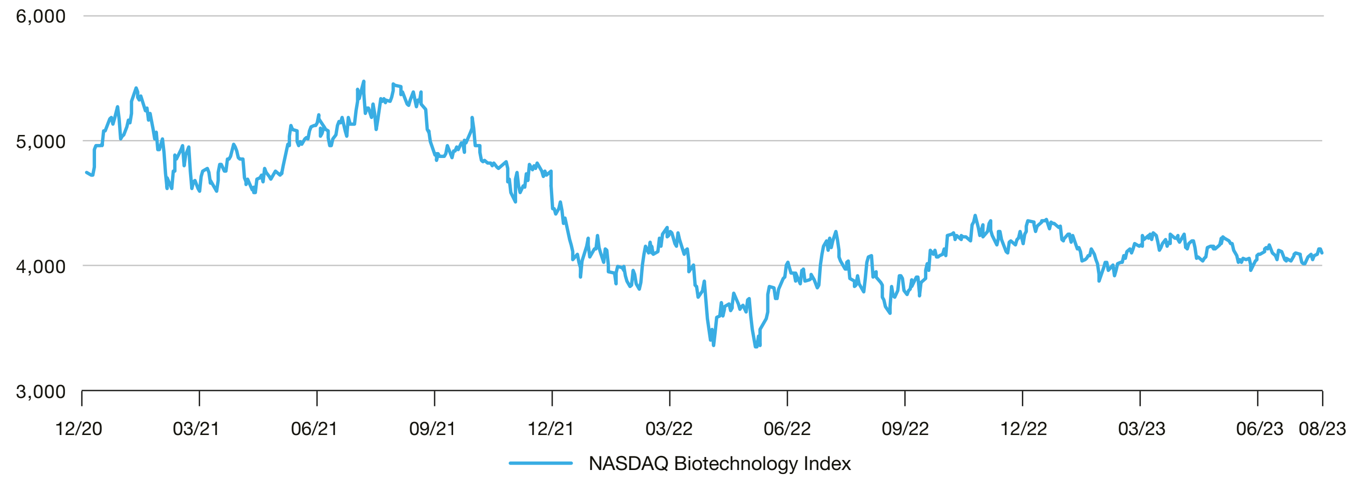
For the twelve-month period ended 31 August 2023, the NAV of the quoted portfolio rose by 3.8% (gross of management and performance fees) against a fall of 1.4% for the NBI. All figures are on a sterling adjusted total return basis, with dividends reinvested. While the NBI saw a modest decline, XBI, representing smaller-cap biotech firms, faced a more substantial setback, falling 13% when measured in sterling terms.

The bulk of both the Company's and NBI's absolute returns materialised during the first half of the financial year, with performance holding relatively steady in the latter half. This stands in contrast to the broader market, as represented by the NASDAQ Composite, which was stagnant during the first half of the Company's financial year, but then exhibited an impressive turnaround, delivering a substantial 22% return (in dollar terms) during the second half of the calendar year. Investment flows veered away from the biotech sector towards large-cap tech stocks, driven by the surge in excitement over advancements in artificial intelligence (AI) and lower inflation expectations. Notably, the NBI concluded the financial year at c4,000, marking a respectable 22% increase (in dollar terms) from the mid-2022 lows. Nevertheless, it still trails significantly behind the peak reached in 2021 when the index surged to c5,500 (see Figure 1).

FUND MANAGER'S REVIEW | continued

A SENSITIVE WEATHERVANE

FIGURE 1: NASDAQ Biotechnology Index



Source: Bloomberg.

On a positive note, the biotech sector experienced an uptick in M&A activity, with several deals announced, including six acquisitions within the Company's portfolio. Additionally, this calendar year appears poised for significant new chemical entity approvals by the Federal Drug Agency (FDA), with the sector anticipating the green light for up to 70 new chemical entities, reflecting robust innovation and growth. Nonetheless, the sector found itself in a somewhat stagnant state during the second half of the financial year ended 31 August 2023, primarily due to a constellation of negative headwinds. These challenges encompassed macroeconomic factors, such as the rise in interest rates, uncertainty surrounding the impact of the Inflation Reduction Act, and unexpected actions by the FTC. The FTC's announcement of investigations into high-profile acquisition deals within the biopharmaceutical industry introduced an element of uncertainty into the sector's landscape.

As has been discussed before, the 2020/2021 pandemic ignited fervent interest in the biotech sector, captivating generalist investors impressed by its rapid innovation in delivering vaccines and therapeutics. This enthusiasm drove investor focus toward early-stage biotech companies with ground breaking platform technologies (e.g. cell therapy, gene therapy, and RNA platforms), leading to overheated valuations across the market. Notably, early-stage, small-cap companies reached valuations traditionally reserved for those with proven products. However, the Federal Reserve's decision to raise interest rates to combat inflation had a significant impact, especially on early-stage biotech companies, which often operate without earnings for many years and depend on external financing for operations and clinical trials. These factors contributed to a prolonged market sentiment decline, resulting in one of the longest and deepest corrections in the NBI and small-cap biotech indices to date. Furthermore, IPOs stalled, and companies encountered challenges raising capital. Reduced M&A activity also played a role during the downturn, possibly due to unrealistic valuation expectations set during the 2021 hype.

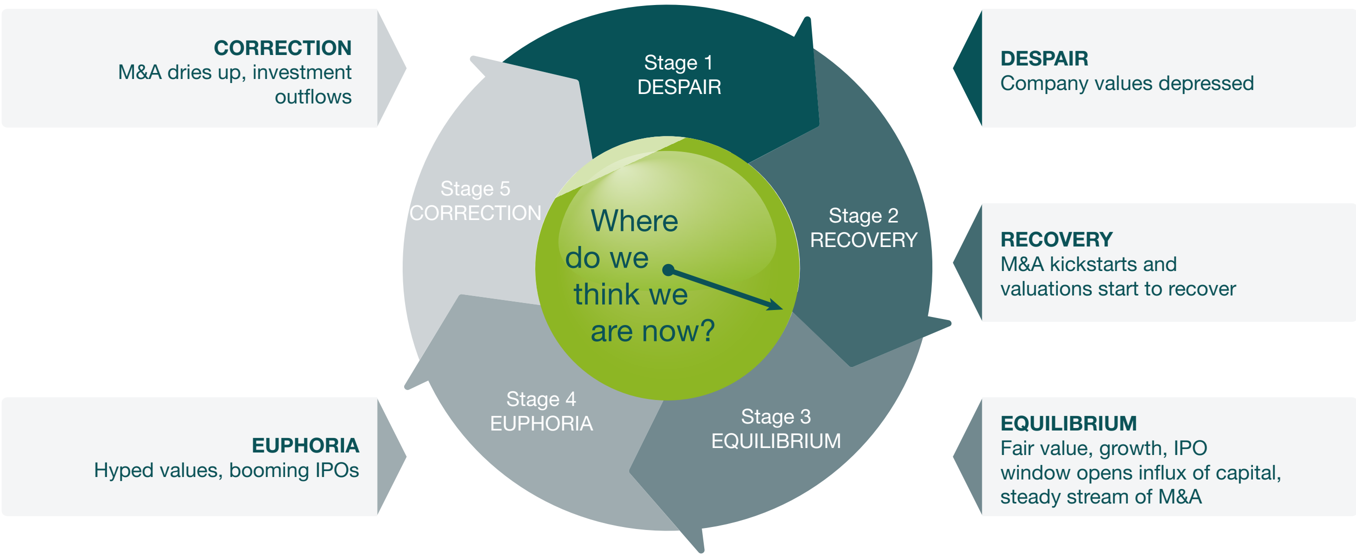
However, since the lows of May/June 2022, M&A activity has picked up and is expected to persist as smaller companies seek financing and present more attractive valuations. De-risked, late-stage assets that align with an acquirer's strategic pipeline are likely to be a top M&A priority.

The Company experienced a significant cash inflow from two major M&A exits involving Horizon and Seagen. Both positions were the Company's largest holdings at the time of offers from Amgen and Pfizer respectively. The Investment Managers chose to reinvest this cash into smaller and mid-sized companies with promising innovative assets addressing unmet medical needs. Additionally, they continued to reduce exposure to companies facing imminent binary events, such as clinical data readouts. These strategies contributed to the Company's relative outperformance and reduced portfolio volatility compared to the NBI.

FUND MANAGER'S REVIEW | continued

CYCLICAL INVESTMENT ENVIRONMENT

FIGURE 2: The stages of the biotech investment cycle



Source: SV Health Managers LLP

Unquoted portfolio

The Company's unquoted portfolio continues to perform well in its objective to give investors access to innovative early-stage companies and exposure to returns differentiated from quoted markets. As of 31 August 2023, it comprised 8.4% of the Company's total investments (9.3% of NAV) keeping it in line with the Company's guideline range of 5 to 15 per cent.

SUMMARY OF UNQUOTED INVESTMENTS

As at 31 August 2023	Fair value (£'m)	% of NAV	Number of investments
SV Fund VI	14.1	5.2	18*
SV BCOF	5.2	1.9	6*
Exited with contingent milestones	5.5	2.0	3
Directly-held unquoted	0.4	0.2	2
Total unquoted**	**25.3**	**9.3**	**29**

*The number of investments represents the number of investments into underlying individual portfolio companies. Two of the companies within SV Fund VI and one within SV BCOF were quoted as at 31 August 2023.

**The Board expects the unquoted portfolio to remain within the guideline range of 5-15%.

The portfolio currently includes two unquoted funds, SV Fund VI and SV BCOF as well as a small number of directly held unquoted companies, most of which have been exited with potential contingent milestone payments still remaining.

SV BCOF

SV BCOF is the newer fund which invests mostly in later stage, pre-IPO biotech opportunities. The $30m commitment is only 28% drawn as at 31 August 2023, but the fund was able to make distributions totalling $9.75m (£8.0m) during the year as a result of realising significant gains on Nimbus Therapeutics, one of its six underlying investments. In February 2023 Nimbus sold its TYK2 Inhibitor, which had demonstrated promising Phase 2 results in psoriasis, to Takeda for $4bn in upfront cash, and up to $2bn in commercial milestone payments.

SV Fund VI

SV Fund VI invests in a range of early-stage biotech, medical device and healthcare services companies. It is a mature portfolio and as at 31 August 2023, has drawn down 86% of the $30m capital committed. During the year, SV Fund VI made distributions of $2.2m (£1.9m) and capital calls of $1.9m (£1.6m). Performance for this year was disappointing with a number of write downs but,

FUND MANAGER'S REVIEW | continued

BEST PERFORMING INVESTMENTS	Contributors to NAV (£'m)
Horizon Therapeutics	18.3
Vera Therapeutics	5.6
Seagen	3.6

WORST PERFORMING INVESTMENTS	Detractors from NAV (£'m)
Harmony Biosciences	(4.7)
Revance	(3.4)
Travere Therapeutics	(3.2)

now comprising 5.2% of IBT's NAV, SV Fund VI has delivered a currency adjusted internal rate of return (IRR) of 17.7% per annum since the Company's first investment in the fund in 2016.

The remaining unquoted investments have been winding down since the Board's decision in 2016 to make all further unquoted investments through funds. They are classified as either "exited investments with contingent milestones" or "directly held investments" as set out in the analysis of Unquoted investments on pages 24 and 25. The net movement during the year has been broadly neutral with the total value of £5.9m dominated by Ikano which made distributions of £0.3m during the year.

The unquoted portfolio gave rise to a performance fee of £96,000 (2022: £471,000).

Positive contributors to NAV performance

Horizon Therapeutics was the main contributor to NAV during the year. The Investment Managers initiated an investment in 2018 after the company acquired River Vision Development Corp. in 2017 including the main product teprotumumab, a fully human monoclonal antibody in development for Thyroid Eye Disease, a rare autoimmune inflammatory disorder. Horizon successfully transitioned the product through clinical trials and received approval for the drug in January 2020. After a very strong launch, Amgen announced its intention to acquire Horizon for $28bn in December 2022. At the time of the announcement, the company was the largest holding in the Company.

Vera Therapeutics reported phase two data for its lead asset atacicept in IgA Nephropathy, a rare kidney disease in January 2023. The negative market interpretation of the data did not align with that of the Investment Managers who subsequently added to the holding within the Company. Vera shares recovered markedly after the company announced more mature data from the same trial which showed improved efficacy. Furthermore, competitor company Chinook Therapeutics, a read-across holding within the same disease area, was acquired by Novartis for $3.2bn, boosting the share price of Vera in parallel.

Seagen, an antibody-drug conjugate (ADC) company, is an established biotechnology company with multiple approved products addressing various oncology indications. In March 2023, Pfizer announced its intention to acquire the company for $48bn. At the time of the announcement, Seagen was the largest holding within the Company.

Detractors from NAV performance

Harmony Biosciences came under attack by Scorpion Capital, an activist hedge fund based in the US, in March 2023. Scorpion Capital's case report concerned Harmony's lead asset Wakix, which has been marketed since 2019 in the US for the treatment of a sleep condition called narcolepsy. Scorpion Capital cited safety concerns and then continued with a media campaign culminating in filing a citizen's petition with the FDA to take Wakix off the market. The FDA has responded to the citizen's petition but, as of the time of writing six months later, no action has been taken.

Revance launched Daxxify in January 2022 for forehead furrows. Sales of the drug have disappointed since the launch which has had a detrimental impact on the share price. In August 2023, the company announced a second indication for the drug, cervical dystonia.

Travere Therapeutics shares fell in February after disappointing data from a two-year study of a kidney drug which failed to show a statistically significant improvement. The company said the Phase 3 trial of sparsentan as a treatment for focal segmental glomerulosclerosis, or FSGS, did not meet the primary efficacy eGFR slope endpoint.

Mergers and acquisitions (M&A)

The Company benefitted from six of its portfolio companies becoming acquisition targets in the year to 31 August 2023. The Investment Managers anticipated that revenue growth companies would prove to be the most attractive targets due to the pressure on big pharmaceutical companies to plug impending gaps in their revenue pipelines with derisked assets with a shorter lead time to profitability. Big pharma continues to offer substantial premia to

FUND MANAGER'S REVIEW | continued

ensure success of their bids, which makes this a lucrative, alpha-generating area for the Company. Assuming that the share price moves close to the bid price on announcement, the Investment Managers will usually choose to exit their holding at that point in order that the Company is protected from transaction risk as the deal is negotiated further and scrutinised by the regulators. This has proved to be a wise strategy this year.

In December 2022, **Amgen** made a significant announcement of its intention to acquire **Horizon** for a substantial sum of $28bn, marking a noteworthy development for our biotech investment company. Horizon was the largest position in our portfolio, representing 13% of the Company's holdings. The acquisition process itself was characterised by a fiercely competitive bidding war involving major players in the pharmaceutical industry, including Johnson & Johnson and Sanofi. Amgen's offer for Horizon came with a substantial premium, providing a 48% increase over the previous day's closing share price, reflecting the perceived value of this strategic acquisition. The Company's position was sold soon after the transaction was announced in order to protect the Company from transaction risk, generating a substantial return on investment. Thereafter, in an unexpected turn of events in May, the FTC took action against Amgen, seeking to halt the transaction. The FTC expressed concerns that Amgen might engage in a practice commonly referred to as 'bundling'. This practice involves packaging different pharmaceutical products together and offering them at discounted rates, potentially creating barriers for competing drugs that lack such bundled advantages, especially for smaller pharmaceutical companies with fewer products in their portfolio. Despite the FTC's concerns the regulator settled with Amgen and the deal looks likely to close by the end of 2023.

Also in December 2022, **Takeda** announced its intention to acquire **Nimbus**, which is a holding within SV BCOF, part of the unquoted portfolio of the Company. The transaction amounted to an initial payment of $4bn with potential additional commercial-related milestone payments of up to $2bn. Nimbus Therapeutics, a clinical-stage drug discovery firm, employs cutting-edge computational techniques and machine learning-based predictive models to create small molecule medicines targeting validated yet challenging-to-address human disease targets. Its main project targets the TYK2 pathway, addressing inflammatory and autoimmune conditions such as psoriasis, inflammatory bowel disease, psoriatic arthritis and systemic lupus erythematosus.

Ipsen announced its intention to acquire **Albireo**, a specialised rare disease company, for a total consideration of $952m, in January 2023. Albireo, established 15 years ago as a spinout from AstraZeneca, is at the forefront of developing bile acid modulators to address a range of liver diseases. Albireo achieved notable milestones when its product, Bylvay, obtained regulatory approvals in both Europe and the United States in July 2021 for the treatment of pruritus associated with progressive familial intrahepatic cholestasis (PFIC). In October of the preceding year, Albireo presented compelling data demonstrating Bylvay's efficacy in managing another paediatric liver disorder, Alagille syndrome. Ipsen's tender offer for Albireo included a purchase price of $42 per share, with an additional contingent value right of $10 per share, contingent upon the potential approval of Bylvay for biliary atresia, the most prevalent among the three primary paediatric liver diseases.

Also in January of 2023, **Sun Pharmaceutical** entered into a definitive agreement to acquire **Concert**, amounting to a total equity value of $576m. Additionally, Concert shareholders will receive a contingent value right (CVR), offering the potential to receive an additional $3.50 per share of common stock in cash, subject to specific net sales milestones achieved by deuruxolitinib within defined timeframes as outlined in the contingent value rights agreement. Concert Pharmaceuticals is a late-stage biotech firm pioneering deuterium utilization in medicinal chemistry. Its patent portfolio features deuruxolitinib, a leading product candidate designed as an oral JAK1 and JAK2 inhibitor for treating Alopecia Areata, an autoimmune dermatological condition in late-stage development. Alopecia Areata is an autoimmune ailment characterised by immune attacks on hair follicles, causing hair loss on the scalp and body. Affecting up to 2.5% of the global population, this condition has limited treatment options and can lead to significant psychological consequences, including anxiety and depression.

In March 2023, **Pfizer**, entered into an agreement to acquire **Seagen**, a biotech firm specialising in oncology, for a total value of $43bn. Seagen was the Company's largest holding at the time, representing 10% of the portfolio as at end of February 2023. Pfizer offered $229 in cash per Seagen share representing a premium of approximately 35% over Seagen's closing price on the preceding Friday. Pfizer's CEO, Albert Bourla, emphasised the company's commitment to advancing cancer research, acknowledging oncology as a pivotal driver of global medical growth. Seagen's expertise in antibody-drug conjugates (ADC), a targeted therapy for cancer cells, further complements Pfizer's portfolio. Seagen's four approved ADC drugs are recognised for their effectiveness in treating specific conditions. In June 2022, speculations about a potential Seagen acquisition had surfaced, with initial discussions

FUND MANAGER'S REVIEW | continued

involving Merck. By July, Merck had put forward a substantial proposal, offering a minimum of $200 per share, equating to a prospective $40bn transaction value. However, negotiations between Seagen and Merck stagnated in August 2022, as the two entities couldn't reach a consensus on the deal's pricing terms.

After the collapse of the Seagen/Merck transaction, the Investment Managers bought more shares in Seagen, recognising that Seagen's Board of Directors would be under pressure to deliver a new deal to shareholders. Subsequently, in February 2023, reports emerged of Pfizer's interest in Seagen. This speculation was later confirmed a month later, as both companies disclosed their agreement to a purchase price of $229 per share, resulting in a monumental $43bn deal, one of the most significant in biotech history. The Investment Managers sold the Company's position shortly after the deal was announced to avoid exposing the Company to transaction risk. By June 2023, Seagen publicly announced in an SEC filing that Pfizer had initially withdrawn its application with the FTC, only to resubmit a similar document later the same day, reflecting the ongoing regulatory processes surrounding the acquisition which has still not closed.

In June 2023, **Novartis** said it had agreed to acquire **Chinook Therapeutics** for up to $3.2bn to boost its late-stage drug development line-up, raising the stakes in the race for a rare kidney disease treatment. Chinook's shareholders will receive $3.2bn, or $40 per share, in cash under the agreed deal, plus a contingent value right worth up to $300m, depending on certain regulatory achievements. The upfront payment represents a premium of 66.7% to Chinook's previous closing price. Chinook has a lead compound designed to treat IgA Nephrophathy, or IgAN, that can lead to kidney failure in young adults which is a focus for several companies and is already the target of a drug candidate.

INVESTMENT UPDATES

Many of the therapeutic areas represented in the Company's portfolio are at the cutting edge of current developments in biotech. The following section focuses on three of these and discusses how the Company's portfolio companies are at the forefront of the relentless pursuit of new effective therapies for debilitating diseases.

Gene Therapies

Over 10,000 genetic diseases, affecting millions of individuals globally, originate from single gene mutations. Gene therapy, a revolutionary approach, aspires to replace faulty genes with healthy counterparts or correct them, offering the potential of enduring cures. Recent technological breakthroughs have paved the way for ground breaking gene therapy drugs, and several companies in our portfolio have been instrumental in advancing this transformative field.

During November 2022, **Uniqure's** gene therapy, Hemgenix, received regulatory approval for the treatment of haemophilia B. This debilitating disease results from a deficiency in factor IX, a crucial protein in the blood clotting process. Uniqure, in collaboration with major Australian pharmaceutical company CSL Biopharma, embarked on a strategic partnership in 2020, culminating in a significant upfront payment of $450m. This partnership not only reinforced Uniqure's financial stability but also underlined the immense potential of gene therapy in addressing previously unmet medical needs.

In June 2023, **Biomarin** achieved a major milestone with the launch of Roctavian, their cutting-edge gene therapy. Indicated for the treatment of severe haemophilia A with congenital factor VIII deficiency, Roctavian offers a one-time single dose infusion aimed at restoring the missing gene. This breakthrough therapy empowers patients with severe haemophilia A to produce their own factor VIII protein, marking a transformative shift in the management of this condition.

May 2023 witnessed the regulatory approval of **Krystal Bio's** Vyjuvek, an innovative topical gene therapy developed by Krystal Bio. This therapy addresses the severely debilitating dystrophic epidermolysis bullosa disorder, a condition characterised by open wounds, skin infections, and an elevated risk of skin cancer. Unlike other gene therapies, Vyjuvek can be redosed with the replaced gene, enabling patients to generate vital collagen protein, thereby facilitating wound closure. This breakthrough offers newfound hope to these patients who have historically faced limited life expectancy.

Kidney Disease (IgA Nephropathy)

2023 marked significant progress in the pursuit of effective treatments for IgA Nephropathy, also known as Berger's disease. This kidney disorder, characterised by the accumulation of immunoglobulin A (IgA) in the kidneys, has garnered increasing attention from pioneering biotech companies dedicated to developing innovative therapies. The Investment Managers adopted a strategic "basket approach" to diversify risk across various developmental stages of treatments, as well as across distinct mechanistic approaches.

FUND MANAGER'S REVIEW | continued

Calliditas Therapeutics emerged as a prominent player in the IgA Nephropathy treatment landscape, offering Nefecon (marketed as Tarpeyo), the first drug approved to specifically tackle this condition. Nefecon, is an oral immunosuppressant which reduces the pathological IgA production and alleviates kidney inflammation. Encouraging clinical trial data indicated its potential to slow down disease progression. In February 2023, Calliditas received a conditional marketing authorisation for Nefecon. Further studies are underway to confirm its clinical benefit before seeking full FDA approval.

Travere Therapeutics secured conditional approval for its lead asset, sparsentan (branded as Filspari), just after Nefecon making it the second to market to treat IgA Nephropathy. Similar to Calliditas, Travere aspires to upgrade this conditional approval to full approval contingent upon the success of the phase 3 trial PROTECT, with results expected by the end of 2023.

Chinook Therapeutics, a development stage biotechnology company, is developing atrasentan, an endothelin type A antagonist currently in late-stage trials for IgA Nephropathy. The company also has an earlier stage, disease modifying asset BION-1301. Notably, in June 2023, Novartis announced its intention to acquire Chinook for $3.2bn with potential further upside for investors on the success of the Align clinical trial set to read out by the end of 2023.

Vera Therapeutics is also a development stage biotechnology company, whose lead asset atacicept is being developed to treat IgA Nephropathy. While initial data announced in January 2023 received a negative market response, resulting in a 70% drop in share price, our Investment Managers significantly increased their holding in the company, believing the data to be sound and the market response to be questionable. Subsequent positive data releases have validated their conviction, and the company has benefited from a significant recovery in its share price. The share price also benefited from the news of the Chinook acquisition by Novartis.

Central Nervous System

Data from the Centres of Disease Control paints a stark picture of the US mental health crisis: surging depression and anxiety, especially among youth, worsened by the COVID-19 pandemic. Existing antidepressants and antipsychotics have a slow onset of action, limited efficacy and often have to be combined, adding to stigmatising side effects, such as weight gain, leaving a clear unmet medical need. Pioneering treatments hope to address these limitations, many including totally novel mechanisms of action, providing hope for patients suffering from mental health issues.

Intra-Cellular Therapies, an innovative biotechnology company, unveiled Caplyta (lumateperone) in 2019, initially focused on treating schizophrenia. Traditional therapies often result in undesirable side effects, such as weight gain, often exacerbating the condition and hindering patient adherence. Caplyta, with its specific approach, mitigates these concerns, presenting a compelling alternative. Its expansion into bipolar depression in 2021, addressing another debilitating condition, expanded the potential market for the product. Concurrently, ongoing clinical trials are assessing its effectiveness in major depressive disorder, a mounting concern in the US, notably exacerbated by the pandemic.

In the latter part of 2022, **Axsome Therapeutics** launched Auvelity, a groundbreaking treatment for major depressive disorder. Unlike current therapies, which typically take six to eight weeks to show efficacy, Auvelity has an onset of action in under a week. Auvelity represents the first oral medication with a novel mechanism of action approved for major depression in six decades. This innovative drug operates by simultaneously targeting multiple neurotransmitter pathways, including the N-methyl-D-aspartate (NMDA) receptor and the monoamine system.

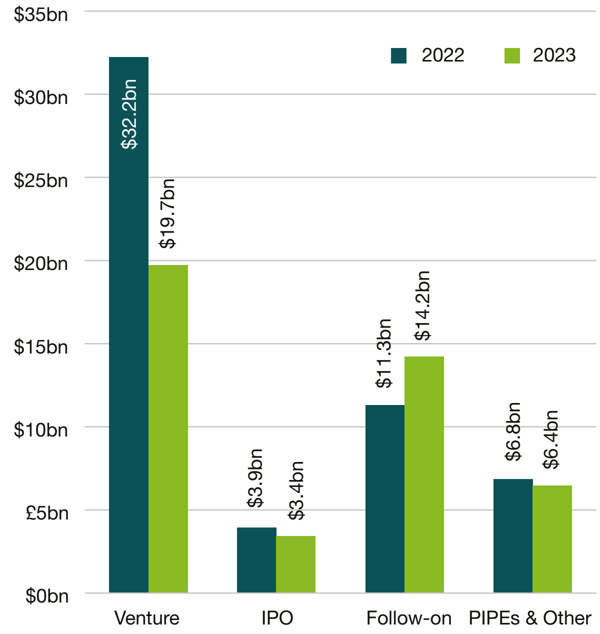
Xenon's lead asset, XEN1101, presented positive results from the Phase 2b X-TOLE study, demonstrating statistically significant reductions in seizures among patients grappling with challenging-to-treat focal onset seizure epilepsy. Building on this achievement, Xenon has recently initiated its Phase 3 epilepsy program. Separately, the company is actively engaged in an ongoing Phase 2 clinical trial to evaluate XEN1101's effectiveness in managing major depressive disorder, a significant comorbidity for epilepsy patients. Data from the X-NOVA trial are anticipated to be available by year-end 2023.

Karuna Therapeutics has achieved success in two late-stage clinical trials for KarXT, an experimental drug tailored for schizophrenia treatment. The company intends to submit an FDA approval application later this year. KarXT's innovative mechanism targets muscarinic receptor proteins, diverging from conventional dopamine and serotonin pathways, presenting a substantial market opportunity. Notably, the drug exhibited a promising safety profile, lacking the weight gain and extrapyramidal (involuntary muscle movements) side effects commonly associated with existing schizophrenia treatments. Furthermore, Karuna is exploring KarXT's potential applications in Alzheimer's disease psychosis and other conditions, broadening its therapeutic scope.

FUND MANAGER'S REVIEW | continued

FUND RAISINGS REMAIN ACTIVE

FIGURE 4: Money raised year-to-date (July), 2022 vs 2023



Source: BioCentury.

INITIAL PUBLIC OFFERINGS & THE SECONDARY MARKET

The biotech IPO market has witnessed remarkable strength in the past, reaching its zenith during the pandemic. 2021 saw a surge of listings from relatively young companies, prompting discussions about the appropriate timing for public offerings. Following this exuberance, the sector experienced a significant downturn, resulting in a very restricted IPO window during 2022.

However, recent developments indicate a reopening of this window, with a select few companies successfully completing IPOs in the current year. Notably, secondary fund raisings remain active in 2023, particularly for high-quality companies with compelling clinical data. (See Figure 4).

The Company has not invested in any IPOs in the calendar year 2023, with the Investment Managers preferring to wait until a proven track record is established by the management before making investments in this area. The possible reopening of the IPO window bodes well for the Company's investment in SV BCOF, a venture fund specialising in pre-IPO companies.

INDUSTRY RESPONSE TO THE MARKET DRAWDOWN

The biotechnology sector has displayed remarkable adaptability in the face of significant market turbulence following the boom during the COVID-19 pandemic. Since that peak period, the industry has experienced a notable decline in valuations, particularly among smaller, unprofitable biotech enterprises. This shift has necessitated challenging decisions for individual companies, given the tightening of funding sources. For several years, low interest rates and the Federal Reserve's monetary expansion policies fuelled an abundance of available funds for companies to go public and commence ambitious clinical programs that might otherwise have struggled to secure financing. Over the past decade, the number of biotech companies has more than tripled. (See Figure 5).

As we move beyond this era of abundance, the biotech industry has demonstrated resilience through strategic adaptation to a new normal:

Consolidation for Strength: In response to the shifting landscape, larger biopharmaceutical entities have actively acquired smaller biotech firms. This is a secular trend, but has accelerated in recent months, partly driven by more attractive valuations stemming from reduced stock prices. Additionally, the demand for inorganic revenue sources to counter future revenue losses due to patent expiries and potential pressures from the Inflation Reduction Act, has bolstered this consolidation trend. Furthermore, some companies have opted for "mergers of weakness", forming alliances that generate cost-saving synergies. These merged entities then focus their resources on the most promising assets in their pipelines, thereby reducing clinical development expenses.

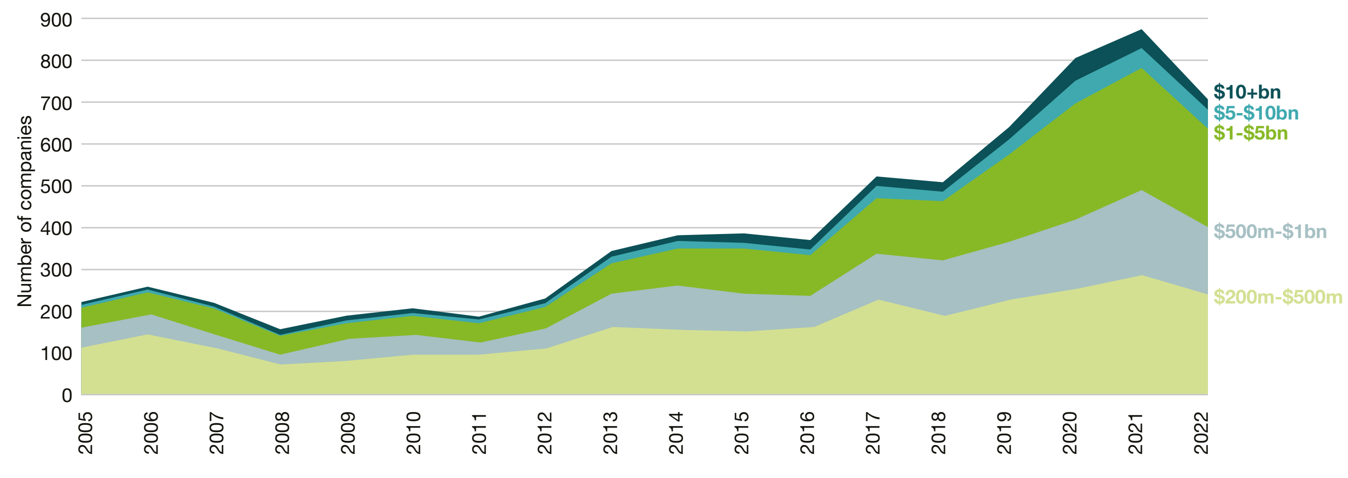
Streamlined Portfolio Focus: Companies are strategically pruning their development programs, concentrating resources on the most promising pipeline assets. This approach minimises internal clinical development costs while maximising the potential for success.

Activist Investor Influence: A handful of activist investors have emerged as influential voices challenging company boards to reconsider their strategies and implement changes that benefit shareholders. This trend underscores the heightened scrutiny of corporate decisions within the industry.

FUND MANAGER'S REVIEW | continued

NUMBER OF BIOTECH COMPANIES IN EACH MARKET TIER

FIGURE 5: The number of companies rose dramatically during the pandemic era



Source: BioCentury, September 2023 (companies below $200m excluded).

Outcomes

The cumulative impact of these strategic shifts is expected to result in a gradual reduction in the number of publicly listed biotechnology companies. The Investment Managers view this as a positive development for the sector. The rationalisation of weaker companies eliminates inefficiencies and redirects resources away from clinical programs with limited value. In tandem with the aforementioned strategies, the rate of new biotech companies entering the stock market has substantially declined. This phenomenon is poised to further curtail the number of companies listed on public exchanges.

FDA ENVIRONMENT

In recent years, the biotech industry has maintained a steady pace of new drug approvals, see Figure 6, although underlying shifts in therapeutic focus have emerged. Notably, specialty pharma drugs have experienced a decline, offset by a rise in advanced modalities. The combined domains of neurology and oncology continue to account for approximately 40% of all approvals. Small molecules remain the predominant modality, comprising roughly two thirds of approvals YTD, although this figure has decreased from the 75-80% range observed during 2010-2020. Notably, 2023 witnessed three gene therapy approvals with Vyjuvek by Krystal Biotech, Biomarin's Roctavian and Uniqure's Hemgenix signalling potential growth in this field. All three companies are portfolio holdings in Company.

The emergence of "new" modalities such as cell therapy, gene therapy, oligos, RNAi, bispecific antibodies, and ADCs is evident, representing a growing proportion of New Chemical Entity approvals and expected to accelerate throughout the rest of the calendar year. As the years progress, these trends will evolve, and we remain vigilant in our analysis of the dynamic biotech landscape, poised to seize investment opportunities that align with these industry dynamics.

INFLATION REDUCTION ACT

In 2022, the Inflation Reduction Act was enacted as a pivotal legislative initiative, designed to address the challenges of escalating inflation and government spending. The centrepiece of the Inflation Reduction Act's impact on the pharmaceutical industry is the introduction of drug pricing negotiations between the government, specifically Medicare (the federal health insurance programme covering over 65s and those with disabilities or certain chronic diseases), and the pharmaceutical industry. Commencing in 2026, Medicare is empowered to negotiate prices for the top ten revenue-generating drugs annually, expanding the list over time. It is noteworthy that Medicare's contribution to pharmaceutical revenues accounts for just 22%, as illustrated in Figure 7.

In August 2023, the first ten drugs selected for Medicare price negotiations were unveiled. While there were few surprises in the selection, as industry observers had largely anticipated the choices,

FUND MANAGER'S REVIEW | continued

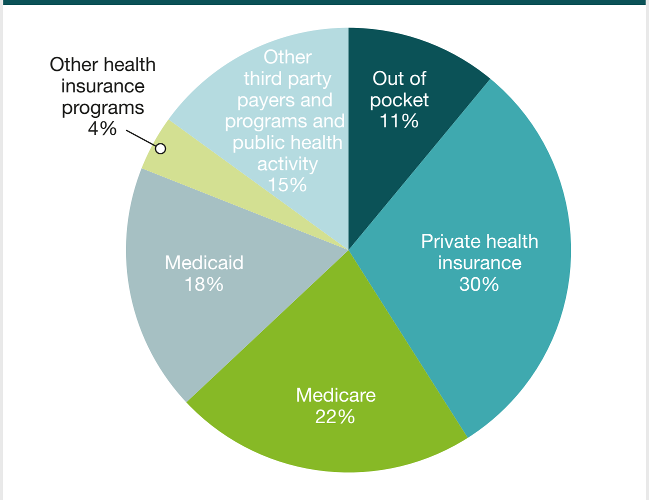
STEADY PACE OF NEW DRUG APPROVALS

FIGURE 6: Novel drug approvals by U.S. FDA

Source: FDA as of 18 August 2023. 2023 estimate from Biocentury.

PHARMACEUTICAL REVENUES

FIGURE 7: Breakdown of expenditures by payer in 2021



Source: CMS, Cowen and Company.

the implications for the pharmaceutical giants are unsubstantial as many of the drugs are close to patent expiry.

There is likely to be increased demand to acquire innovative early-stage and revenue growth biotech companies as larger pharmaceutical counterparts seek to mitigate revenue declines stemming from looming patent expirations as well as capped revenues on some of their blockbuster products triggered by inclusion on the list for price negotiations by the IRA. The introduction of the IRA has therefore amplified the urgency for acquisitions in the burgeoning biotech sector.

GEARING

In its capacity as a closed-ended fund, the Company possesses the requisite authority to employ leverage, up to a maximum limit of 30% of NAV. The utilisation of gearing is made possible through a revolving loan facility amounting to £55m, incurring an interest rate that is presently set at 1.5% above the prevailing base rate. The Investment Managers actively and judiciously employ this gearing facility as a tactical tool, increasing its deployment when advantageous opportunities arise for investment in promising companies at fair valuations, thereby avoiding the necessity of divesting existing holdings to make new investments. Conversely, the geared exposure can be curtailed to mitigate the risk associated with unfavourable market conditions.

Throughout the course of the reporting period, the degree of gearing employed fluctuated within the range of 0% to 20% of NAV. These fluctuations were driven by the Investment Managers' assessments of market valuations and macro-economic conditions as well as by cash inflows generated through acquisitions of holdings in the Company's portfolio.

OUTLOOK

After experiencing remarkable highs in 2020 and 2021, the biotech industry faced significant challenges in recent years. However, there are compelling reasons for optimism as we move forward.

The NBI has demonstrated resilience by rebounding 20% from mid-2022 lows in dollar terms. Smaller biotech companies, though affected by rising interest rates, continue to present appealing valuations, offering unique investment opportunities.

The confluence of rising interest rates and macroeconomic conditions, along with evolving industry dynamics related to the FTC and the Inflation Reduction Act, has created headwinds for the biotech sector. However, it is noteworthy that these challenges have had minimal impact on the valuations of innovative small and mid-cap biotech companies which represented 51% of the Company's NAV at the end of August 2023.

The recent period of valuation adjustments has stimulated increased M&A activity within the industry. We anticipate this trend

FUND MANAGER'S REVIEW | continued

to persist. Biotechnology continues to display robust innovation, boasting strong numbers of drug approvals and increasing numbers of clinical trials. Notably, emerging modalities such as gene and cell therapies hold transformative potential for addressing significant unmet medical needs across various diseases.

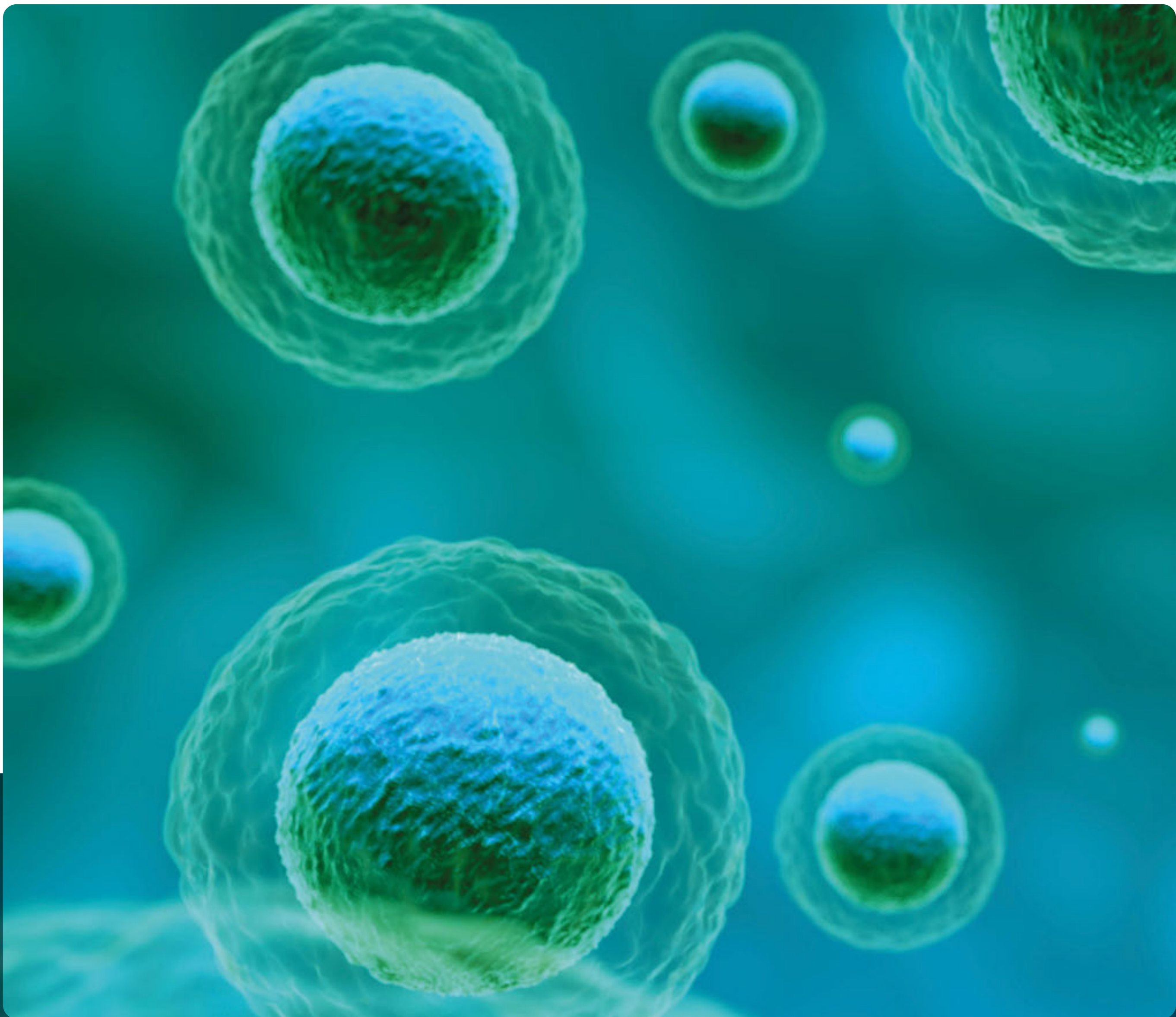
In conclusion, the biotech industry stands resilient and forward-looking. Increasing demand for high quality therapies, M&A activities, productivity improvements through consolidation, sustained innovation, and the allure of undervalued companies in this dynamic landscape contribute to a promising outlook for biotech investments. As we navigate these opportunities, our commitment to delivering value to our investors remains steadfast. We look forward to a future marked by growth and transformation in the biotech sector.

SV HEALTH MANAGERS LLP

Ailsa Craig

Marek Poszepczynski

6 November 2023



INVESTMENT MANAGERS

The investment team has a breadth of experience across both public and private investments. The majority of the Company's investments made are in the public markets, though private or venture capital investments are also made through a relationship with SV Health Managers LLP which provides unique deal flow for private company investment opportunities.

AILSA CRAIG

Investment Manager

Ailsa joined SV Health in 2006 and is an Investment Manager for the Company. Ailsa has a BSc (Hons) in Biology from the University of Manchester. She was awarded the IMC in 2002 and a Securities Institute Diploma in 2007.

MAREK POSZEPCZYNSKI

Investment Manager

Marek joined SV Health in 2014 and is an Investment Manager for the Company. Marek has an MSc in Biochemistry and an MSc in Business Management from the Royal Institute of Technology, Stockholm.

KATE BINGHAM

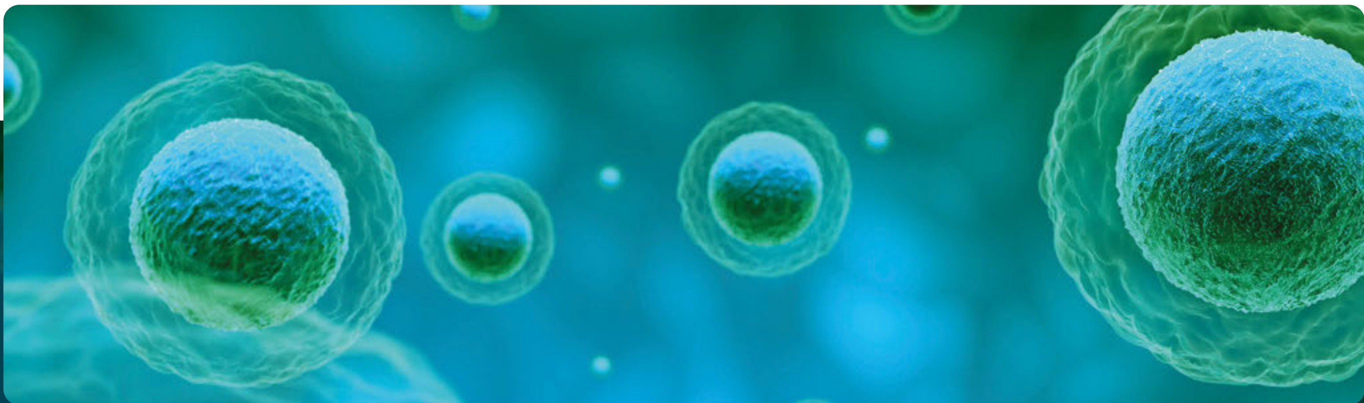
Managing Partner SV

Kate joined SV Health in 1991 and is the Investment Manager for the unquoted assets of the Company. Kate is one of the SV Health's Managing Partners, has a first class degree in Biochemistry from Oxford University, and graduated from Harvard Business School with an MBA.

HOUMAN ASHRAFIAN

Managing Partner SV

Houman joined SV in 2016 and represents the team of investment professionals managing the unquoted portfolio. Houman is currently Head of Experimental Therapeutics at the University of Oxford and an Honorary Consultant Cardiologist, John Radcliffe Hospital, Oxford. Houman left SV Health Managers LLP in September 2023 to join Sanofi as Head of R&D.



QUOTED INVESTMENTS

QUOTED INVESTMENTS RANKED BY % OF NAV

As at 31 August 2023

Investment	Therapeutic area	Geographic location	£'000	% of NAV
Incyte Genomics	Oncology	United States	**18,243**	**6.7**
Amgen	Oncology	United States	**16,031**	**5.9**
Gilead Sciences	Infectious diseases	United States	**14,098**	**5.2**
Harmony Biosciences	Rare diseases	United States	**13,803**	**5.1**
Supernus Pharmaceuticals	Central nervous system	United States	**13,154**	**4.9**
Vera Therapeutics	Autoimmune	United States	**11,598**	**4.3**
BioMarin Pharmaceutical	Rare diseases	United States	**11,081**	**4.1**
Regeneron Pharmaceuticals	Ophthalmology	United States	**8,996**	**3.3**
Intra-Cellular Therapies	Central nervous system	United States	**8,973**	**3.3**
Alnylam Pharmaceuticals	Rare diseases	United States	**7,381**	**2.7**
Total of Top Ten Investments			**123,358**	**45.5**
Ultragenyx Pharmaceutical	Rare diseases	United States	**7,256**	**2.7**
Uniqure	Rare diseases	Europe	**7,159**	**2.6**
Illumina Inc	Oncology	United States	**6,585**	**2.4**
Mirati Therapeutics	Oncology	United States	**6,336**	**2.3**
Aurinia Pharmaceuticals	Autoimmune	United States	**6,246**	**2.3**
United Therapeutics	Rare diseases	United States	**6,011**	**2.2**
Horizon Therapeutics	Rare diseases	Europe	**5,962**	**2.2**
Vertex Pharmaceuticals	Rare diseases	United States	**5,773**	**2.1**
Neurocrine Biosciences	Central nervous system	United States	**5,659**	**2.1**
Biogen Inc	Central nervous system	United States	**5,062**	**1.9**
Total of Top Twenty Investments			**185,407**	**68.3**
Amylyx	Central nervous system	United States	**5,019**	**1.9**
ArgenX	Rare diseases	Europe	**4,896**	**1.8**
Krystal Biotech	Rare diseases	United States	**4,528**	**1.7**
Karuna Therapeutics	Central nervous system	United States	**4,518**	**1.7**
Dyne Therapeutics	Rare diseases	United States	**4,118**	**1.5**
Revance Therapeutics	Other	United States	**4,010**	**1.5**
Erasca	Oncology	United States	**3,937**	**1.5**
Acadia Pharmaceuticals	Central nervous system	United States	**3,830**	**1.4**
Axsome Therapeutics	Central nervous system	United States	**3,716**	**1.4**
Akero	Liver	United States	**3,071**	**1.1**
Total of Top Thirty Investments			**227,050**	**83.8**

QUOTED INVESTMENTS | continued

QUOTED INVESTMENTS RANKED BY % OF NAV

As at 31 August 2023

Investment	Therapeutic area	Geographic location	£'000	% of NAV
Xenon Pharmaceuticals	Central nervous system	United States	**2,811**	**1.0**
Denali Therapeutics	Central nervous system	United States	**2,806**	**1.0**
Madrigal Pharmaceuticals	Liver	United States	**2,596**	**1.0**
Pharming	Rare diseases	Europe	**2,510**	**0.9**
Iovance Biotherapeutics	Oncology	United States	**2,118**	**0.8**
Halozyme	Oncology	United States	**2,089**	**0.8**
Legend Biotech	Oncology	United States	**2,082**	**0.8**
BeiGene	Oncology	United States	**2,079**	**0.8**
Jazz Pharmaceuticals	Rare diseases	Europe	**1,945**	**0.7**
Rocket Pharmaceuticals	Rare diseases	United States	**1,927**	**0.7**
Travere Therapeutics	Autoimmune	United States	**1,922**	**0.7**
Sarepta Therapeutics	Rare diseases	United States	**1,795**	**0.7**
Marinus Pharmaceuticals	Central nervous system	United States	**1,623**	**0.6**
Zai Lab Ltd	Oncology	United States	**1,586**	**0.6**
Mirum Pharmaceuticals	Rare diseases	United States	**1,405**	**0.5**
Ionis Pharmaceuticals	Rare diseases	United States	**1,366**	**0.5**
Genmab	Oncology	United States	**1,339**	**0.5**
Cogent	Oncology	United States	**1,301**	**0.5**
Novocure	Oncology	Europe	**1,286**	**0.5**
Bridgebio	Rare diseases	United States	**1,180**	**0.4**
Guardant Health	Other	United States	**1,125**	**0.4**
Celldex	Autoimmune	United States	**1,059**	**0.4**
Cytokinetics	Other	United States	**1,019**	**0.4**
Amicus	Rare diseases	United States	**909**	**0.3**
Hutchmed China (ADR)	Oncology	United States	**806**	**0.3**
Blueprint Medicines	Oncology	United States	**787**	**0.3**
Kezar Life Sciences	Autoimmune	United States	**740**	**0.3**
Intellia Therapeutics	Rare diseases	United States	**709**	**0.3**
Insmed Inc	Rare diseases	United States	**693**	**0.3**
PTC Therapeutics	Rare diseases	United States	**529**	**0.2**
Agios Pharmaceuticals	Rare diseases	United States	**520**	**0.2**
Vir Biotechnology	Infectious diseases	United States	**469**	**0.2**
I-Mab	Oncology	United States	**466**	**0.2**
Calliditas	Autoimmune	Europe	**454**	**0.2**
Beam Therapeutics	Rare diseases	United States	**429**	**0.2**
Ventyx Biosciences	Autoimmune	United States	**396**	**0.1**
Arvinas	Oncology	United States	**378**	**0.1**
Protagonist Therapeutics	Haemotology	United States	**311**	**0.1**
Relmada Therapeutics	Central nervous system	United States	**27**	**0.0**
Total Investments			**276,642**	**102.3**

UNQUOTED INVESTMENTS

INVESTMENTS HELD THROUGH A VENTURE FUND

				As at 31 August 2023		As at 31 August 2022	
	Investment	Sector classification	Geographic location	Fair value £'000	% of NAV	Fair value £'000	% of NAV
1	**SV Fund VI**	**Venture Fund**	**United States**	**14,105**	**5.2**	18,866	6.6
	An investment in a venture capital fund, SV Fund VI, which invests in portfolio companies across three sectors; biotechnology (39%), healthcare services (43%) and medical devices (18%). SV Fund VI's portfolio consists of 18 underlying investments, two of which are listed as at 31 August 2023. The Company made a commitment of $30m to the fund on 19 October 2016, equivalent to 7.5% of the total commitments, of which 86% has been drawn. As at 31 August 2023 the Company has invested £24.0m ($31.9m), excluding recallable distributions with total distributions received of £27.5m ($36.6m) resulting in a net IRR of 17.7% and a total value to paid in (TVPI) of 1.7x.						
2	**SV BCOF**	**Venture Fund**	**United Kingdom**	**5,199**	**1.9**	3,411	1.2
	An investment in a venture capital fund, SV BCOF, which focuses on biotech companies which are either in the clinic and/or which have the potential to enter the clinic within 12 months (near clinical stage), typically Series B and beyond. The fund will also invest in listed equities subject to the restrictions set out in its investment guidelines. The Company made a commitment of $25m to the fund in 2021 and a further commitment of $5m was made in January 2023. As at 31 August 2023, the Company has invested £7.4m ($9.2m) with total distributions received of £8.0m ($9.7m) resulting in a net IRR of 109.2% and a TVPI of 1.8x. The fund's portfolio consists of five unlisted investments and one listed investment.						
	Total investments held through a venture fund			**19,304**	**7.1**	22,277	7.8

EXITED INVESTMENTS WITH CONTINGENT MILESTONES

Exited unquoted companies for which the Company retains rights to receive future contingent performance-based payments are shown below.

				As at 31 August 2023		As at 31 August 2022	
	Investment	Sector classification	Geographic location	Fair value £'000	% of NAV	Fair value £'000	% of NAV
1	**Ikano Therapeutics**	**Autoimmune**	**United States**	**4,635**	**1.7**	4,330	1.5
	A company focused on nasally delivered pharmaceutical products that sold its assets to Upsher Smith Laboratories in 2010. The terms of the deal provide for an upfront payment and a series of milestones and royalties. Through a series of transactions, the Ikano contingent payouts have now been assumed by UCB.						
2	**Archemix**	**Ophthalmology**	**United States**	**572**	**0.2**	284	0.1
	Formerly a small biotechnology company discovering, developing, and commercialising aptamer therapeutics, which was liquidated in 2011. The former shareholders of Archemix may be entitled to future proceeds upon achievement of contingent milestones under a licensing agreement entered into between Archemix and IVERIC bio, Inc. (NASDAQ: ISEE).						
3	**Convergence**	**Autoimmune**	**United States**	**320**	**0.1**	349	0.1
	A company, spun out from GSK, focused on developing novel analgesic/pain relieving drugs that was sold to Biogen in 2015. The terms of the deal provide for an upfront payment and a series of milestones.						
4	**Spinal Kinetics**	**Medical Devices**	**United States**	**–**	**–**	289	0.1
	A company pioneering a new generation of artificial discs for treating degenerative disc disease in the cervical and lumbar spine that was acquired by Orthofix International N.V. (NASDAQ: OFIX). The terms of the deal provide upfront proceeds and additional amounts based on certain contingent milestones and amounts held in escrow.						
5	**NCP Holdings**	**Healthcare services**	**United States**	**–**	**–**	88	–
	Trading as Nordic Consultancy Partners. A company focused on providing Epic-only consulting within the US - implementation support and optimisation. Epic makes software for mid-size and large medical groups, hospitals and integrated healthcare organisations – working with customers that include community hospitals, academic facilities, children's organisations, safety net providers and multi-hospital systems.						
	Total exited investments with contingent milestones			**5,527**	**2.0**	5,340	1.8

UNQUOTED INVESTMENTS | continued

DIRECTLY-HELD UNQUOTED INVESTMENTS

Directly-held unquoted investments held by the Company are shown below:

				As at 31 August 2023		As at 31 August 2022	
	Investment	Sector classification	Geographic location	Fair value £'000	% of NAV	Fair value £'000	% of NAV
1	**Autifony Therapeutics**	**Other**	**United Kingdom**	**341**	**0.2**	341	0.1
	An early-stage company focused on delivering drugs for hearing disorders by targeting specific ion channel modulators in the field of hearing and sensory disorders, including schizophrenia.						
2	**Karus Therapeutics**	**Oncology**	**United Kingdom**	**90**	**–**	–	–
	Karus is an emerging pharmaceutical company whose R&D activities are focused on the design and development of innovative, molecular-targeted, small molecule drugs to treat immune/inflammatory disorders and cancer.						
	Total directly-held unquoted investments			**431**	**0.2**	341	0.1
	Total exited investments with contingent milestones			**5,527**	**2.0**	5,340	1.8
	Investments held through a venture fund			**19,304**	**7.1**	22,277	7.8
	Total unquoted investments			**25,262**	**9.3**	27,958	9.7

Investments in unquoted companies that have previously been written down to nil net book value, but where ownership in the company is retained, are not disclosed in this table.

STRATEGIC REVIEW

The Board presents its Strategic Review for the Company for the year ended 31 August 2023.

BUSINESS MODEL

The Company is an investment company as defined in Section 833 of the Companies Act 2006 (the Act) and its Ordinary shares are listed and traded on the main market of the London Stock Exchange. The Company is incorporated in England and Wales as a public limited company and is domiciled in the UK.

LIFE OF THE COMPANY

The Company's Articles of Association provide for the Directors to put forward a proposal for the continuation of the Company at the AGM at two-yearly intervals. The last continuation vote was held at the AGM on 8 December 2021 and was passed on a show of hands. Proxy votes cast in respect of the vote were 11,761,047 (99.96%) in favour, 4,321 (0.04%) against and 1,408 withheld. The next continuation vote will be put to shareholders at the forthcoming AGM to be held on 12 December 2023.

INVESTMENT OBJECTIVE AND POLICY

The Company's investment objective is to achieve long-term capital growth by investing in biotechnology and other life sciences companies.

The Company will seek to achieve its objective by investing in a diversified portfolio of companies which may be quoted or unquoted and whose shares are considered to have good growth prospects, with suitably experienced management and strong potential upside through the development and/or commercialisation of a product, device or enabling technology. Investments may also be made in related sectors such as medical devices and healthcare services. While the Company's portfolio is held as one pool of assets, for operational purposes there is a quoted portfolio and an unquoted portfolio. The portfolio is diversified by geography, industry sub-sector and investment size with no single investment in a company normally accounting for more than 15% of the portfolio at the time of investment.

The portfolio is split between large, mid and small-capitalisation companies, primarily quoted on stock exchanges in North America, where the most established and commercial biotechnology and other life sciences companies operating in related sectors are based, though investments may also be made in Europe, Asia and Australia. Investments may also be made into unquoted companies and into funds not quoted on a stock exchange, including venture capital funds. This may include funds managed by the Fund Manager and/or members of its group. The primary purpose of investment in unquoted funds will be to gain exposure to unquoted companies.

The Company may invest through equities, index-linked securities and debt securities, cash deposits, money market instruments and foreign currency exchange transactions. Forward or derivative transactions are not used by the Company.

The Company may borrow from time to time to exploit specific investment opportunities, rather than to apply long-term structural gearing to the Company's portfolio of investments.

INVESTMENT RESTRICTIONS

The Company observes the following investment restrictions:

- The Company will invest primarily in biotechnology and other life science companies that are either quoted or unquoted.
- The Company will normally invest no more than 15% in aggregate, of the value of its gross assets in any one individual company at the time of acquisition.
- The great majority of the Company's assets will be invested in the quoted biotechnology sector with a global mandate across the entire spectrum of quoted companies. The weighting of investment in unquoted companies will vary according to the attractiveness of the opportunities identified.
- Gearing is restricted to 30% of NAV.
- The Company will invest no more than 15% in aggregate, of the value of its gross assets in other closed-ended investment companies quoted on the London Stock Exchange or any other stock exchanges.

No material change will be made to the investment objective or policy without the approval of shareholders by ordinary resolution.

INVESTMENT STRATEGY

The Company has delegated responsibility for day-to-day investment of its assets to the Alternative Investment Fund Manager, SV Health Managers LLP. Consistent with the Company's investment policy the Fund Manager makes the majority of its investments in biotechnology companies focused on drug discovery and development. Investments are also made in related sectors such as medical devices or healthcare services.

STRATEGIC REVIEW | continued

The Investment Managers use a bottom-up approach to stock selection focused on assessing the fundamentals of each investment. The universe of possible investments is assessed and reduced to take into account a number of key criteria such as disease area, target market, unmet medical need, management team, stock liquidity, market capitalisation, product portfolio and competition. The risk/reward of each investment is assessed on its own merits.

The Company has a £55m loan facility in place with the Northern Trust Company which provides the Company with funds to take advantage of investment opportunities that occur from time to time on occasions when the portfolio is otherwise fully invested. As at 31 August 2023, £32.5m was drawn down against this facility.

PERFORMANCE

An outline of performance, market background, investment activity and portfolio strategy during the year under review, as well as the outlook, is provided in the Chair's Statement on pages 7 to 9 and the Fund Manager's Review on pages 10 to 20.

KEY PERFORMANCE INDICATORS (KPIs)

The Board meets regularly to review the performance of the Company and its shares. The Board uses the following KPIs to help assess the Company's progress and its success at meeting its investment objective. For detailed calculations, please refer to the APMs on pages 112 and 113.

KPIs	**Year ended 31 August 2023**	Year ended 31 August 2022
NAV (£'000)	**270,317**	284,889
Share price (pence)	**644.0**	651.5
NAV per share (pence)	**687.5**	697.2
Share price total return*	**3.0%**	(6.4%)
NAV total return*	**2.7%**	(6.9%)
Benchmark return*	**(1.4%)**	(13.8%)
(Discount)/Premium	**(6.3%)**	(6.6%)
Gearing	**12.0%**	14.0%
Ongoing charges	**1.4%**	1.3%

For detailed calculations on the share price total return, NAV per share total return, discount/premium, gearing and ongoing charges, please refer to Alternative Performance Measures (APMs) on pages 112 and 113.
*Total return assumes all dividends are reinvested.

PRINCIPAL AND EMERGING RISKS

The Board considers that the risks detailed below are the principal risks facing the Company currently, along with the risks detailed in note 23 to the financial statements. These are the risks that could affect the ability of the Company to deliver its strategy. The Board confirms that the principal risks of the Company, including those which would threaten its business model and future performance, have been robustly assessed throughout the year ended 31 August 2023. In making this assessment the Board has taken into account the emerging risks such as the tensions between the US and China, conflicts in Ukraine and the Middle East, longer term climate change risk, cyber security risk and the impact of artificial intelligence on the investment industry and confirms that processes are in place to continue this assessment.

The Audit Committee takes responsibility for overseeing the effectiveness of risk management and internal control systems on behalf of the Board and advises the Board on the principal risks facing its business. The Audit Committee uses a framework of key risks which affect its business and related internal controls designed to enable the Directors to take steps to mitigate these risks as appropriate; the Company's risks have been divided into the following risk categories:

- Strategic/Performance
- Political
- Investment related
- Operational and service provider
- Tax legal and regulatory

A detailed Risk Map is reviewed on a bi-annual basis. A summary of the Directors' review of internal controls, including the review of the Risk Map, is set out in the Corporate Governance Statement on page 48.

The principal risks detailed below are assessed by the Audit Committee, which receives regular reports from its main third party service providers on their own internal control processes.

STRATEGIC REVIEW | continued

Principal Risk	Mitigation	Change from prior year
Strategic/Performance risk		
The Company's returns are affected by changes in economic, financial and corporate conditions, which can cause market and exchange rate fluctuations. A significant fall in US equity markets is likely to adversely affect the value of the Company's portfolio. The biotechnology sector has its own specific risks leading to higher volatility than the broader equity market indices. In addition, the Financial Statements and performance of the Company are denominated in GBP because the Company is a UK company listed on the London Stock Exchange. However, the majority of the Company's assets are denominated in US dollars. Accordingly, the total return and capital value of the Company's investments can be significantly affected by movements in foreign exchange rates.	The Investment Managers consider carefully the portfolio composition by size of company, development stage and therapeutic area and adjusts accordingly. The Board is also supportive of the Fund Manager's approach of reducing exposure to companies with imminent binary events such as a readout of data from a clinical trial. The Fund Manager provides regular reports to the Board on general economic conditions as well as portfolio activity, strategy and performance, including risk monitoring. The reports are discussed in detail at Board Meetings, which are all attended by the Fund Manager, to allow the Board to monitor the implementation of the investment strategy and process.	↔
Strategic/Performance risk		
The Company's Articles of Association require the Board to put a proposal for the continuation of the Company to shareholders on a biennial basis. A resolution will be put to the shareholders at the forthcoming AGM. The Board is mindful that this will be the first continuation vote put to shareholders following a change of AIFM.	The Broker provides Shareholder feedback to the Board on a regular basis. The Board has consulted with our major shareholders during the year and has received positive feedback on the decision to appoint Schroders as the new fund manager, with continuity of the existing mandate and the existing investment management team.	↑
Strategic/Performance risk		
The Board recognises that a responsible and proactive approach to ESG related factors can positively impact the performance and success of its portfolio companies and the Company. A failure to focus sufficiently on ESG matters may not promote the Company to shareholders in a way that generates investor demand.	The Board has developed and refined a detailed ESG policy as set out in the Strategic Review under the Environmental, Social and Governance Policy. The Company uses data gathered by Sustainalytics to monitor the compliance of its quoted portfolio with an accepted set of ESG standards.	↔

STRATEGIC REVIEW | continued

Principal Risk	Mitigation	Change from prior year
Political risk		
A loss of investor appetite for investment in the biotech sector as a result of political conditions, including FDA and FTC policy might materially affect the ability of the Company to achieve its objective and reduce demand for the Company's shares, leading to a wide discount.	The Fund Manager updates the board monthly and at each scheduled board meeting on issues pertinent to the portfolio and the biotechnology sector generally, including the political landscape and expected future drivers. The Board reviews the global factors which may affect investor appetite, including US/China tensions, conflicts in Ukraine and the Middle East, and legislation concerning Medicare and drug pricing in the United States. These may persist as issues that could potentially have a negative impact on the biotechnology and healthcare sectors.	↑
Investment related risk		
Share price performance may consistently lag NAV performance leading to wide and persistent discount to NAV.	The Board closely reviews the relative level of discount against the sector. There is active share register management by the Fund Manager and Broker and a comprehensive shareholder marketing programme. The Board has implemented a robust share buyback and issuance policy which has been used consistently during the year under review with 1,544,826 shares being repurchased to be held in Treasury. The discount narrowed slightly during the year.	↔
Investment related risk		
The Fund Manager's investment strategy and the key personnel involved in delivering that strategy may, if inappropriate, result in negative investor sentiment, leading to a reduction in the share price and the Company underperforming the market and/or its peer group companies.	The Board is pleased that the impending transition to Schroders will ensure continuity of both the existing mandate and delivery of the investment strategy by the Company's current Investment Managers as regards the quoted portfolio. The Company will also benefit from Schroders' significant investment trust expertise.	↔
Operational and service provider risk		
Inadequate performance of service providers could lead to poor performance and/or exposure to a number of financial, regulatory and business risks. Service providers may terminate their services if they deem the company to no longer fit their business model.	The Board reviews the performance of all third party service providers and their risk control procedures on a regular basis, as well as the terms on which they provide services to the Company. The Board is mindful of the significant forthcoming change in several service providers including AIFM, depositary, administration, company secretary and bank lender. The Board met frequently during the year and will continue to monitor the transition and services provided carefully. The Board has engaged professional legal support, Gowlings, and worked closely with its appointed Broker, Numis, to help ensure a smooth transition to new service providers.	↔

STRATEGIC REVIEW | continued

VIABILITY STATEMENT

In accordance with Provision 31 of the UK Corporate Governance Code 2018, the Audit Committee has assessed the prospects of the Company over a five year period. This is considered to be an appropriate period given the long-term nature of investment and the expected maturity period of the unquoted portfolio.

The Company's current position and prospects are set out in the Chair's Statement, the Fund Manager's Review and the Strategic Report.

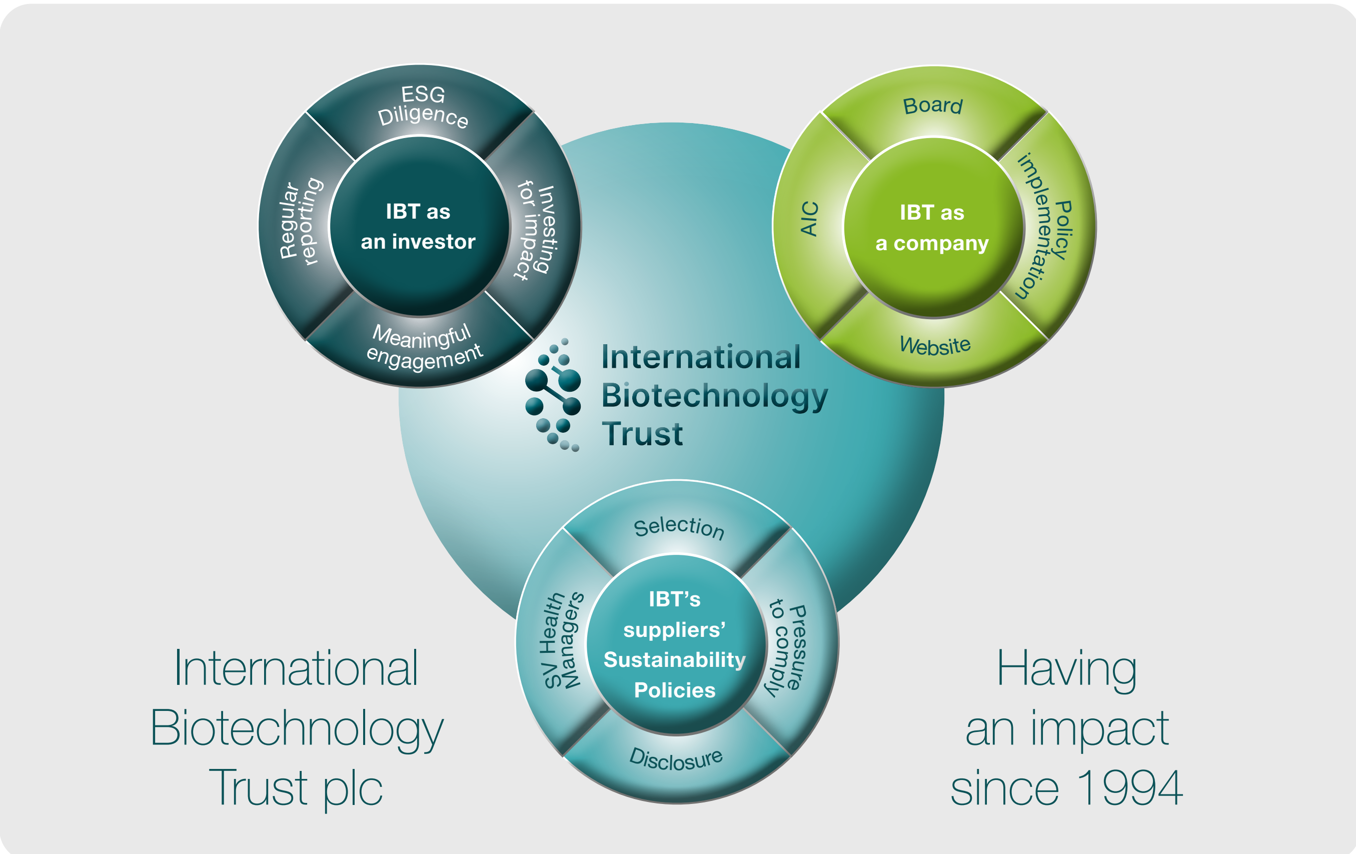
In its assessment of the viability of the Company, the Audit Committee has considered each of the Company's principal risks and uncertainties and how these are managed. These risks and uncertainties are detailed in this Strategic Review on pages 27 to 29 and the effectiveness of the Company's risk management and internal control systems are detailed on page 48.

The Audit Committee has reviewed the potential impact of emerging risks, in particular, heightened geopolitical risk as a result of the resurgence of the conflict in the Middle East, and is comfortable that any potential risk is suitably mitigated.

The Audit Committee has considered the income and expenditure projections. Included within these projections are key assumptions such as expected NAV growth and expenses to be incurred by the Company. In order to test the reliability of the income and expenditure projections, the key assumptions were stressed to include scenarios of a decline in NAV and a 10% year on year increase in expenses. The Audit Committee is satisfied that the income and expenditure projections appear reasonable.

The Audit Committee has also considered the impact of the year end gearing position. As at 31 August 2023, the Company had drawn £32.5m of its £55m loan facility. The Audit Committee is satisfied that the Company's investments comprise readily realisable securities which can be sold to meet funding requirements, if necessary.

As at 31 August 2023 the Company had total undrawn commitments to unquoted funds, namely SV BCOF and SV Fund VI, of £21.8m. With historical practice in mind, the Audit Committee considers it highly improbable that the full undrawn commitments would be called together at one time. However, in an extreme scenario, it is again satisfied that the Company's



STRATEGIC REVIEW | continued

investments comprise readily realisable securities which can be sold to meet funding requirements, if necessary.

The Board is mindful that the biennial continuation vote will be put to shareholders at the AGM in December 2023 following a change of AIFM. As noted in the Chair's Statement we have consulted with many of our shareholders during the year and have received positive feedback. In particular, many of our major shareholders have informed us that they are pleased with the impending move to Schroders, and the continuity of the existing mandate and the existing investment management team. The Board strongly recommends that shareholders vote in favour of the continuation of the Company and has a reasonable expectation that the continuation vote will be passed.

In light of these considerations and based upon the Company's processes for evaluating the composition of the investment portfolio, monitoring the ongoing costs of the Company, the discount to the NAV, the level of gearing, and taking into account the Company's current position and principal risks and uncertainties, the Board, based on a recommendation by the Audit Committee, considers that there is a reasonable expectation that the Company will continue to operate and meet its liabilities, as they fall due over the next five years.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY (ESG)

The Board recognises that a responsible and proactive approach to ESG related factors can positively impact the performance and success of its portfolio companies and the Company. The Company outlined its ESG policy in its Annual Report for the year ended August 2021.

Its policy was adopted in October 2021, and since amended in February 2023 and aims to integrate consideration for ESG factors into the investment process, governance and choice of suppliers for the Company and to exert influence on portfolio companies and suppliers to consider ESG factors in their respective activities. The Company's Board also considers ESG factors in its choice of suppliers. The Company's ESG policy is available on its website.

All of the Company's investments and activities are aligned with UN Sustainable Development Goal number 3: 'Good Health and Well-being. Ensure healthy lives and promote well-being for all at all ages.' as well as six other goals. The Company is dedicated to investing in tomorrow's healthcare breakthroughs. The Company has invested in scientific development, medical innovation, and technologies across a wide spectrum of diseases with particular focus on areas of high unmet medical need. The Company also adheres to all six UN Principles for Responsible Investment (PRI) and supports all the Ten Principles of the UN Global Compact. Schroders, the Company's new AIFM from November 2023, is a signatory to the UN PRI and the UN Global Compact.

The Company uses data gathered by Sustainalytics to monitor the compliance of its quoted portfolio with an accepted set of ESG standards. The benefit of this service means that the Company has access to a detailed set of ESG data on the majority of the quoted biotech universe which not only facilitates ESG reporting and enables comparisons to benchmarks beyond the Company's own portfolio, but also enables the incorporation of ESG screening into its portfolio management process. In addition, the access to this data means that the Company's Investment Managers can more readily engage with portfolio companies with respect to areas in which Sustainalytics considers them to fall short of their peers. The Company continues to commit to screening and reporting on the ESG compliance of its top 10 quoted portfolio companies in aggregate on a semi-annual basis to coincide with the annual and interim period ends.

The screening of the biotech companies in the Company's unquoted portfolio takes place annually, carried out by the Fund Manager and depends on those companies completing its bespoke ESG screening questionnaire.

ESG Report

Suppliers: The Company requests its suppliers to provide ESG policies annually and 14 of the 22 suppliers shared their latest ESG Policies with the Company and ten (45%) have agreed to have links to their policies displayed on the Company's website. This is an improvement on 2022 when only 29% of suppliers agreed to have links to their policies displayed on the Company's website.

Portfolio companies: The Company has been delivering financial value to shareholders since 1994 whilst simultaneously creating a positive social impact by investing in companies that develop innovative treatments for patients suffering with unmet medical needs. The products developed by the companies in which the Company invests can radically change the way diseases are treated, bringing positive impact to patients and healthcare systems globally.

STRATEGIC REVIEW | continued

The Company's investment approach in relation to ESG is based on three pillars:

1. Thorough ESG diligence and investing for impact;

2. Meaningful engagement with portfolio companies; and

3. Reporting to shareholders.

The Board considers that focusing on the ESG compliance of its investments and engaging with the management of key portfolio companies has the potential to bring about positive change in its investment universe. In particular, the Company believes its potential to generate the greatest impact will generally be on its top ten quoted holdings where the Company's larger investment size gives it greater influence. The Board notes that ESG and sustainability concerns have become key considerations for many of its investors. The Board believes that through the Company's focus on ESG as an investor, it can help maximise its portfolio companies' positive impact whilst generating attractive investor returns.

Sustainalytics ranks the pharmaceutical and biotech industries in aggregate as relatively high risk in comparison to other industries. This is mainly driven by a combination of poor Quality and Safety scores (relating to drugs in clinical trials being found to be inefficacious or toxic), Business Ethics issues relating to drug pricing and availability and "Weak" management scores, relating, in the main, to poor disclosure or perceived failure to adequately mitigate the risks inherent in the industry. Arguably the Quality and Safety issues and Business Ethics issues are part and parcel of drug development and difficult for companies to avoid. Against that backdrop, it is unsurprising that in its industry report in October 2022, Sustainalytics rated over 55% of biotech companies as having Severe (14%) or High (42%) ESG Risk, with only 8% having Low ESG Risk.

In respect of the year ended 31 August 2023, we are pleased to report that one of the Company's top holdings was rated as Low ESG Risk which is in line with 8% for the industry as a whole and 50% of the Company's top ten quoted holdings were rated with a Medium ESG Risk Score compared with 36% for the industry as a whole. Four of the top ten quoted companies were categorised as High ESG Risk which is in line with the industry as a whole. None of the top 10 were in the Severe Risk category. All four of those categorised as High ESG risk had "Medium" Exposure scores which refers to the extent to which a company is exposed to different material ESG Issues, and none of them have been implicated in any significant ESG-related controversies. Two of them had Management scores categorised as "Weak". On a positive note, two of the High ESG Risk companies in the top 10 quoted companies are shown to be on a positive trajectory in comparison to their previous Sustainalytics screening.

The Investment Managers have closely examined the background behind the current ESG rankings of those companies categorised as High ESG Risk and established that the majority of the issues that have contributed to their High ESG Risk rating results from lack of disclosure. The Investment Managers will continue to engage with these companies over the coming months to ensure that the current disclosure is not concealing anything of concern, and to encourage them to adhere to best practice on disclosure. In the case of Vera Therapeutics below, for example, where the score for Management by Sustainalytics is "Weak", this relates to poor disclosure on certain key policies. The Investment Managers will engage with Vera about ensuring that these policies are in place and disclosed over the coming year.

	Top Ten Quoted Holdings	ESG Risk Score (Low =low risk)	ESG Risk Rating	Momentum	Percentile (vs Biotech sector)	Exposure*	Management **
1	Incyte Genomics	24.8	Medium	Deteriorating	19	Medium	Average
2	Amgen	22.0	Medium	Deteriorating	7	Medium	Average
3	Gilead Sciences	23.0	Medium	Deteriorating	10	Medium	Average
4	Harmony Biosciences	37.5	High	Improving	76	Medium	Weak
5	Supernus Pharmaceuticals	31.5	High	Improving	30	Medium	Average
6	Vera Therapeutics	34.2	High	Static	98	Medium	Weak
7	BioMarin Pharmaceuticals	25.7	Medium	Improving	27	Medium	Average
8	Regeneron Pharmaceuticals	18.0	Low	Improving	2	Medium	Average
9	Intra-Cellular Therapies	33.4	High	Static	46	Medium	Average
10	Alnylam Pharmaceuticals	28.4	Medium	Improving	60	Medium	Average

Source: Sustainalytics
*The extent to which a company is exposed to different material ESG issues.
**How well a company is managing its relevant ESG issues, looking at robustness of ESG programs, practices and policies.

STRATEGIC REVIEW | continued

The Company's Investment Managers actively engage with the management teams of their portfolio companies, and bring to light any issues uncovered in the screening process. For example, in the last financial year, the Investment Managers have discussed the timing of the release of clinical data with a portfolio company. It was felt that releasing clinical data too soon in the drug development process led to volatility in the share price as investors did not always understand the risks of early data being proven to be inconclusive later in the clinical trial process. As a further example, during the financial year, the Company's Investment Managers engaged with another portfolio company, which was rated as High Risk in 2022. The Investment Managers discussed the rating with the company's management and encouraged the company to be more transparent with respect to its procedures and policies which affect its ESG ranking. While the portfolio company is still rated High Risk in 2023, the rating has significantly improved bringing it to within a whisker of a Medium Risk rating.

With regards to the 2023 screening of SV's unquoted biotech investments, we can report the following. 12 portfolio companies completed the Fund Manager's proprietary questionnaire, compared to seven in 2022 and the results were analysed across the full portfolios of the SV funds in which the Company invests as well as the companies included being broken down into stages of development as determined by number of full time employees. The decision to do this additional layer of analysis was to provide portfolio companies with a better sense of their performance against companies of a similar size as well as to help the Fund Manager better tailor its support. The overall results were encouraging, particularly in the area of corporate governance and social policies, where companies have made good progress in matters such as having formal organisational structures and grievance resolution procedures in place, recycling lab plastics and measuring green house gas emissions. In the previous assessment, the early stage companies significantly lagged later stage companies and in this respect, an improvement was seen. Interestingly, the mid-sized companies outperformed the latest stage companies in a number of areas. The weakest performance was seen in environmental-related factors as is consistent with previous years and the Fund Manager is working to support portfolio companies in improving in these areas in a relevant way given the relative stage and size of these companies. Of note is that in October 2022, we are pleased to report that Sustainalytics ranked one of the companies held in SV BCOF as having the lowest ESG Risk rating in the industry.

The Company's Investment Managers continue to meet portfolio companies individually to make their own assessments and use Sustainalytics to assist with meaningful engagement on ESG matters with portfolio companies as well as highlighting any areas of concern. The Company continues to negatively screen companies which would exclude from potential investment any companies which engage in certain unsavoury practices, such as price gouging, involvement in the US opioid scandal, "me-too" drugs lacking innovation and anything that leads to negative effects on public health or wellbeing.

The Fund Manager uses a third-party platform, ProxyEdge from Broadridge Financial Solutions, to implement its voting policy, with the option to deviate from the recommended action when it differs from the Fund Manager's consideration of the standards for good corporate governance and management of environmental and social issues.

DIVERSITY AND GENDER REPRESENTATION ON THE BOARD

The Board's policy on diversity is to ensure that the Directors on the Board has a broad range of experience, skills and knowledge, with diversity of thinking, background and perspective. Appointments to the Board are made on merit against objective criteria, having regard to the benefits of diversity and the current and future needs of the business and the other factors set out in the UK Corporate Governance Code.

The composition of the Board exceeds the criteria of both the Hampton-Alexander Review on gender balance and the Parker Review on ethnic diversity. As at 31 August 2023, 60 per cent of the Board were female and 20 per cent were from an ethnic minority background.

The Board is mindful of the Listing Rules and amendments to the Disclosure Guidance and Transparency Rules, which came into effect for accounting periods starting on or after 1 April 2022 and will applied to the Company from the 2023 financial year.

The Board has demonstrated its support of the Financial Conduct Authority's aim to encourage increased transparency around diversity reporting at a Board and senior management level by proactively reporting on the requirements in this year's Report.

As at 31 August 2023, the Board had already met all three criteria set out in the Listing Rules, since 60 per cent of the Board members are women, one of which holds a senior position on the Board, and one Director is from an ethnic minority background. The Company collects the data used for the purposes of making this disclosure from Directors on a voluntary basis.

In accordance with Listing Rule 9 Annex 2.1, the following tables, in prescribed format, show the gender and ethnic background of the Directors at the date of this Report.

STRATEGIC REVIEW | continued

Gender identity or sex	Number of Board members*	Percentage on the Board	Number of senior positions on the Board
Men	2	40	1**
Women	3	60	1***
Not specified/prefer not to say	N/A	N/A	N/A

*The Company does not disclose the number of Directors in executive management as this is not applicable for an externally managed Investment Trust.
**Patrick Magee is Senior Independent Director.
***Kate Cornish-Bowden is Chair of the Board.

Ethnic background	Number of Board members*	Percentage on the Board	Number of senior positions on the Board
White British or other White (including minority white groups)	4	80	2
Mixed/multiple ethnic groups	0	0	0
Asian/Asian British	0	0	0
Black/African/Caribbean/ Black British	1	20	0
Other ethnic group, including Arab	0	0	0
Not specified/prefer not to say	N/A	N/A	N/A

*The Company does not disclose the number of Directors in executive management as this is not applicable for an externally managed Investment Trust.

MODERN SLAVERY ACT 2015

As an investment trust, the Company does not provide goods or services in the normal course of business and does not have any customers or employees. All the Company's activities are outsourced to third parties and the Board considers the Company's supply chain to be low risk, in terms of engaging in activities which could be deemed modern slavery, as its suppliers are typically professional advisers and regulated entities. The investment portfolio companies that the Company invests in are high profile listed companies who have their own governing bodies to comply with the Modern Slavery Act 2015 or the equivalent in their country of domicile.

The Company does not fall within the scope of the Modern Slavery Act 2015. Accordingly, the Directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015.

ANTI-BRIBERY, CORRUPTION & TAX EVASION

The Company is committed to the practice of responsible behaviour and to complying with all laws, regulations and other requirements which govern the conduct of its activity. The Company is fully committed to instilling a strong anti-corruption culture and complying with anti-bribery legislation including, but not limited to, the Bribery Act 2014. Further, the Company has adopted a zero-tolerance approach to tax evasion and is committed to compliance with anti-tax evasion legislation, including but not limited to, the Criminal Finances Act 2017. This is consistent with the policies implemented by the Fund Manager and the Company expects its third party service providers to adopt the same standard of zero tolerance.

The Company has implemented a conflicts of interest policy to which the Directors must adhere. The Company is committed to acting with integrity and in the interests of shareholders.

GREENHOUSE GAS EMISSIONS

The Company has no greenhouse gas emissions to report from the operations of the Company and does not have responsibility for any other emissions producing sources or energy consumed reportable under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 or the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, implementing the UK Government's policy on Streamlined Energy and Carbon Reporting. As an investment trust without employees, the Company is not required to report against the TCFD framework, however, understanding and managing climate-related risks and opportunities based on the TCFD´s recommendations is a fundamental part of the Company's investment approach.

SECTION 172 STATEMENT

The Companies (Miscellaneous Reporting) Regulations 2018 require Directors to explain more fully how they have discharged their duties under Section 172(1) of the Companies Act 2006. Each of the Directors is mindful of their duties under s172 to run the Company for the benefit of its shareholders, and in doing so, to take into account the long-term impact of any decisions on stakeholder relationships and the impact of the Company's activities on the environment whilst maintaining its reputation for high standards of business conduct at all times. This enhanced disclosure covers how the Board has engaged with and understands the views of stakeholders and how stakeholders' needs have been taken into account, the outcome of this engagement and the impact that it has had on the Board's decisions.

STRATEGIC REVIEW | continued

As the Company does not have any employees or customers beyond its Directors, the Board considers the groups mentioned in the following table as the key stakeholders of the Company. The reasons for this determination, and the Board's overarching approach to engagement, are set out in the following table.

The table below also sets out the key decisions taken by the Directors during the year under review.

Stakeholder Group	How we Engage	Activity and Key Decisions During the Year
Investors		
Continued investor support and engagement are critical to the continued existence of the Company and the successful delivery of its long-term strategy. The Board is committed to maintaining open channels of communication and to engaging with shareholders in a meaningful manner in order to gain an understanding of their views.	• Website and regulatory announcements. • Annual/Interim Financial Reports, Monthly factsheets and Fund Manager commentaries. • Quarterly videos, Advertorials, marketing campaigns and webinars. • AGM. • Additional meetings with shareholders when requested.	• The Board and advisers met with major shareholders following the announcement that the Company's Fund Manager had served notice of termination. These discussions with shareholders helped inform the Board's assessment of the alternative options for the Company. • Following the announcement that the Board had selected Schroders to be the new fund manager, the Board and its appointed Broker have again engaged with Shareholders regarding the forthcoming appointment, and received positive feedback. • In accordance with the Articles of Association, Shareholders will again be invited to vote on the Continuation of the Company at the forthcoming AGM. • As part of the Board's Discount Management policy, approximately 3.5% of the total shares were bought back at a discount to NAV during the year. The discount narrowed slightly. • Following approval at the AGM the Board continued its dividend policy of paying a dividend equal to 4% of the NAV at the start of the year.
AIFM and Investment Managers		
Maintaining a close and constructive working relationship with the AIFM and Investment Managers is crucial to the Board. The Board aims to continue to achieve consistent, long-term returns and to ensure that the portfolio is run in adherence to the Company's strategy. The Board maintains an open discussion with the AIFM and Investment Managers, whilst ensuring that their interests are aligned with those of investors.	• The Chair, Senior Independent Director and Board regularly meet with representatives of the AIFM and the Investment Managers throughout the year, both formally at quarterly Board meetings and informally, as required. • The Investment Managers attend Board meetings to discuss the Company's overall performance as well as developments in individual portfolio companies and wider macroeconomic developments.	• Following notice of termination from the Company's Fund Manager, SV Health Investors, the Board conducted an independent process to find a new fund manager for the Company. • The Board analysed several different options and met with a number of potential AIFM's before selecting Schroders. A new contract has been agreed with Schroders which will ensure shareholders do not have to bear any of the costs associated with the transaction. • The Board met frequently with the AIFM throughout the year to ensure a smooth transition of the business. • SV Health Managers LLP will continue to manage the unquoted portfolio. • The individuals responsible for managing the quoted portfolio, Ailsa Craig and Marek Poszepczynski, will transfer to Schroders and continue to manage the assets with the same mandate.

STRATEGIC REVIEW | continued

Stakeholder Group	How we Engage	Activity and Key Decisions During the Year
AIFM and Investment Managers (continued)		
	• Representatives of the AIFM's investor relations, finance and compliance teams attend quarterly Board meetings to report on activity, processes and controls.	• At an ad hoc meeting in December 2022, pursuant to the Investment Managers' proposal, the Board approved an incremental investment in SV BCOF of \$5m, which increased the total investment from \$25m to \$30m in SV BCOF.
Service Providers		
The Company contracts with third party service providers including Depositary, Administrator, Company Secretary and Registrar. The Board engages with all outsourced third parties service providers to ensure appropriate service levels are maintained.	• The Board and AIFM engage regularly with all service providers to ensure the smooth running of the Company. • The Management Engagement Committee reviews the performance of all service providers. • The Depositary, Administrator, Company Secretary and Registrar submit copies of their annual audited internal control reports to the Audit Committee. • The Company Secretary, who attends quarterly meetings, reports on key corporate governance matters and relays any relevant information to the Board.	• In addition to changing the AIFM, the Depositary, the Company Secretary and Lender will all change as part of the transition. • The Board and its advisers have negotiated new contracts with HSBC who will be appointed as the new Depositary (taking over from Northern Trust) in November. • The principal terms of a new secured lending facility have been agreed with Scotia Bank, replacing the current loan with Northern Trust. • The Board met several times throughout the year with Numis, to ensure a successful outcome for shareholders. • The Board worked closely with Kepler and KL to ensure our shareholders and the market were kept informed. • Schroder Investment Management Limited, a sister company to Schroder Unit Trusts Limited, will succeed Link Company Matters as IBT's Company Secretary on 20 November 2023.
Wider Community and the Environment		
IBT invests in companies that develop new drugs for an ageing population with unmet medical needs.	• The Investment Managers consider social, community and environmental factors when making investment decisions and when selecting service providers.	• The Investment Managers utilised Morningstar Sustainalytics to risk assess the portfolio's exposure to ESG criteria. • The Board considers the ESG credential of all service providers including during the competitive process to select a new AIFM for IBT. • The Board and AIFM have engaged with regulators during the process of transferring IBT to a new manager.

STRATEGIC REVIEW | continued

Portfolio

The Chair's Statement on pages 7 to 9 and the Fund Manager's Review on pages 10 to 20 includes details of the Company's performance and portfolio activity during the year under review. The Strategic Report on pages 26 and 27 describes the investment strategy undertaken by the Fund Manager.

These factors around the portfolio and performance contribute to the long-term success of the Company and help inform investors so that they may make personal investment decisions.

Dividend

In accordance with the Dividend Policy approved by shareholders at the AGM held on Tuesday, 6 December 2022, two interim dividends of 14.0p and 14.2p per share were paid on 27 January and 25 August 2023, respectively.

Discount and Premium Management

Buying back shares can help to narrow the the discount of the share price to NAV. Issuing shares helps to provide liquidity in the Company's shares where there is sufficient demand. The Board keeps the discount management under review, and it continues to be the Board's view that this policy is in the interest of all shareholders. The Company bought back 1,544,826 of its own Ordinary shares during the year ended 31 August 2023, which has assisted in narrowing the discount. During the year the Company issued no Ordinary shares.

Changes to Board composition

Given Jim Horsburgh's planned departure at the Company's 2022 Annual General meeting, the Board begun the search for a new candidate to join the Board as a Non-executive Director. The Board agreed on a description of the role, skills and attributes based on a skills matrix and in an effort to achieve greater diversity, including that of gender. In September 2022, the Board engaged Trust Associates, an executive search firm, to help identify suitable candidates. Following an extensive search process, the Board is very pleased to welcome Gillian Elcock to the Board. The Board confirms that Trust Associates has no other connection to IBT. Gillian Elcock joined the Board in February this year and will be standing for election for the first time at this year's AGM.

CURRENT AND FUTURE DEVELOPMENTS

Details of the Company's developments during the year ended 31 August 2023, along with its prospects for the future are set out in the Chair's Statement on pages 7 to 9 and the Fund Manager's Review on pages 10 to 20.

By order of the Board

Link Company Matters Limited
Company Secretary

6 November 2023

DIRECTORS' BIOGRAPHIES

KATE CORNISH-BOWDEN
Chair

Kate Cornish-Bowden was appointed as a Non-executive Director of the Company on 19 May 2020 and was Senior Independent Director since 8 December 2021. She became Chair of the Board upon the conclusion of the Company's 2022 Annual General Meeting on 6 December 2022. Kate worked for Morgan Stanley Investment Management from 1992 to 2004 where she was a Managing Director, head of MSIM's global core equity business and head of the pharmaceuticals research team. Prior to joining Morgan Stanley, she worked for M&G Investment Management as a research analyst

Kate is currently a Non-executive Director of Finsbury Growth & Income Trust plc and CC Japan Income & Growth Trust plc, where she is also Audit Committee Chair. She is also a Non-executive Director of Schroder Oriental Income Fund Limited, however, will be stepping down from her role on 17 November 2023, prior to IBT's move to Schroders.

Kate has previously held directorships of Scancell Holdings plc, Calculus VCT plc and Arcis Biotechnology Limited. She is a member of the Chartered Financial Analyst Institute (formerly AIIMR), holds an MBA and has completed the Financial Times Non-executive Director Diploma.

PATRICK MAGEE
Senior Independent Director

Patrick Magee was appointed as a Non-executive Director of the Company on 19 May 2020 and has been the Senior Independent Director since the conclusion of the 2022 Annual General Meeting on 6 December 2022.

Patrick joined the British Business Bank in 2014 and was its Chief Commercial Officer from 2017 to July 2022 and was an executive director on the Bank's Board. Before joining the British Business Bank in 2014, Patrick worked at the Shareholder Executive from June 2012 to October 2014. Prior to joining the Shareholder Executive, Patrick was a Managing Director of corporate finance at JP Morgan Cazenove, having worked at the predecessor firms for almost 18 years. Patrick has an MBA from Georgetown University, Washington DC and an LLB from Queen's University Belfast.

Patrick is currently a member of the Investment Committee at Queen's University, Belfast, and a Director of Edge Future Capital, Allica Bank and Power Roll Limited. He is also a Non-executive member of the NI Civil Service Board.

CAROLINE GULLIVER
Chair of the Audit Committee

Caroline Gulliver was appointed as a Non-executive Director of the Company on 1 April 2015 and as Chair of the Audit Committee on 13 July 2016. She spent a 25 year career with Ernst & Young LLP, from where she retired in 2012 to pursue other interests including Non-executive directorship positions. She is a Chartered Accountant with a background in the provision of audit and advisory services to the asset management industry, with a particular focus on investment trusts. She is also a Non-executive Director of JPMorgan Global Emerging Markets Income Trust plc and abrdn European Logistics Income plc. Caroline stepped down from her role as Non-executive Director and Audit and Management Engagement Committee Chair of Civitas Social Housing PLC in June 2023 when the company agreed to the terms of a private offer. Since August 2022, Caroline has been Trustee and Treasurer of Ukraine to Chilterns Charitable Incorporated Organisation.

DIRECTORS' BIOGRAPHIES | continued

GILLIAN ELCOCK

Gillian Elcock was appointed as a Non-executive Director of the Company on 1 February 2023. She is the founder of Denny Ellison, an independent investment research and training company, and was its Managing Director for ten years. Prior to this, she was an equity research analyst for several years at Putnam Investments and Insight Investment. She was named a finalist in the 'Investment Analyst of the Year' category of the Women in Investment Awards 2018.

Gillian is a Non-executive Director of Melrose Industries plc and STS Global Income & Growth Trust plc. She is also a member of the board of the CFA Society of the UK. She holds an MBA from the Harvard Business School and MEng and BSc degrees from the Massachusetts Institute of Technology.

PATRICK MAXWELL

Professor Patrick Maxwell was appointed as a Non-executive Director of the Company on 1 January 2022. He is currently Regius Professor of Physic and Head of the School of Clinical Medicine at the University of Cambridge. As a clinician scientist he has been centrally involved in a series of discoveries that have revealed how changes in oxygenation are sensed, and how genetic alterations cause kidney disease. Patrick is a Fellow of the Royal College of Physicians and the Academy of Medical Sciences, Director of Cambridge University Health Partners and a Non-Executive Director of Cambridge University Hospitals and Scottish Mortgage Investment Trust.

Patrick holds a BA from Oxford, MB BS from the University of London, D Phil from Oxford and is on the General Medical Council's Specialist Register for Nephrology and General (Internal) Medicine.

Kate Cornish-Bowden is Chair of the Management Engagement and Nomination Committees as well as the main Board.
All Directors are independent.
All Directors are members of the Audit, Management Engagement and Nomination Committees.

DIRECTORS' REPORT | Incorporating the Corporate Governance Statement

The Directors present their Report and the audited Financial Statements of the Company for the year ended 31 August 2023.

INFORMATION DISCLOSED IN THE STRATEGIC REPORT

The following matters required to be disclosed in this Report under the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 are covered in the Strategic Report on pages 26 to 37: the Company's status, investment objective and policy, investment strategy, investment restrictions, financial risk management, the Company's exposure to risks, a statement regarding the Company's greenhouse gas emissions and the current and future developments as well as important events effecting the Company since the year end.

PRINCIPAL ACTIVITIES AND PURPOSE

The principal activity and therefore the purpose of the Company is the making of investments in accordance with the investment objective and policy set out on page 26. The Board delegates investment management of the Company's portfolio to the Fund Manager. A description of the Company's activities and strategy during the year, as well as the outlook, is given in the Chair's Statement on pages 7 to 9; and the Fund Manager's Review on pages 10 to 20.

The current portfolio of the Company is such that its shares are eligible for inclusion in an ISA, and the Directors expect this eligibility to be maintained.

The Company currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers in the UK to ordinary retail investors in accordance with the FCA Rules in relation to non-mainstream investment products and intends to continue to do so. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an authorised investment trust.

RESULTS AND DIVIDENDS

The results for the year are shown in the Statement of Comprehensive Income on page 68. At the AGM held on 6 December 2022, shareholders approved the Company's dividend policy to pay an annual dividend, equivalent to 4% of the Company's NAV, calculated using the published NAV on the last day of the Company's preceding financial year, being 31 August 2022. Dividends are paid through two distributions in January and August of each year and are paid out of capital reserves.

Accordingly, the Board declared and paid two interim dividends during the year of 14.0 pence per Ordinary share for the first interim dividend and for 14.2 pence per Ordinary share for the second interim dividend (2022: 15.7 pence per Ordinary share in equal payments). These were paid on 27 January 2023 and 25 August 2023. Further, the Directors intend to pay Interim Dividends for the year ended 31 August 2023 in two tranches in January and August 2024.

In accordance with the Board's decision to seek shareholder approval of the Company's dividend policy at each AGM, a resolution to this effect has been included in the Notice of Meeting on page 105.

SHARE CAPITAL

At the AGM on 6 December 2022, shareholders gave approval for the Company to purchase up to 6,124,285 Ordinary shares of its own capital for cash, being 14.99% of the share capital in issue as at the date of the Notice of Meeting. During the year under review, 1,544,826 shares were repurchased by the Company. The Board considers that conducting share buybacks can help to manage the discount of its share price to NAV, therefore enhancing share price performance for existing shareholders. The positive effect of share buybacks on the Company's NAV during the year has been explained in the Chair's Statement on page 9 and in the Strategic Review on page 37. The Board regularly reviews the methods for managing the discount and these include the use of share buybacks, payment of dividends and marketing the Company to prospective investors.

Shareholders also provided approval for the Company to issue 4,132,834 Ordinary shares (excluding those from Treasury) with pre-emption rights disapplied. During the year, no Ordinary shares were re-issued from Treasury. The issued share capital of the Company is detailed in note 15 to the Financial Statements. The total number of Ordinary shares as at 3 November 2023 is 41,383,817.

DIRECTORS

All of the Directors as at 31 August 2023 held office throughout the year under review, with the exception of Gillian Elcock who was appointed to the Board on 1 February 2023. Jim Horsburgh retired as a Non-executive Director and Chair on 6 December 2022. The biographies of the Directors of the Company can be found on pages 38 and 39.

DIRECTORS' REPORT | continued

As indicated on page 46, all Directors are deemed by the Board to be independent in both character and judgement, and have performed their duties in an independent manner at all times. The independence of Directors will continue to be assessed on a case by case basis.

The Board recognises corporate governance best practice is for all Directors to be submitted for annual re-election. Accordingly, all Directors will be standing for re-election at the forthcoming AGM. Gillian Elcock will be standing for election for the first time since her initial appointment to the Board on 1 February 2023.

The Board has considered the position of each of the Directors as part of the performance evaluation, the process for which is explained in more detail on page 46. The Board has a broad range of relevant experience to contribute towards the Company's strategic priorities, including specialist understanding of the biotechnology and healthcare sectors, investment trust companies, fund management, venture capital market experience, accounting and auditing, as detailed in the Directors' biographies on pages 38 and 39. Further, the Board has concluded that each Director continues to demonstrate commitment to their role and provides a valuable contribution to the deliberations of the Board. The Board therefore recommends that shareholders vote in favour of the election of Gillian Elcock, and re-elections of Kate Cornish-Bowden, Caroline Gulliver, Patrick Magee and Patrick Maxwell at the forthcoming AGM.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND DIRECTORS' INDEMNITIES

Directors' and Officers' Liability Insurance cover was purchased by the Company in April 2023 and continues to be in force as at the date of this Report.

FUND MANAGER'S PERFORMANCE AND CONTRACTUAL ARRANGEMENTS

The Fund Manager is SV Health Managers LLP. The Board keeps the performance of the Fund Manager under continual review. The Management Engagement Committee conducts an annual review of the Fund Manager's performance and makes a recommendation to the Board about its continuing appointment. As announced in February 2023, SV Health Managers LLP decided to focus on its venture capital business and served notice of termination to IBT. As a result, the continued appointment of the Fund Manager was not recommended by the Committee. Effective November 2023, the Fund Manager and AIFM will transition to Schroders which will ensure the continuity of IBT's investment approach. The Board believes that Schroders will deliver positive long-term benefits for IBT and its shareholders.

The Fund Manager during the year under review, SV Health Managers LLP was entitled to a management fee payable of 0.9% per annum of the Company's NAV and to an annual performance fee which is calculated as follows:

- The portfolio consists of two pools: quoted and unquoted.
- The fee on the quoted pool is 10% of relative outperformance above the sterling-adjusted NBI plus a 0.5% hurdle.
- The fee on the unquoted pool, excluding unquoted funds, is 20% of net realised gains, taking into account any unrealised losses but not unrealised gains.
- There is no performance fee calculated on unquoted funds as the Fund Manager has carried interest in these funds.

The payment of the performance fee is subject to the following limits:

- The maximum performance fee in any one year is 2% of average net assets.
- Any underperformance of the quoted portfolio against the benchmark is carried forward for the current financial period plus two succeeding periods. Performance fees in excess of the performance fee cap are carried forward for the current financial period plus two succeeding periods and being offset against any subsequent underperformance before being paid out.

A performance fee of £514,000 (£418,000 quoted, £96,000 unquoted) was payable for the unquoted portfolio in respect of the year ended 31 August 2023 (31 August 2022: £nil quoted, £471,000 unquoted)). Please see the Chair's Statement on page 9 for further information.

The future fee arrangements in the new Investment Management Agreement with Schroders Unit Trust Limited are outlined on page 8.

DIRECTORS' REPORT | continued

ADMINISTRATION, DEPOSITARY AND COMPANY SECRETARIAL SERVICES

Fund administration and depositary services are provided by the Northern Trust Company, London branch. The Administration Agreement with the Northern Trust Company continues until terminated by either party on giving not less than 12 months' written notice. The Depositary Agreement with Northern Trust Investor Services Limited continues until terminated by either party on giving not less than 6 months written notice. The Depositary also retains the right to serve notice on the Company requiring it, at the expiry of a period of not less than 270 calendar days, to give notice to the FCA of a proposal to wind-up the affairs of the Company unless a replacement Depositary has been appointed before the end of that period.

Company Secretarial services are provided by Link Company Matters. The Agreement with Link Company Matters may be terminated by either party on giving not less than six months' written notice.

As referred to in the Chair's statement, as part of the move to Schroders, IBT has appointed HSBC Bank plc as Administrator, Custodian and Depositary with effect from 20 November 2023. Schroder Investment Management Limited will be appointed as Company Secretary from the same date.

COMPANIES ACT 2006 (THE ACT) DISCLOSURES

In accordance with Section 992 of the Act, the Directors disclose the following information:

The Company's capital structure is summarised on page 84, voting rights are summarised on page 84 and there are no restrictions on voting rights nor any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights.

There exists no securities carrying special rights with regard to the control of the Company.

The Company does not have an employees' share scheme.

The rules concerning the appointment and replacement of Directors, amendment to the Articles of Association and powers to issue or buyback the Company's shares are contained in the Articles of Association of the Company and the Act. There exists no agreements to which the Company is party that may affect its control following a takeover bid.

There exists no agreements between the Company and its Directors providing for compensation for loss of office that may occur because of a takeover bid.

GOING CONCERN

The Company has reviewed the guidance issued by the FRC in order to determine whether the going concern basis should be used in preparing the Financial Statements for the year ended 31 August 2023. In doing so, the Directors have considered the Company's borrowing requirements and covenants on existing borrowings; liquidity risk (see note 23.3 on page 93); the business environment and its impact on financial risk; the nature of the portfolio; and expenditure projections for the next 12 months. The Company's assets consist mainly of equity shares in companies listed on the NASDAQ stock exchange and in most circumstances are realisable within a short timescale.

The Company's Articles of Association require the Board to put a proposal for the continuation of the Company to shareholders on a biennial basis. The relevant resolution will therefore be included in the Notice of Meeting for the forthcoming AGM. The previous continuation vote in 2021 was passed with 99.96% of votes being in favour of continuation. The Board is mindful that this will be the first continuation vote following a change of AIFM and Fund Manager. As noted in the Chair's Statement we have consulted with many of our shareholders during the year and have received positive feedback with many informing us that they are pleased with the impending move to Schroders, and the continuity of the existing mandate and investment management team. The Board noted no adverse impact on share price or discount to NAV following announcement of the decision to appoint Schroders. As a result of this shareholder feedback the Board has a reasonable expectation that the continuation vote will be passed.

As a result, the Directors believe that it is appropriate to adopt the going concern basis in the preparation of the Financial Statements as, assuming a successful continuation vote, there are no material uncertainties related to events or conditions that may cast significant doubt about the Company's ability to continue as a going concern.

INDEPENDENT AUDITOR

Following a recommendation by the Audit Committee to the Board, resolutions to re-appoint PricewaterhouseCoopers LLP as Auditor and to authorise the Directors to determine their remuneration will be proposed at the forthcoming AGM. The Board considers that the Auditor remains independent and PricewaterhouseCoopers LLP have expressed their willingness to continue in office. For information relating to the effectiveness of the external audit process including information regarding the full external tender of audit services which took place in 2016, please see the Audit Committee Report on pages 54 to 56.

DIRECTORS' REPORT | continued

SUBSTANTIAL SHARE INTERESTS

As at the year ended 31 August 2023, the interests of 3% or more of the voting rights attaching to the Company's issued share capital, as notified to the Company in accordance with Chapter 5 of the FCA's Disclosure Guidance and Transparency Rules or ascertained by the Company were as follows:

	As at 31 August 2023	
Shareholder	**Number of Ordinary shares held**	**% of voting rights**
Interactive Investor	**5,343,661**	**13.59**
Hargreaves Lansdown	**5,226,816**	**13.29**
Charles Stanley	**3,164,753**	**8.05**
Border to Coast Pensions Partnership	**2,535,000**	**6.45**
AJ Bell	**1,719,573**	**4.37**
South Yorkshire Pension Authority	**1,650,000**	**4.20**
RBC Brewin Dolphin	**1,320,973**	**3.36**
West Yorkshire PF	**1,245,599**	**3.17**

The Company has not been informed of any changes to the above interests between 31 August 2023 and the date of this Report.

DISCLOSURE OF INFORMATION TO AUDITORS

In accordance with Section 418 of the Act, the Directors at the date of approval of this Report, as listed on pages 38 and 39, confirm that:

(a) so far as each Director is aware, there is no relevant audit information of which the Company's Auditors are unaware; and

(b) each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

AGM

The AGM will be held on Tuesday, 12 December 2023 at 3.00pm. Details of the business of the Meeting are set out in the Notice of Meeting on pages 105 and 106.

Pursuant to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the Directors are required to provide detailed information, amongst others, on their powers in relation to the issuing or buying back of the Company's shares. As a result, the Board is seeking shareholder approval for the following seven items.

Continuation Vote

The Company's Articles of Association require the Board to put a proposal for the continuation of the Company to shareholders at two yearly intervals. The next continuation vote will be put to shareholders at the forthcoming AGM on 12 December 2023 as Resolution 12 and the Directors strongly recommend shareholders vote in favour.

Authority to allot shares

In order to provide maximum flexibility in the implementation of the Company's corporate strategy and premium management policy, the Directors wish to seek the power to allot new Ordinary shares for cash at a premium to the NAV at the forthcoming AGM.

Resolution 13 seeks authority for Directors to allot shares for cash up to a nominal amount of £1,021,575, equivalent to 4,086,300 Ordinary shares (being 10% of the issued Ordinary share capital of the Company (excluding Treasury shares) in issue on 3 November 2023 (being the latest practicable date prior to the publication of the Notice of Meeting)).

In addition, Resolution 14 seeks authority for Directors to allot further shares for cash up to a nominal amount of £1,021,575, equivalent to 4,086,300 Ordinary shares (being 10% of the issued Ordinary share capital of the Company (excluding Treasury shares) in issue on 3 November 2023 (being the latest practicable date prior to the publication of the Notice of Meeting)).

The Directors intend to use these authorities to issue new shares only if they believe it is in the best interests of the Company and is advantageous both to new investors and to the Company's existing shareholders to do so. New shares will only be issued at a price not less than the most recent published NAV per Ordinary share prior to such issue. Both authorities will expire at the conclusion of next year's AGM or 15 months from the date of passing of the resolutions, whichever is earlier, unless revoked, varied or renewed prior to that date.

Authority to disapply pre-emption rights

If new Ordinary shares are to be allotted for cash or Treasury shares are to be sold for cash, the Act requires such new shares to be offered first to existing holders of Ordinary shares. This entitlement is known as a "pre-emption right". In certain circumstances it is beneficial for the Directors to allot shares for cash or Treasury shares to be sold for cash otherwise than pro rata to existing shareholders and the Act provides for shareholders to give such power to the Directors by waiving their pre-emption rights.

DIRECTORS' REPORT | continued

Therefore, Resolution 15 will be proposed at the AGM which, if passed, will give the Directors power to disapply the statutory pre-emption rights of existing shareholders in relation to the issue of Ordinary shares for cash or the sale of Ordinary shares for cash out of Treasury up to an aggregate nominal amount of £1,021,575 equivalent to 4,086,300 Ordinary shares (being 10% of the Company's existing issued Ordinary share capital (excluding Treasury shares) on 3 November 2023 (being the latest practicable date prior to the publication of the Notice of Meeting)) such Ordinary shares to be allotted or sold at a price not less than the most recent published NAV per Ordinary share prior to such allotment or sale.

This authority will expire at the conclusion of next year's AGM or 15 months from the date of passing of the Resolution, whichever is earlier, unless revoked, varied or renewed prior to that date provided that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer or agreement as if this authority had not expired.

Resolution 16 is being proposed at the AGM in addition to Resolution 15 which, if passed, will give Directors power to disapply the statutory pre-emption rights of existing shareholders in relation to the issue of Ordinary shares for cash or the sale of Ordinary shares for cash out of Treasury, subject to the passing of Resolution 14, up to an aggregate nominal amount of £1,021,575 equivalent to 4,086,300 Ordinary shares (being 10% of the Company's existing issued Ordinary share capital (excluding Treasury shares) on 3 November 2023 (being the latest practicable date prior to the publication of the Notice of Meeting)) such Ordinary shares to be allotted or sold at a price not less than the most recent published NAV per Ordinary share prior to such allotment or sale. This authority will expire at the conclusion of next year's AGM or 15 months from the date of passing of the resolution, whichever is earlier, unless revoked, varied or renewed prior to that date provided that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer or agreement as if this authority had not expired.

The Board is aware that when combined the authorities sought under Resolutions 15 and 16 to disapply statutory pre-emption rights amount to 20% of the Company's issued Ordinary share capital is higher than the level recommended by best practice in accordance with The Investment Association Share Capital Management Guidelines and the Pre-emption Group's Statement of Principles on Disapplying Pre-emption Rights. However, the Board notes that the Prospectus Regulation allows for issuance for up to 20% of the Company's issued Ordinary share capital without the need for a prospectus and therefore, believes that the increased authority is justified and it would be in the best interest of shareholders to provide the extra flexibility to issue further shares in connection with the Company's corporate strategy and premium management policy.

The increased authority:

- would avoid the additional delay and expense of a further shareholder resolution, which would be required in the event that the initial 10% authority is granted and exhausted through the programme of tap issuance;
- is key to managing the share price premium to NAV, ensuring that shareholders are not forced to pay an excessive premium when adding to their holding; and
- facilitates enhanced scale for the Company, which would have the benefits of increasing the potential investor audience, enhancing trading liquidity and reducing the ongoing charges ratio.

During the year ended 31 August 2023, the Company did not re-issue any shares from Treasury.

Share buybacks and Treasury share authority

Shareholders approved authorities for the Company to repurchase up to 14.99% of its issued share capital (of which up to 10% of the issued share capital may be retained in Treasury for potential re-issue at any time) at the AGM held on Tuesday, 6 December 2022.

During the year ended 31 August 2023, the Company repurchased 1,544,826 Ordinary shares to be held in Treasury. The Directors continue to believe it is in the best interests of the Company and its shareholders to have a general authority for the Company to buyback its shares in the market for cancellation or holding in Treasury for potential subsequent re-issue. No shares held in Treasury will be re-issued at a discount to NAV. The authority to hold shares in Treasury is in addition to the power to buyback shares for immediate cancellation.

Accordingly, a special resolution, Resolution 17, to authorise the Company to purchase up to 14.99% of the share capital in issue at the date of this Report for cancellation or for holding in Treasury (up to a maximum of 10% of the share capital in issue at the date of this Report) will be proposed at the forthcoming AGM. Purchases will only be made if the Directors consider them to be for the benefit of the Company and its shareholders, taking

DIRECTORS' REPORT | continued

into account relevant factors and circumstances at the time. The Company can confirm that purchases of Ordinary shares under the authority will only be made in the market for cash at prices below the prevailing NAV per share.

Notice of General Meetings

At last year's AGM, a special resolution was passed allowing General Meetings of the Company to be called on a minimum notice period as provided for in the Act. For meetings other than AGMs this is a period of 14 clear days. The Board believes that it should have the flexibility to convene General Meetings of the Company (other than AGMs) on 14 clear days' notice. The Board is therefore proposing a special resolution to approve 14 clear days as the minimum period of notice for all General Meetings of the Company other than AGMs. The authority, if given, will be effective until the Company's next AGM or until the expiry of 15 months from the date of the passing of the special resolution (whichever is earlier) and will only be used where it is merited by the purpose of the Meeting.

Recommendation

The Directors consider that passing the Resolutions proposed at the AGM will be in the best interests of shareholders as a whole and unanimously recommend that shareholders vote in favour of each of the resolutions as they intend to do so in respect of their own beneficial holdings.

Details of proxy votes received in respect of each Resolution are published on the Company's website following the meeting.

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE

The Board is committed to high standards of corporate governance and has implemented a framework for corporate governance appropriate for an investment trust. The Board has considered the principles and recommendations of the AIC Code of Corporate Governance 2019 (AIC Code) which can be found on the AIC website www.theaic.co.uk. The AIC Code addresses the principles set out in the UK Corporate Governance Code as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

As an investment company most of the day-to-day responsibilities are delegated to outside parties as the Company has no employees and all the Directors are Non-executive Directors. Many of the provisions of the UK Corporate Governance Code are not directly applicable to the Company. The Board has determined that reporting against the AIC Code provides the most appropriate information to shareholders, therefore the report on corporate governance describes how the principles of the AIC Code have been applied.

STATEMENT OF COMPLIANCE

The Board considers that, for the year under review each Director, the Board and the Company have complied with the recommendations of the AIC Code in so far as they apply to the Company's business and with the relevant provisions of the UK Corporate Governance Code except as noted below:

- As all Directors are Non-executive Directors and day-to-day management has been contracted to third parties the Company does not have a separate role for a Chief Executive from that of Chair of the Board.
- As there are no Executive Directors the provisions of the UK Corporate Governance Code in respect of executive directors' remuneration are not relevant.
- The Company does not have an internal audit function as it relies on the systems of control operated by third party suppliers, in particular those of SV Health Managers LLP. The Board monitors these systems of internal control to provide assurance that they operate as intended.

This Corporate Governance Statement, together with the Management Report and Directors' Responsibilities Statement set out on page 45, indicate how the Company has applied the principles of good governance and meets internal control requirements.

ROLE OF THE CHAIR

The Chair is responsible for leading the Board, ensuring its effectiveness in all aspects of its role, and setting its agenda.

ROLE OF THE BOARD

The Board determines and monitors the Company's investment objective and policy, and considers its future strategic direction, ensuring itself that these and its culture is aligned; being collectively responsible for the long-term success of the Company. A schedule of matters specifically reserved for consideration and decision by the Board has been adopted. The Board is responsible for presenting a fair, balanced and understandable assessment of the Company's position and, where appropriate, future prospects in Annual and Half Yearly Financial Reports and other forms of public reporting. It monitors and reviews the shareholder base of the Company, marketing and shareholder communication strategies,

DIRECTORS' REPORT | continued

and evaluates the performance of all service providers, with input from its Committees where appropriate. A procedure has been adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company, where appropriate. The Directors have access to the advice and services of the corporate Company Secretary through its appointed representative, who is responsible to the Board for, inter alia, ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter for the whole Board.

CONFLICTS OF INTEREST

The Directors have declared any conflicts of interest to the Company Secretary, who maintains the Register of Directors' Conflicts of Interests. It is reviewed at each Board Meeting, and the Directors advise the Company Secretary as soon as they become aware of any new actual or potential conflicts of interests that would need to be considered and approved by the disinterested Directors.

In addition to chairing the Company, Kate Cornish-Bowden is also currently a Director of Schroder Oriental Income Fund Limited. In order to remain independent, Kate will be resigning from Schroder Oriental Income prior to IBT's move to Schroders.

BOARD COMPOSITION

The Board currently consists of five Non-executive Directors. The biographical details of each Director, including their length of service, are set out on pages 38 and 39.

The Board is satisfied that it is of sufficient size, with an appropriate balance of skills and experience, and that no individual or group of individuals is, or has been, in a position to dominate decision making. This is kept under continuous review by the Board as part of ongoing succession planning.

The Board recognises the objectives of the Davies Report to improve the performance of corporate boards by encouraging the appointment of the best people from a range of differing perspectives and backgrounds. However, it is not considered necessary, given the diverse skill set of the Board to have set targets in relation to diversity.

The Board has set a policy on tenure that, in normal circumstances, Directors will retire at the AGM in their 10th year of service. The Board is of the opinion that long service does not necessarily compromise the independence or contribution of Directors of investment trusts where continuity and experience can significantly benefit a board, a view supported by the AIC.

INDUCTION AND TRAINING

Upon appointment to the Board, Directors are provided with all the relevant information regarding the Company and their duties and responsibilities as a Director. They receive a formal and tailored induction, which is administered by the Company Secretary and the Fund Manager. Directors are provided, on a regular basis, with key information on the Board's policies, regulatory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise and the Chair regularly reviews and agrees with each Director their training and development needs. Other advisers to the Company also prepare reports for the Board from time to time. In addition, Directors attend ad hoc seminars, conferences and other forums covering issues and developments relevant to both the investment trust and biotechnology industries.

BOARD EVALUATION

In line with best practice, the Board's effectiveness is reviewed on an annual basis through a formal performance evaluation, including an assessment of the Board and its Committees. An external evaluator conducts the review every third year, and in the two intervening years this is carried out by the Company Secretary to ensure continuity over the three-year cycle.

The review for the year ended 31 August 2023 was conducted by the Company Secretary, following an external performance review conducted by Lintstock Ltd in 2022.

The evaluation looked at several key areas, including the performance of the Board and its Committees, the effectiveness of the Board's oversight of the Fund Manager, investment strategy and performance, risk management, external relations and succession planning. The responses were then collated, analysed and presented to both the Nomination Committee and the Board in July 2023.

There were no significant issues arising from the evaluation process and it was agreed that the Board and its Committees were functioning effectively.

MEETINGS AND ATTENDANCE

The Board held five scheduled meetings in the financial year which were attended by all Directors entitled to attend. Additional meetings are arranged as required and regular contact between the Directors, the Fund Manager and the Company Secretary is maintained throughout the year. Representatives of the Fund Manager and the Company Secretary attend each Meeting and other advisers also attend when requested to do so by the Board.

DIRECTORS' REPORT | continued

	BOARD		AUDIT COMMITTEE		NOMINATION COMMITTEE		MANAGEMENT ENGAGEMENT COMMITTEE	
	Number entitled to attend	Number attended	Number entitled to attend	Number attended	Number entitled to attend	Number attended	Number entitled to attend	Number attended
Jim Horsburgh*	3	3	1	1	0	0	0	0
Kate Cornish-Bowden	5	5	3	3	1	1	1	1
Caroline Gulliver	5	5	3	3	1	1	1	1
Patrick Magee	5	5	3	3	1	1	1	1
Patrick Maxwell	5	5	3	3	1	1	1	1
Gillian Elcock**	3	3	2	2	1	1	1	1

*Retired 6 December 2022.
**Appointed 1 February 2023.

A schedule of Directors' attendance at Board and Committee Meetings held during the financial year is set out above.

All Directors attended numerous additional ad hoc meetings during the year under review in connection with the change of fund manager.

The Board is satisfied that each of the Chair and the Non-executive Directors commit sufficient time to the affairs of the Company to fulfil his or her duties as Directors.

INFORMATION FLOWS

The Chair ensures that all Directors receive, in a timely manner, relevant management, regulatory and financial information and are provided, on a regular basis, with key information on the Company's policies, regulatory requirements and internal controls. The Board receives and considers reports regularly from the Fund Manager, the Company Secretary and other key advisers. Ad hoc reports and information are supplied to the Board as required.

COMMITTEES

The Board has delegated certain responsibilities and functions to three Committees, all of which operate under written terms of reference. Copies of the terms of reference for the Committees have been published on the Company's website. Committee membership is detailed on pages 46 and 47. Please refer to page 54 for the report on the work of the Audit Committee.

Nomination Committee

The Chair of the Board acts as Chair to the Nomination Committee which met once during the year ended 31 August 2023. The function of the Committee is to consider and make recommendations to the Board on its composition and balance, including identifying and nominating new Directors to the Board and proposing that existing Directors be re-elected.

Before considering new appointments, the Nomination Committee evaluates the balance of skills, experience, independence, and knowledge of the Board, and, in light of this evaluation, prepares a description of the roles and capabilities required for particular appointments. Directors' independence and diversity of the Board (including gender and ethnicity) is also considered. Newly appointed Directors are then assessed using the aforementioned criteria.

On those occasions when the Committee is reviewing the Chair, or considering a successor, the Nomination Committee is chaired by the Senior Independent Director or, in his absence, another Committee Member and the Chair abstains from discussions in this regard.

Management Engagement Committee

The Chair of the Board acts as Chair to the Management Engagement Committee which met once during the year ended 31 August 2023 and intends to meet annually in the future to review matters relating to the performance of the Company's third party service providers, including the Fund Manager, and to review the terms of their contractual arrangements with the Company, ensuring their continued competitiveness for shareholders.

ACCOUNTABILITY AND AUDIT

The Management Report and Directors' Responsibilities Statement in respect of the Financial Statements are on page 57 and a statement of going concern is set out in the Directors' Report on page 42. The Independent Auditors' Report can be found on pages 59 to 67 and the Audit Committee Report on pages 54 to 57.

DIRECTORS' REPORT | continued

INTERNAL CONTROL

The AIC Code requires the Board to conduct at least annually a review of the adequacy of the Company's systems of internal control and report to shareholders that it has done so. The Board has reviewed a detailed Risk Map identifying significant strategic, investment-related, operational and tax, legal and regulatory risks and emerging risks. It has adopted a monitoring system to ensure that risk management and all aspects of internal control are considered on a regular basis, and fully reviewed at least annually. The Board is satisfied that these tools permit it to review the effectiveness of the Company's internal controls and on that basis confirms that it has reviewed the effectiveness of the Company's risk management and internal control systems for the year under review, taking into account all matters leading up to the date of the approval of the Financial Statements.

The Board believes that the key risks identified and the implementation of an ongoing system to identify, evaluate and manage these risks are relevant to the Company's business as an investment trust. The ongoing risk assessment, which has been in place throughout the financial year and up to the date of this Report, includes consideration of the scope and quality of the systems of internal control. This includes ensuring regular communication of the results of monitoring by third parties to the Board, the incidence of significant control failings or weaknesses that have been identified at any time and the extent to which they have resulted in unforeseen outcomes or contingencies that may have a material impact on the Company's performance or condition. There were no significant control failings or weaknesses identified during the course of the year and up to the date of this Report.

Although the Board believes that it has robust systems of internal control in place this can provide only reasonable and not absolute assurance against material financial misstatement or loss and is designed to manage, not eliminate, risk. The Company does not have an internal audit function or a whistleblowing policy as it employs no staff and delegates to third parties most of its operations. By the procedures set out above, the Board will continue to monitor its system of internal control in accordance with the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting and will continue to take steps to embed the system of internal control and risk management into the operations of the Company. In doing so, the Audit Committee will review at least annually whether a function equivalent to an internal audit is needed. During the course of its review of the systems of internal control, the Board has not identified nor has it been advised of any findings or weakness which it has determined to be significant.

Certain information is required to be included in the Annual Financial Report by Listing Rule 9.8.4. The necessary details are included in the Report, and if not shown, the requirement is not applicable to the Company.

DIRECTORS' DUTIES

The Board believes that it has acted in the way that they consider in good faith would be most likely to promote the success of the Company for the benefit of its Members (having regard to the matters set out in Section 172(1)(a)-(f) of the Act) in the principal decisions taken by the Board during the year. The Section 172 Statement on pages 34 to 36 of the Strategic Review sets out further details on how the Directors had regard to its stakeholders in its principal decisions during the year.

On behalf of the Board

INTERNATIONAL BIOTECHNOLOGY TRUST PLC
KATE CORNISH-BOWDEN | Chair

6 November 2023

REPORT ON DIRECTORS' REMUNERATION

INTRODUCTION

This Report is submitted in accordance with Sections 420 to 422 of the Act and it also meets the relevant Listing Rules of the FCA and describes how the Board has applied the principles relating to Directors' remuneration.

The Company's Auditor is required to report on certain information contained within this Report. Where information set out below has been audited, it is indicated as such. The Auditors' opinion is included within the Independent Auditors' Report on pages 59 to 67.

DIRECTORS' REMUNERATION POLICY

The determination of the Directors' fees is a matter dealt with by the Board. As all the directors are independent Non-executive, a separate remuneration committee has not been established.

The Company's Articles of Association limit the aggregate fees payable to Directors to £250,000 per annum. Subject to this limit, it is the Company's policy to determine the level of Directors' fees having regard to the level of fees payable to non-executive directors in the industry, the role that individual Directors fulfil in respect of Board and Committee responsibilities and time committed to the Company's affairs in order to promote the long-term success of the Company. Fees payable to Directors should be sufficient to motivate and retain candidates of a high calibre to deliver the Company's investment objectives. No element of the Directors' remuneration is performance-related.

The Board considers any comments received from shareholders on the remuneration policy on an ongoing basis and if appropriate, takes these into consideration when reviewing remuneration.

All Directors have a Letter of Appointment with the Company. The Letters of Appointment are available for inspection at the Company's registered office during normal business hours and at the location of the AGM for at least 15 minutes prior to and during the meeting. Directors do not have service contracts with the Company and no compensation is payable to Directors on leaving office. It is the intention of the Board that this policy will continue to apply in the forthcoming and subsequent financial years.

All Directors are appointed for an initial term covering the period from the date of their appointment until the first AGM, thereafter they are required to retire by rotation at least every three years in accordance with the Company's Articles of Association. The Board recognises corporate governance best practice is for all Directors to be submitted for annual re-election. Accordingly, all Directors stand for re-election annually.

Following the performance evaluation carried out each year, the Board considers whether it is appropriate for each Director to seek re-election. When recommending whether an individual Director should seek re-election, the Board will take into account the ongoing recommendations of the AIC Code, including the need to refresh the Board and its Committees.

The component parts of the Directors' Remuneration are set out in the table below:

Component parts of the Directors' remuneration

	***2023 £**	2022 £	2021 £	2020 £	2019 £	2018 £	2017 £	2016 £	2015 £	2014 £	2013 £
Chair's base fee	**44,500**	42,500	42,500	42,500	42,500	42,500	42,500	42,500	41,000	41,000	41,000
Non-executive Director base fee	**30,000**	28,000	28,000	28,000	28,000	28,000	28,000	28,000	27,000	27,000	27,000
Additional fee for the Chair of the Audit Committee	**4,500**	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Additional fee for the Senior Independent Director	**2,000**	2,000	2,000	2,000	2,000	2,000	2,000	—	—	—	—

*Effective 1 March 2023.

1. The Company's policy is for the Chair of the Board, the Chair of the Audit Committee and the Senior Independent Director to be paid higher fees to reflect their more onerous roles.
2. Directors' fees are paid up to the date of termination of their appointment, with no exit payments or compensation for loss of office payments applicable.
3. As the Company has no employees, there are no comparisons to be made between this Directors' Remuneration Policy and a policy on the remuneration of employees.
4. Directors' are entitled to claim expenses in respect of duties undertaken in connection with the management of the Company.
5. Fees are paid quarterly in arrears.
6. Fees are reviewed on an annual basis.
7. The Company retains the flexibility to pay additional one off fees to Directors should they be required to undertake additional work in order to deliver time consuming projects in the shareholders' interests.

REPORT ON DIRECTORS' REMUNERATION | continued

ANNUAL REPORT ON DIRECTORS' REMUNERATION

This Report sets out how the Directors' Remuneration Policy was implemented during the year ended 31 August 2023. Directors' fees were last reviewed by the Board in April 2023 and was examined alongside the Directors' Remuneration Policy.

During the year under review, the Directors approved an annual fee increase of £2,000 each, with effect from 1 March 2023. Previous changes to Directors' remuneration were made in 2016 and 2017 when the additional fee for the Senior Independent Director was introduced with effect from 1 September 2017. The amounts, set out in the following table, were paid by the Company to the Directors for services in respect of the year ended 31 August 2023 and the previous financial year.

Single total figure of the remuneration for each Director (audited)

The Directors who served during the year under review received the following emoluments:

TOTAL FEES* Remuneration for Qualifying Services **Directors**	**Year ended 31 August 2023 £**	Year ended 31 August 2022 £
Kate Cornish-Bowden (Chair)Δ	**40,221**	29,077
Caroline Gulliver	**33,500**	32,500
Patrick Magee†	**30,482**	28,000
Patrick Maxwell#	**29,000**	18,667
Gillian Elcock#	**17,271**	—
Jim Horsburgh	**11,295**	42,500
Véronique Bouchet	**—**	10,000
Total	**161,769**	160,744

There were no taxable benefits claimed during the years ended 31 August 2023 and 31 August 2022.

Annual Percentage Change in Directors' Remuneration

The table below sets out the annual percentage change in the Directors' fees for the past four financial years:

Directors	2019-2020 % change	2020-2021 % change	2021-2022 % change	**2022-2023 % change**
Kate Cornish-Bowden (Chair)Δ	N/A	255	4	**38**
Caroline Gulliver	—	—	—	**3**
Patrick Magee†	N/A	255	—	**9**
Patrick Maxwell#	N/A	N/A	N/A	**55**
Gillian Elcock#	N/A	N/A	N/A	**N/A**
Jim Horsburgh	—	41	7	**(73)**
Véronique Bouchet	—	—	(67)	**N/A**
John Aston	—	(76)	N/A	**N/A**

*No aspect of the Directors' remuneration, past or present, is performance-related in light of the Directors' Non-executive status. As a result, no Director is entitled to any bonuses, benefit in kind, share options, long-term incentives, pension or other retirement benefit. The Directors are entitled to reimbursement of all reasonable and properly documented expenses incurred in performing their duties.

ΔKate Cornish-Bowden was appointed as Non-executive Director on 19 May 2020 and replaced Véronique Bouchet as Senior Independent Director on 8 December 2021 and replaced Jim Horsburgh as Chair on 6 December 2022.

†Patrick Magee joined the Board as Non-executive Director on 19 May 2020 and replaced Kate Cornish-Bowden as Senior Independent Director on 6 December 2022.

#Patrick Maxwell was appointed as a Non-executive Director with effect from 1 January 2022 and Gillian Elcock was appointed as a Non-executive Director with effect from 1 February 2023.

John Aston and Véronique Bouchet retired from the Board on 15 December 2020 and 8 December 2021, respectively. Jim Horsburgh served as Chairman from 15 December 2020 and retired from the Board on 6 December 2022.

Consideration of Matters Relating to Directors' Remuneration

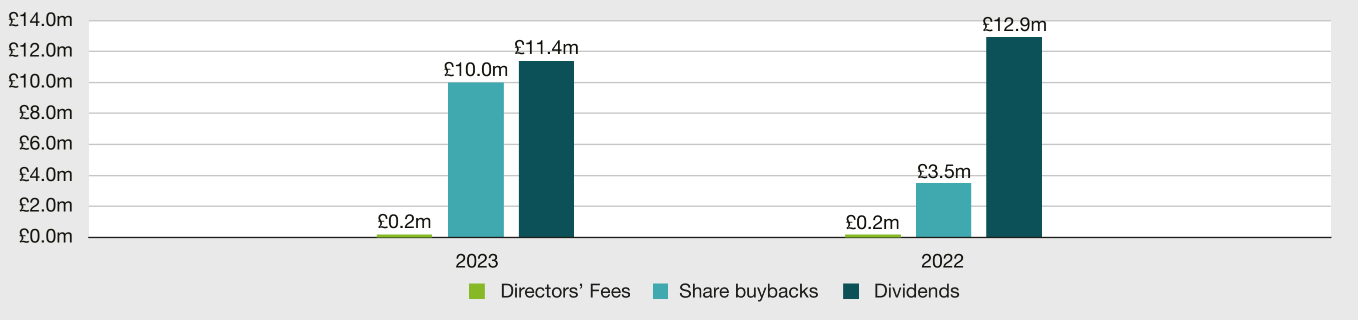
In accordance with the Companies Act 2006, the Company is required to seek shareholder approval for its remuneration policy on a triennial basis. The Remuneration Policy was last approved by shareholders at the 2020 annual general meeting and accordingly, a resolution to approve the policy will be put to shareholders at this year's annual general meeting. There have been no changes to the provisions of the last approved policy. It is the intention of the Board that the following policy on remuneration, will continue to apply for the next three financial years to 31 August 2026, subject to shareholder approval at the annual general meeting held on 12 December 2023.

REPORT ON DIRECTORS' REMUNERATION | continued

Expenditure by the Company on Directors' remuneration compared with distributions to shareholders

The graph and table below compare the remuneration paid to Directors and distributions to shareholders by way of share buybacks and dividends for the past five years. As a result of a lower NAV dividends paid to shareholders during the year decreased, compared to the level paid in 2022.

RELATIVE COST OF DIRECTORS' REMUNERATION



Source: International Biotechnology Trust plc.

		Year ended 31 August 2023 £'000	Year ended 31 August 2022 £'000
Aggregate spend on Directors' fees *		**162**	161
Distributions to shareholders	– dividends	**11,407**	12,879
	– share buybacks	**9,978**	3,534
		21,385	16,413

*As the Company has no employees the total spend on remuneration comprises solely Directors' fees.

Directors' shareholdings (audited)

Directors	Ordinary shares of 25p each as at 31 August 2023	Ordinary shares of 25p each as at 31 August 2022
Kate Cornish-Bowden	**12,500**	11,000
Caroline Gulliver	**9,500**	9,500
Jim Horsburgh*	**–**	30,000
Patrick Magee	**11,500**	10,000
Professor Patrick Maxwell	**3,725**	3,725
Gillian Elcock	**–**	–

*Retired at AGM held on 6 December 2022.

All shares are held beneficially. No Director has any material interest in any contract that is significant to the Company's business.

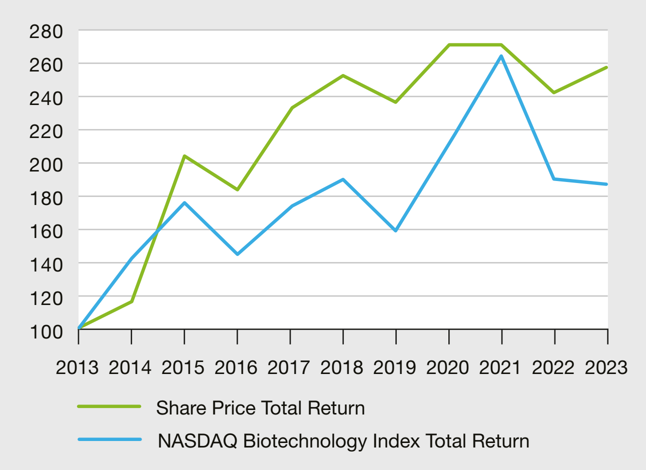
Neither the Company's Articles of Association nor the Directors' Letters of Appointment require any Director to own shares in the Company.

REPORT ON DIRECTORS' REMUNERATION | continued

PERFORMANCE GRAPH

The performance graph below charts the cumulative share price total return to shareholders since 31 August 2013 compared to that of the NBI. The data has been rebased to 100 at 31 August 2013 (the start of the period covered by the graph).

SHARE PRICE/NBI TOTAL RETURN (%)



Source: Bloomberg. Data rebased to 100 at 31 August 2013.

STATEMENT OF IMPLEMENTATION OF DIRECTORS' REMUNERATION POLICY

The Board does not envisage that there will be any significant changes to the implementation of the Directors' Remuneration Policy during the current financial year compared to how it was implemented during the year ended 31 August 2023.

ANNUAL STATEMENT

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulation 2013, I, as Chair of the Board, confirm that the above Directors' Remuneration Annual Report summarises, as applicable, for the year ended 31 August 2023:

(a) the major decisions on Directors' remuneration;

(b) any substantial changes relating to Directors' remuneration made during the year; and

(c) the context in which those changes occurred and decisions taken.

SHAREHOLDER APPROVAL

Shareholders will be asked to approve the Annual Report on Directors' Remuneration annually by an advisory vote and an ordinary resolution to approve the Report will be put to shareholders at the forthcoming AGM. In addition, shareholders will be asked to approve the Directors' Remuneration Policy, which is subject to a binding shareholder vote, on a three-yearly basis. Any changes to this policy would also require shareholder approval. The Directors' Remuneration Policy was last approved at the AGM held on 15 December 2020 and accordingly, an ordinary resolution will be put to shareholders at the annual general meeting held on 12 December 2023.

At the AGM held on 15 December 2020, votes cast (including the votes cast at the Chair's discretion) in respect of the Directors' Remuneration Policy were 10,102,858 (95.91%) in favour, 430,305 (4.09%) against and 32,132 votes withheld.

At the AGM held on 6 December 2022, votes cast (including the votes cast at the Chair's discretion) in respect of the Annual Report on Directors' Remuneration were 13,467,767 (99.71%) in favour, 39,498 (0.29%) against and 16,904 votes withheld.

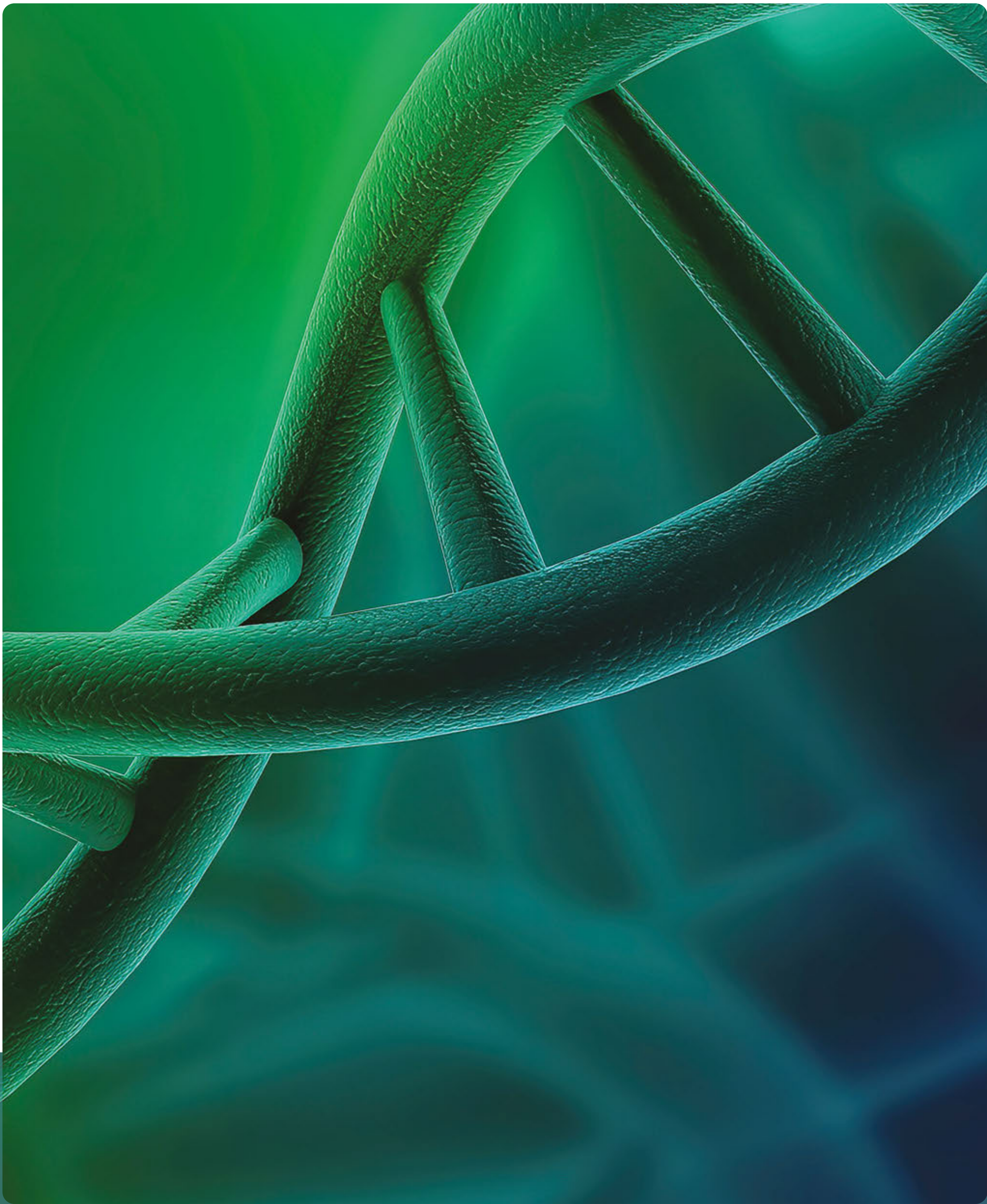
RECOMMENDATION

The Board considers the resolutions to be proposed at the forthcoming AGM in the best interests of the Company and shareholders as a whole. Accordingly, the Directors unanimously recommend to shareholders that they vote in favour of the resolution, as they intend to do so in respect of their own beneficial holdings.

On behalf of the Board

KATE CORNISH-BOWDEN | Chair

6 November 2023



AUDIT COMMITTEE REPORT

COMPOSITION AND MEETINGS OF THE AUDIT COMMITTEE

The Audit Committee is chaired by Caroline Gulliver. Given the size of the Board, it is considered both proportionate and practical for all Directors, including the Chair of the Company (who was independent on appointment), to be members. All members of the Committee are independent and have competence relevant to the sector as a result of their current or recent employment in financial services and other industries. As the Chair of the Committee, Caroline Gulliver has relevant and recent financial experience in financial services as a Chartered Accountant with a background in the provision of audit and advisory services to the asset management industry, with a particular focus on investment trusts. All the Committee members have extensive experience working in financial services. The biographies of each of the Committee Members are shown on pages 38 to 39.

The Audit Committee met three times during the year ended 31 August 2023 and reported its findings to the Board on the matters described below after each Meeting. The Company's Auditor is invited to attend meetings as necessary as well as representatives of the Fund Manager.

THE ROLE OF THE COMMITTEE

The Audit Committee operates under written terms of reference which are reviewed annually and are available on the Company's website. The process in respect of the evaluation of the Audit Committee's performance is disclosed on pages 46 and 47.

The Audit Committee provides a forum through which the Company's external Auditor reports to the Board. The main responsibilities of the Audit Committee include:

- Monitoring the integrity of the Company's Annual and Half Yearly Reports and appropriateness of its accounting policies.
- Reviewing the internal control systems and the risks to which the Company is exposed.
- Making recommendations to the Board on whether the Company's Annual Report, when taken as a whole, is fair, balanced and understandable and provides shareholders with the information they need to assess the Company's business model, strategy, position and performance.
- Making recommendations to the Board regarding the appointment of the external Auditor, its independence and the objectivity and effectiveness of the audit process.

AUDIT COMMITTEE REPORT | continued

- Monitoring any non-audit services being provided to the Company by its external Auditor.
- Consideration of the need for the Company to have its own Internal Audit function.

EFFECTIVENESS OF THE EXTERNAL AUDIT PROCESS AND AUDITOR INDEPENDENCE

The Audit Committee annually reviews the performance of PricewaterhouseCoopers LLP, the Company's external Auditor and discusses its effectiveness with representatives of the Fund Manager, who work closely with the Auditor during the annual audit process. As part of this review, the Audit Committee takes into consideration the qualifications, expertise and resources, and independence of the external Auditor and the effectiveness of the external audit process, which includes a report from the external Auditor on its own internal quality procedures. The FRCs Audit Quality Inspection Report on the audits carried out by PricewaterhouseCoopers LLP was also considered by the Audit Committee. The Auditor attends the Audit Committee meeting at which the Annual Report is considered in order to present its report and have the opportunity to meet privately with the Audit Committee members without representatives of the Fund Manager present.

Details of the amounts paid to the external auditor during the financial year under review, for audit services, are set out in note 5 to the Financial Statements on page 78. The Audit Committee annually monitors the non-audit services provided to the Company and has developed a formal policy to ensure that such services do not impair the independence or objectivity of the Auditors. No non-audit services were provided during the year under review. Following its review, the Audit Committee remains satisfied with the effectiveness of the audit provided and that the Auditor remains independent.

AUDITOR APPOINTMENT AND TENURE

The Company must also comply with UK Competition and Market Authority rules, which require the external audit contract to be put out to tender at least every 10 years, with the proviso that no single firm may serve as the Company's external auditor for a period exceeding 20 years. PricewaterhouseCoopers LLP was initially appointed in 2007 and accordingly, the Company conducted a tender of audit services in 2016 in respect of the ongoing audits. Following recommendation by the Audit Committee, the Board decided to retain PricewaterhouseCoopers LLP as Auditor for the Company. Following a review of the Auditors' performance, as described above, the Audit Committee recommends the re-appointment of the Auditor at the forthcoming AGM.

The Auditor is required to rotate the audit partner every five years and this is the third year for which Colleen Local has served as audit partner.

SIGNIFICANT ISSUES CONSIDERED WITH RESPECT TO THE ANNUAL REPORT

Issue considered	How the issue was addressed
Valuation and existence of quoted and unquoted investments and gains and losses from those investments	Consideration and review of valuation processes and methodology at SV Health Managers LLP and the Northern Trust Company to establish the existence of and the accuracy and completeness over the valuations being recommended for approval to the Board.
Performance fee	Review of the accuracy of the calculation and completeness of disclosure.
Continuation vote	The Company's Articles of Association provide for the Directors to put forward a proposal for the continuation of the Company at the AGM at two yearly intervals. Accordingly, a continuation vote will be put to shareholders a the AGM in 2023. After making enquiries of the Company's broker pursuant to their recent discussions with a number of the Company's shareholders, the Audit Committee is of the view that the Continuation vote will be passed at the forthcoming AGM. The Audit Committee is of the opinion that the going concern basis adopted in the preparation of the financial statements is appropriate.

AUDIT COMMITTEE REPORT | continued

INTERNAL AUDIT

The Audit Committee has considered the requirement for the Company to have an internal audit function pursuant to provisions 25 and 26 of the UK Code. It was deemed unnecessary for the Company to have its own internal audit function due to:

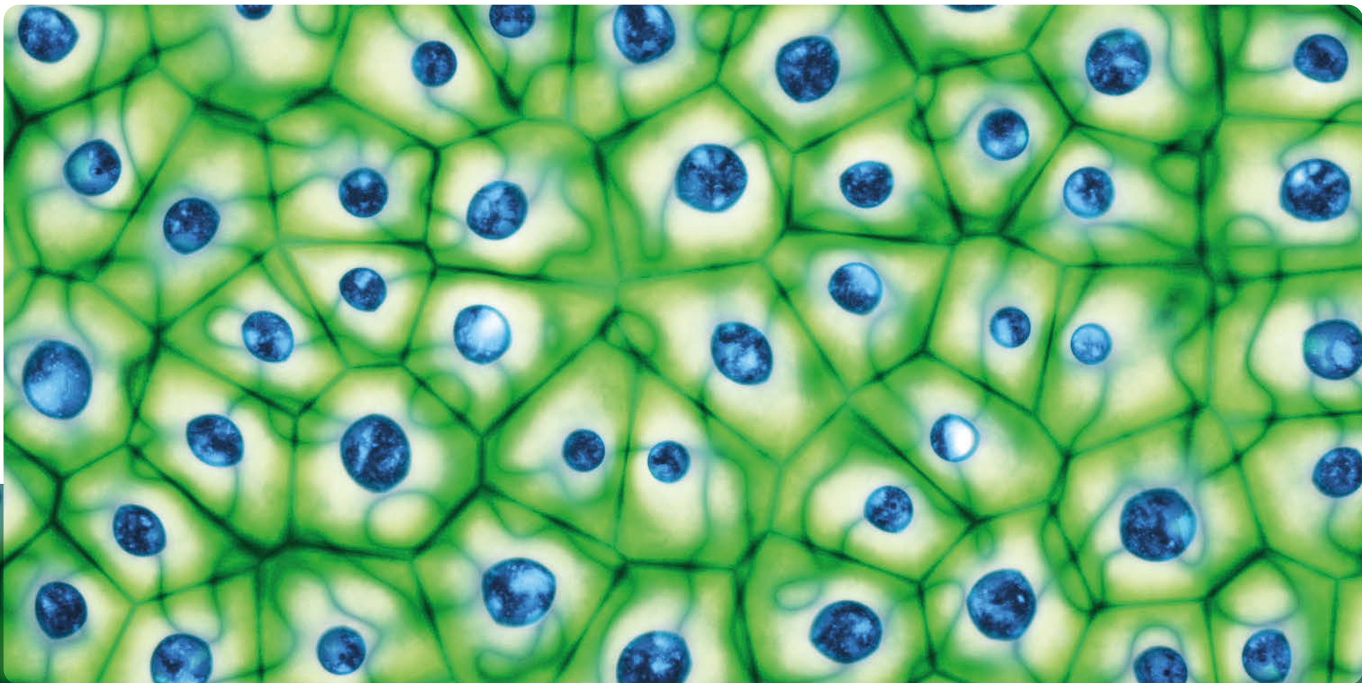
- The Board delegates its main functions to third-party service providers, who have their own internal audit functions and established internal controls frameworks which provide reasonable assurance on the effectiveness of the internal controls operated on behalf of their clients.
- The Fund Manager reports on compliance within the terms of its delegated authority under the Investment Management Agreement on a quarterly basis.
- The Company Secretary also reports any breaches of law and regulation as and when they arose.
- In the last two financial years, when reviewing the system of internal controls, the Audit Committee had not identified nor been advised of any failings or weaknesses which it had determined to be significant.

CONCLUSIONS WITH RESPECT TO THE ANNUAL REPORT

The production and the external audit of the Company's Annual Report is an intricate process, involving a number of parties. The Audit Committee has reviewed the internal controls in place at each of the third party service providers in order to gain comfort over the accuracy of the Company's financial records. Having received the Auditors' Report on the results of the annual audit and having taken all available information into consideration and having discussed the content of the Annual Report with the AIFM, Fund Manager, Company Secretary and other third party service providers, the Audit Committee has concluded that the Annual Report for the year ended 31 August 2023, 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 and has reported these findings to the Board. The Board's conclusions in this respect are set out on page 57. The Board was made fully aware of any significant financial reporting issues and judgements made in connection with the preparation of the Financial Statements.

CAROLINE GULLIVER | Chair of the Audit Committee

6 November 2023



MANAGEMENT REPORT AND DIRECTORS' RESPONSIBILITIES STATEMENT

MANAGEMENT REPORT

Listed companies are required by the FCA's Disclosure Guidance and Transparency Rules (the Rules) to include a management report in their Financial Statements. The information required to be included in the management report for the purposes of the Rules is included in the Strategic Report on pages 27 to 37 inclusive (together with the sections of the Annual Report incorporated by reference) and the Directors' Report on pages 40 to 48. Therefore, a separate management report has not been included.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Financial Statements in accordance with UK adopted international accounting standards ("IFRS").

Under company law, 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 of the Company for that period. In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also 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 and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

DIRECTORS' CONFIRMATIONS

Having taken advice from the Audit Committee the Directors consider that the Annual Report and Accounts, 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.

Each of the Directors, whose names and functions are listed in the Directors' Report confirm that, to the best of their knowledge:

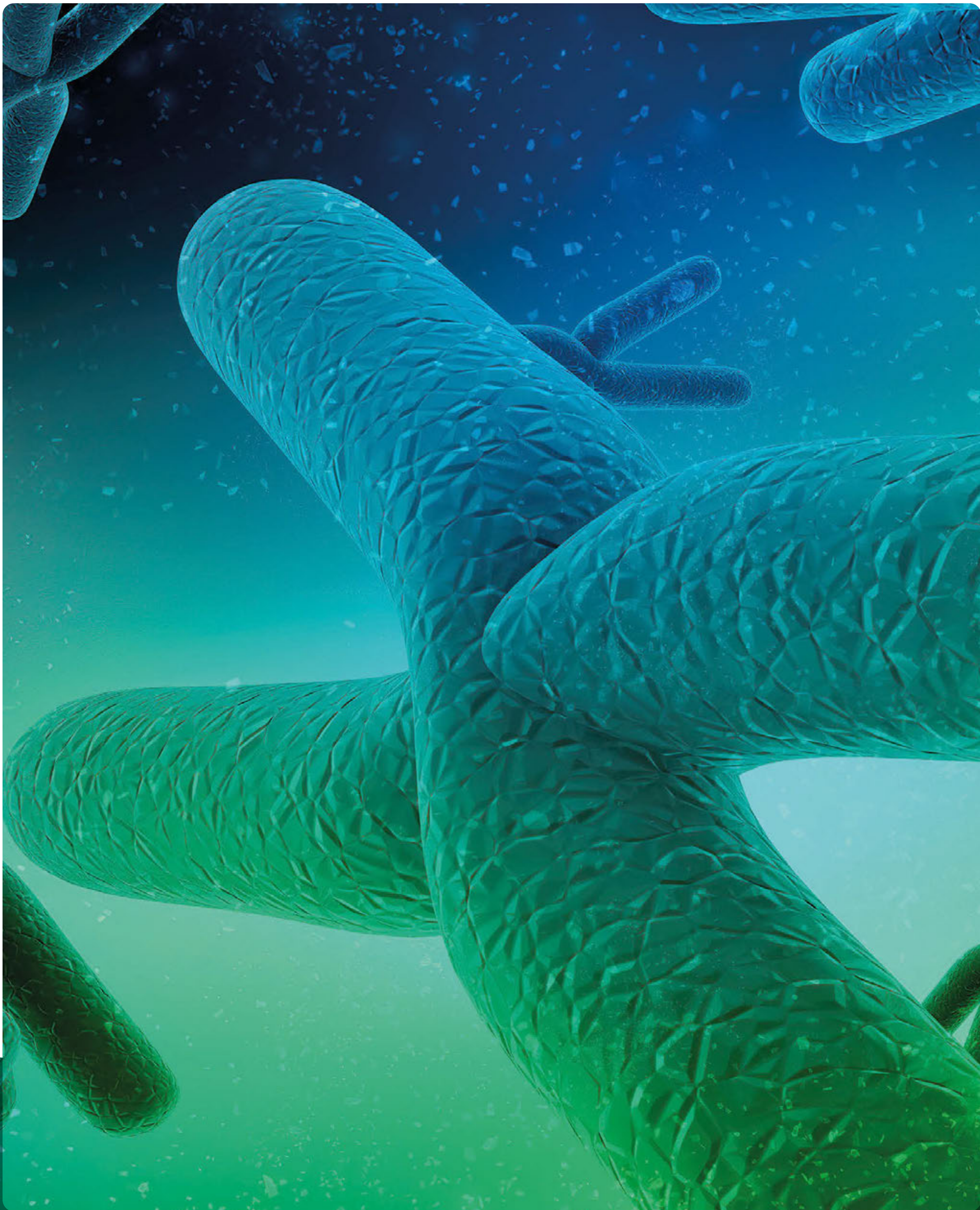
- the Company Financial Statements, which have been prepared in accordance with UK adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and result of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The Annual Report is published on www.ibtplc.com which is currently maintained by SV Health Managers LLP. The maintenance and integrity of the website is, so far as it relates to the Company, the responsibility of SV Health Managers LLP. The work carried out by the Auditors does not involve consideration of the maintenance and integrity of this website and accordingly, the Auditors accepts no responsibility for any changes that have occurred to the Annual Report since it was initially presented on the website. Visitors to the website need to be aware that legislation in the UK governing the preparation and dissemination of the Annual Report may differ from legislation in their home jurisdiction.

This Statement of Directors' Responsibilities was approved by the Board and signed on its behalf by:

KATE CORNISH-BOWDEN | Chair

6 November 2023



INDEPENDENT AUDITORS' REPORT

to the members of International Biotechnology Trust plc

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion, International Biotechnology Trust plc's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2023 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance Sheet as at 31 August 2023; the Statement of Comprehensive Income, the Statement of Changes in Equity, and the Cash Flow Statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the Company in the period under audit.

INDEPENDENT AUDITORS' REPORT | continued

OUR AUDIT APPROACH

Context

The Company is a standalone Investment Trust Company and engages SV Health Managers LLP (the Fund Manager) to manage its assets.

Overview

Audit scope

- We conducted our audit of the financial statements using information from Northern Trust (the Administrator) with whom the Directors have engaged to provide certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments held by the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.
- We obtained an understanding of the control environment in place at both the Fund Manager and the Administrator, and adopted a fully substantive testing approach using reports obtained from the Fund Manager and Administrator.

Key Audit Matters

- Valuation and existence of unquoted investments
- Valuation and existence of quoted investments
- Income from and gains on investments
- Ability to continue as a going concern - Continuation Vote

Materiality

- Overall materiality: £2,703,000 (2022: £2,800,000) based on approximately 1% of net assets.
- Performance materiality: £2,027,000 (2022: £2,100,000).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Ability to continue as a going concern - Continuation Vote is a new key audit matter this year. Otherwise, the key audit matters below are consistent with last year.

INDEPENDENT AUDITORS' REPORT | continued

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of unquoted investments	
Refer to Note 1 - Accounting Policies and Note 10 - Investments held at fair value through profit or loss of the financial statements. The investment portfolio at 31 August 2023 included unquoted investments. We focused on the valuation and existence of the unquoted investments as these investments represented a material balance in the financial statements and the valuation requires significant estimates and judgements to be applied by the Directors and the Fund Manager.	We have understood and evaluated the valuation methodology applied, by reference to the International Private Equity and Venture Capital Valuation guidelines (IPEV) and tested the techniques used by the Directors in determining the fair value of unquoted investments, as outlined below. Our testing, performed on a sample basis, included: - assessing the appropriateness of the valuation models used; - testing the inputs either through validation to appropriate third party sources, or where relevant, assessing the reasonableness of estimates and judgements used; - obtaining the latest Net Asset Value reports and where relevant tested distributions from and contributions to unquoted fund investments; and - assess the ongoing impact of geopolitical events on the valuation of unquoted investments. We found that the Directors' valuations of unquoted investments were materially consistent with the IPEV guidelines and that the assumptions used to derive the valuations within the financial statements were reasonable based on the investee's circumstances or consistent with appropriate third party sources. No material misstatements were identified from this testing. We tested the existence of the unquoted investment portfolio by agreeing holdings to an independently obtained confirmation from the custodian, Northern Trust, as at 31 August 2023. No material misstatements were identified from this testing.
Valuation and existence of quoted investments	
Refer to Note 1 - Accounting Policies and Note 10 - Investments held at fair value through profit and loss of the financial statements. The investment portfolio at the year-end comprised quoted equity investments. We focused on the valuation and existence of quoted investments because quoted investments represent the principal element of the net asset value as disclosed on the Balance Sheet.	We tested the valuation of the quoted equity investments by agreeing the prices used in the valuation to independent third party sources. We tested the existence of the quoted investment portfolio by agreeing the holdings of quoted investments to an independently obtained confirmation from the custodian, Northern Trust, as at 31 August 2023. No material misstatements were identified from this testing.

INDEPENDENT AUDITORS' REPORT | continued

Key audit matter	How our audit addressed the key audit matter
Income from and gains on investments	
Refer to Note 1 - Accounting Policies, Note 2 - Gains on investments held at fair value and Note 3 - Income of the financial statements. We focused on the accuracy, occurrence and completeness of both net capital gains/losses on investments and dividend income. We assessed the presentation of income in the Statement of Comprehensive Income in accordance with the requirements of The Association of Investment Companies' Statement of Recommended Practice (the "AIC SORP").	We assessed and found that the accounting policies implemented were in accordance with IFRS and the AIC SORP, and that income (revenue and capital gains and losses on investments) has been accounted for in accordance with the stated accounting policy. We understood and assessed the design and implementation of key controls surrounding income recognition. **Capital gains/losses on investments held at fair value** The gains/losses on investments held at fair value comprise realised and unrealised gains/losses. For unrealised gains and losses, we have tested the valuation of the portfolio at the year-end, together with testing the reconciliation of opening and closing investments, thereby we have assessed the accuracy of the gains/losses recorded. We have also verified the occurrence of the gains/losses through our testing of the existence of investments, as noted above. For realised gains/losses, we tested a sample of disposal proceeds by agreeing the proceeds to bank statements, in order to verify the occurrence of the gain/loss. We re-performed the calculation of a sample of realised gains/losses in order to assess the accuracy of the gains/losses recorded. **Income from investments held at fair value through profit or loss** We tested the accuracy of all dividend receipts by agreeing the dividend rates for investments to independent market data. To test for completeness, we tested a sample of dividends that had been received in the year by reference to independent data of dividends declared for investments during the year. We tested occurrence by testing that all dividends recorded in the year had been declared in the market by investment holdings, and we traced all of the dividends received to bank statements. We tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP by determining reasons behind dividend distributions. Based on the audit procedures performed and evidence obtained, we concluded that income from and gains on investments was not materially misstated.
Ability to continue as a going concern - Continuation Vote	
Refer to Viability Statement in the Strategic Review, the Going Concern section in the Directors' Report and the Audit Committee Report. A continuation vote is due to take place at the next Annual General Meeting in 2023, which, if passed, will allow the Company to continue as an investment trust for a further two years. As such, the Directors have considered and assessed the potential impact on the ability of the Company to continue as a going concern.	Our audit procedures and findings in respect of going concern are set out in the "Conclusions relating to Going Concern" section below.

INDEPENDENT AUDITORS' REPORT | continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

The Company is a standalone authorised, closed ended investment Company that has outsourced the management and safekeeping of its assets to the Fund Manager and the Custodian respectively. The Company's accounting is delegated to the Administrator who maintains the Company's accounting records and has implemented controls over those accounting records. We applied professional judgement to determine the extent of testing required over each balance in the financial statements and obtained our audit evidence which was substantive in nature from the Fund Manager and the Administrator.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the Company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the Company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Company materiality	£2,703,000 (2022: £2,800,000).
How we determined it	Approximately 1% of net assets
Rationale for benchmark applied	We believe that net assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark. This benchmark provides an appropriate and consistent year on year basis for our audit.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £2,027,000 (2022: £2,100,000) for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £135,000 (2022: £140,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

INDEPENDENT AUDITORS' REPORT | continued

CONCLUSIONS RELATING TO GOING CONCERN

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the Directors' updated risk assessment and considering whether it addressed relevant threats, including market volatility cause by geopolitical events and wider macroeconomic uncertainty;
- obtaining evidence to support the key assumptions and forecasts driving the Directors' assessment. This included reviewing the Directors' assessment of the Company's financial position and forecasts, their assessment of liquidity and loan covenant compliance as well as their review of the operational resilience of the Company and oversight of key third party service providers;
- assessing the performance of the Company when compared to its stated performance comparator;
- assessing the premium/discount the Company's share price trades at compared to its net asset value per share; and
- challenging the Directors' assessment of going concern in relation to the passing of the continuation vote and obtaining audit evidence which supports their conclusion.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 August 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not

INDEPENDENT AUDITORS' REPORT | continued

identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Report on Directors' Remuneration to be audited has been properly prepared in accordance with the Companies Act 2006.

CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;

- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;

- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;

- The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate; and

- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Company was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position, performance, business model and strategy;

- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and

- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

INDEPENDENT AUDITORS' REPORT | continued

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the Financial Statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of section 1158 of the Corporation Tax Act 2010, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue (investment income and capital gains) or to increase net asset value and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- enquiries with Fund Manager and the Audit Committee, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud where applicable;
- reviewing relevant committee meeting minutes, including those of the Board and Audit Committee;
- assessment of the Company's compliance with the requirements of section 1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;
- challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of unquoted investments (see related key audit matter);
- identifying and testing journal entries, in particular a sample of manual year end journal entries posted during the preparation of the financial statements; and
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

INDEPENDENT AUDITORS' REPORT | continued

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the financial statements and the part of the Report on Directors' Remuneration to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the Directors on 12 July 2007 to audit the financial statements for the year ended 31 August 2007 and subsequent financial periods. The period of total uninterrupted engagement is 17 years, covering the years ended 31 August 2007 to 31 August 2023.

Colleen Local (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

6 November 2023

STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 31 August 2023			For the year ended 31 August 2022		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value	2	—	9,606	9,606	—	(14,696)	(14,696)
Exchange gains/(losses) on currency balances		—	1,591	1,591	—	(4,378)	(4,378)
Income	3	863	—	863	1,113	—	1,113
Expenses							
Management fee	4	(1,810)	—	(1,810)	(2,009)	—	(2,009)
Performance fee	4	—	(514)	(514)	—	(471)	(471)
Administrative expenses	5	(1,559)	—	(1,559)	(1,218)	—	(1,218)
Profit/(loss) before finance costs and tax		(2,506)	10,683	8,177	(2,114)	(19,545)	(21,659)
Finance costs							
Interest payable	6	(1,242)	—	(1,242)	(663)	—	(663)
Profit/(loss) before tax		(3,748)	10,683	6,935	(2,777)	(19,545)	(22,322)
Taxation	7	(122)	—	(122)	(151)	—	(151)
Profit/(loss) for the year attributable to shareholders		(3,870)	10,683	6,813	(2,928)	(19,545)	(22,473)
Basic and diluted earnings/(loss) per Ordinary share	8	(9.53)p	26.32p	16.79p	(7.13)p	(47.59)p	(54.72)p

All revenue and capital items in the above statement derive from continuing operations. The total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with IFRSs.

The Company does not have any other comprehensive income and hence the net loss for the year, as disclosed above, is the same as the Company's total comprehensive income.

The revenue and capital columns are supplementary and are prepared under guidance published by the AIC.

The notes on pages 72 to 99 form part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 August 2023	Notes	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Balance at 1 September 2022		**10,346**	**29,873**	**31,482**	**259,849**	**(46,661)**	**284,889**
Total Comprehensive Income:							
Profit for the year		**–**	**–**	**–**	**10,683**	**(3,870)**	**6,813**
Transactions with owners, recorded directly to equity:							
Dividends paid in the year	9	**–**	**–**	**–**	**(11,407)**	**–**	**(11,407)**
Ordinary shares bought back into Treasury		**–**	**–**	**–**	**(9,978)**	**–**	**(9,978)**
Balance at 31 August 2023		**10,346**	**29,873**	**31,482**	**249,147**	**(50,531)**	**270,317**

For the year ended 31 August 2022	Notes	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Balance at 1 September 2021		10,346	29,873	31,482	295,807	(43,733)	323,775
Total Comprehensive Income:							
Loss for the year		–	–	–	(19,545)	(2,928)	(22,473)
Transactions with owners, recorded directly to equity:							
Dividends paid in the year	9	–	–	–	(12,879)	–	(12,879)
Ordinary shares issued from Treasury		–	–	–	(3,534)	–	(3,534)
Balance at 31 August 2022		10,346	29,873	31,482	259,849	(46,661)	284,889

The notes on pages 72 to 99 form part of these Financial Statements.

BALANCE SHEET

	Notes	At 31 August 2023 £'000	At 31 August 2022 £'000
Non-current assets			
Investments held at fair value through profit or loss	10	**301,904**	313,429
		301,904	313,429
Current assets			
Receivables	11	**2,967**	13,487
		2,967	13,487
Total assets		**304,871**	326,916
Current liabilities			
Borrowings	12	**(32,474)**	(39,976)
Payables	13	**(2,080)**	(2,051)
		(34,554)	(42,027)
Net assets		**270,317**	284,889
Equity attributable to equity holders			
Called up share capital	15	**10,346**	10,346
Share premium account	16	**29,873**	29,873
Capital redemption reserve	17	**31,482**	31,482
Capital reserves	18	**249,147**	259,849
Revenue reserve	19	**(50,531)**	(46,661)
Total equity		**270,317**	284,889
NAV per Ordinary share	20	**687.51p**	697.18p

The Financial Statements on pages 68 to 71 were approved by the Board on 6 November 2023 and signed on its behalf by:

KATE CORNISH-BOWDEN | Chair

CAROLINE GULLIVER | Chair of the Audit Committee

The notes on pages 72 to 99 form part of these Financial Statements.

International Biotechnology Trust plc
Company Number 2892872

CASH FLOW STATEMENT

	Notes	For the year ended 31 August 2023 £'000	For the year ended 31 August 2022 £'000
Cash flows from operating activities			
Profit/(loss) before tax		**6,935**	(22,322)
Adjustments for:			
Decrease in investments		**21,006**	19,009
(Gains)/losses on foreign exchange		**(1,588)**	4,375
Increase in receivables		**(25)**	(33)
Increase in payables		**1,082**	261
Taxation		**(111)**	(166)
Net cash flows generated from operating activities	21	**27,299**	1,124
Cash flows from financing activities			
Buyback of Ordinary shares into Treasury		**(9,978)**	(3,534)
Dividends paid	9	**(11,407)**	(12,879)
Net cash used in financing activities		**(21,385)**	(16,413)
Effect of foreign exchange rates		**1,588**	(4,375)
Net increase/(decrease) in cash and cash equivalents		**7,502**	(19,664)
Cash and cash equivalents at 1 September		**(39,976)**	(20,312)
Cash and cash equivalents at 31 August	12	**(32,474)**	(39,976)

The notes on pages 72 to 99 form part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The nature of the Company's operations and its principal activities are set out in the Strategic Report and Director's Report.

The Company's Financial Statements have been prepared in accordance with IFRS and those parts of the Companies Act 2006 (the Act) applicable to companies reporting under IFRS. These comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and International Accounting Standards Committee (IASC), in conformity with the requirements of the Companies Act 2006.

For the purposes of the Financial Statements, the results and financial position of the Company are expressed in pounds sterling, which is the functional currency and the presentational currency of the Company. Sterling is the functional currency because it is the currency which is most relevant to the majority of the Company's shareholders and creditors and the currency in which the majority of the Company's operating expenses are paid. All values are rounded to the nearest thousand pound (£'000) except where otherwise indicated.

The principal accounting policies followed, which have been applied consistently for all years presented, are set out below:

(a) Basis of preparation

The Company Financial Statements have been prepared on a going concern basis (as set out on page 42) and under the historical cost convention, as modified by the inclusion of investments at fair value through profit or loss.

Where presentational guidance set out in the Statement of Recommended Practice (the SORP) for investment trusts issued by The Association of Investment Companies (the AIC) in November 2014 (and updated in July 2022) is consistent with the requirements of IFRS, the Directors have sought to prepare the Financial Statements on a basis compliant with the recommendations of the SORP.

The financial position of the Company as at 31 August 2023 is shown in the balance sheet on page 70. As at 31 August 2023 the Company's total assets exceeded its total liabilities by a multiple of over eight. The assets of the Company consist mainly of securities that are held in accordance with the Company's Investment Policy, as set out on page 26. The Directors have considered a detailed assessment of the Company's ability to meets its liabilities as they fall due. The assessment took account of the Company's current financial position, its cash flows and its liquidity position.

In addition to the assessment the Company carried out stress testing, which used a variety of falling parameters to demonstrate the effects in the Company's share prices and NAV. In light of the results of these tests, the Company's cash balances, and the liquidity position, the Directors consider that the Company has adequate financial resources to enable it to continue in operational existence. The Directors expect shareholders to vote in favour of continuation at the 2023 AGM. Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Company's accounts.

(b) Presentation of Statement of Comprehensive Income

In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income.

The net loss after taxation in the revenue column is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 1158 CTA.

(c) Income

Dividends receivable on equity shares are recognised as revenue for the year on an ex-dividend basis. Special dividends are treated as revenue return or as capital return, depending on the facts of each individual case. Income from current asset investments is included in the revenue for the year on an accruals basis and is recognised on a time apportionment basis. Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of cash dividend foregone is recognised as income in the revenue column of the Statement of Comprehensive Income. Any excess in the value of shares over the amount of cash dividend foregone is recognised as a gain in the capital column of the Statement of Comprehensive Income.

Interest from fixed income securities is recognised on a time apportionment basis so as to reflect the effective yield on the fixed income securities.

Deposit interest outstanding at the year end is calculated and accrued on a time apportionment basis using market rates of interest.

NOTES TO THE FINANCIAL STATEMENTS | continued

(d) Expenses and interest payable

Administrative expenses including the management fee and interest payable are accounted for on an accruals basis and are recognised when they fall due.

All expenses and interest payable have been presented as revenue items except as follows:

- Any performance fee payable is allocated wholly to capital, as it is primarily attributable to the capital performance of the Company's assets.

- Transaction costs incurred on the acquisition or disposal of investments are expensed and included in the costs of acquisition or deducted from the proceeds of sale as appropriate.

(e) Taxation

Deferred tax is calculated in full, using the liability method, on all taxable and deductible temporary differences at the Balance Sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled, based on tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

In line with recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented in the capital column of the Statement of Comprehensive Income is the marginal basis. Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue column of the Statement of Comprehensive Income, then no tax relief is transferred to the capital column.

(f) Non-current asset investments held at fair value

The Company holds three types of investments: direct investments in quoted companies, direct investments in unquoted companies and investments in funds.

Investments are recognised or derecognised on the trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

On initial recognition all non-current asset investments are designated as held at fair value through profit or loss as defined by IFRS. They are further categorised into the following fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Having inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Having inputs for the asset or liability that are not based on observable market data.

All non-current investments (including those over which the Company has significant influence) are measured at fair value with gains and losses arising from changes in their fair value being included in net profit or loss for the year as a capital item.

Any gains and losses realised on disposal are recognised in the capital column of the Statement of Comprehensive Income.

Quoted investments

The fair value for quoted investments is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

Unquoted Investments

In respect of unquoted investments, or where the market for a financial instrument is not active, fair value is established by using various valuation techniques, in accordance with the International Private Equity and Venture Capital (IPEVC) Valuation Guidelines (December 2018) and Special Valuations Guidance (March 2020). These may include reference to recent rounds of re-financing undertaken by investee companies involving knowledgeable parties, an earnings or multiple, a discounted cashflow model or the present value of future milestone payments, all with reference to recent arm's length market transactions between knowledgeable parties, where available.

NOTES TO THE FINANCIAL STATEMENTS | continued

The valuations of the unquoted investments are assessed to ensure that the fair value is fairly reflected and will be revalued accordingly driven by the underlying assumptions deriving the value, including: the ability of portfolio company management to keep cash and operating budgets; investor milestone targets; clinical trial data; progress of competitor products; performance of the investment and quality of the management team; the market for the product being developed; and the broad climate of the economies of the countries in which they will likely be sold by reference to public stock market performance.

Investment in Funds

The Company receives formal quarterly reports from each of the private equity funds in which SV Fund VI and SV BCOF (SV unquoted funds) hold an investment. The value of SV unquoted funds' investment in these funds is reported in these quarterly reports. The reports typically arrive within 60 days of the end of the quarter (90 days at calendar year end). As soon as a quarterly report is received by the Company, the reported value of the SV unquoted funds' investment in that fund is reflected in the NAV on the next NAV date.

During the period between quarterly reports, the Company may be advised of a sale of a portfolio company (or its securities) held within one of the funds at a different price from the last reported value in that quarterly report. As soon as the Company is informed of the completion of any such transaction establishing a new value for the investment, the new NAV of that investment to SV unquoted funds is reflected in the NAV on the next NAV date. With respect to any investments within SV unquoted funds for which there is a listed price, the Company revalues its investment in SV unquoted funds to take account of market movements in the underlying security. The listed price of these underlying securities is monitored on a daily basis. Any price move in SV unquoted funds' underlying investments that materially impacts the Company's holding in SV unquoted funds is immediately reflected in the NAV on the next NAV date. If there are no material movements, these underlying securities are revalued on a monthly basis and immediately reflected in the NAV on the next NAV date.

The value of a fund investment used by the Company in determining the NAV is always based on the most current information known to the Company on the NAV date.

(g) Foreign currencies

Transactions involving currencies other than sterling are recorded at the exchange rate ruling on the transaction date.

At each Balance Sheet date, monetary items and non-monetary assets and liabilities that are fair valued, which are denominated in foreign currencies, are retranslated at the closing rates of exchange. Foreign currency exchange differences arising on translation are recognised in the Statement of Comprehensive Income. Exchange gains and losses on investments held at fair value through profit or loss are included within "Gains/(losses) on investments held at fair value".

(h) Critical accounting estimates and judgements

The preparation of Financial Statements in conformity with IFRS requires the use of estimates and judgements. These estimates and judgements affect the reported amounts of assets and liabilities at the reporting date. While estimates are based on best judgement using information and financial data available, the actual outcome may differ from these estimates. The key sources of estimation and uncertainty relate to the fair valuation of the unquoted investments.

Judgements

The Directors consider that the preparation of the Financial Statements involves the following key judgements:

(i) The fair value of the unquoted investments.

The key judgements in the fair valuation process are:

(i) The Investment Managers' determination of the appropriate application of the IPEVC Valuation Guidelines (December 2018) and Special Valuations Guidance (March 2020) to each unquoted investment;

(ii) The Directors' consideration of whether each fair value is appropriate following detailed review and challenge. The judgement applied in the selection of the methodology used for determining the fair value of each unquoted investment can have a significant impact upon the valuation; and

(iii) The selection of appropriate comparable companies in order to derive revenue multiples and meaningful relationships between enterprise value, revenue and earnings growth. Comparable companies are chosen on the basis of their business characteristics, such as the industry sector in which they operate and the geographic location of the company's operations, and revenue earnings and growth rates.

NOTES TO THE FINANCIAL STATEMENTS | continued

Estimates

The key estimate in the Financial Statements is the determination of the fair value of the unquoted investments by the Fund Manager for consideration by the Directors. This estimate is key as it significantly impacts the valuation of the unquoted investments at the Balance Sheet date. The fair valuation process involves estimation using subjective inputs that are unobservable (for which market data is unavailable).

The main estimates involved in the selection of the valuation process inputs are:

(i) The application of an appropriate discount factor to reflect macro-economic factors and the reduced liquidity of unquoted companies;

(ii) The selection of an appropriate estimate of the probability of royalty income reflecting potential commercial uptake risk, competitor risk and uncertainty around drug pricing; and

(iii) The calculation of valuation adjustments derived from milestone achievement analysis incorporating the likelihood of clinical trial success.

Fair value estimates are cross-checked to alternative estimation methods where possible to improve the robustness of the estimate. As the valuation outcomes may differ from the fair value estimates a price sensitivity analysis is provided in Level 3 investments at fair value through profit and loss – price risk sensitivity in note 23.7(iii) on page 96 to illustrate the effect on the Financial Statements of an over or under estimation of the significant observable inputs.

(i) Cash and cash equivalents

In the Cash Flow Statement, cash and cash equivalents includes cash in hand, short-term deposits and bank overdrafts. These are held for the purpose of meeting short-term cash commitments rather than for investment or other purpose and cash balances are held at their fair value (translated to sterling at the Balance Sheet date where appropriate).

(j) Receivables

Other receivables do not carry any right to interest and are short term in nature. Accordingly, they are stated at their nominal value (amortised cost) reduced by appropriate allowances for estimated irrecoverable amounts.

(k) Other payables

Other payables are not interest-bearing and are stated at their nominal amount (amortised cost). Where there are any long-term borrowings, finance costs are calculated over the term of the debt on the effective interest basis.

(l) Repurchase of Ordinary shares (including those held in Treasury) and subsequent re-issues

The costs of repurchasing Ordinary shares including related stamp duty and transaction costs are taken directly to equity and reported through the Statement of Changes in Equity as a charge on the capital reserves.

The sales proceeds of Treasury shares re-issued are treated as a realised profit up to the amount of the purchase price of those shares and is transferred to capital reserves. The excess of the sales proceeds over the purchase price is transferred to the share premium account.

Share purchase transactions are accounted for on a trade date basis. The nominal value of Ordinary share capital repurchased and cancelled is transferred out of called up share capital and into the capital redemption reserve. Where shares are repurchased and held in Treasury, the transfer to capital redemption reserve is made if and when such shares are subsequently cancelled.

(m) Dividend distributions

Dividend distributions to shareholders are recognised in the period in which they are paid.

(n) Reserves

(i) Capital redemption reserve:

The capital redemption reserve, which is non-distributable, holds the amount by which the nominal value of the Company's issued share capital is diminished when shares redeemed or purchased out of the Company's distributable reserves are subsequently cancelled.

(ii) Share premium account:

A non-distributable reserve, represents the amount by which the fair value of the consideration received exceeds the nominal value of shares issued.

(iii) Capital reserves:

When making a distribution to shareholders, the Directors determine profits available for distribution by reference to

NOTES TO THE FINANCIAL STATEMENTS | continued

'Guidance on realised and distributable profits under the Companies Act 2006' issued by the Institute of Chartered accountants in England and Wales and the Institute of Chartered Accounts of Scotland in April 2017. The availability of distributable reserves in the Company is dependent on those dividends meeting the definition of qualifying consideration within the guidance and on available cash resources of the company and other accessible source of funds. The distributable reserves are therefore subject to any future restrictions or limitations at the time such distribution is made.

The following are accounted for in this reserve and are distributable:

- Gains and losses on the realisation of investments;
- Unrealised investment holding gains and losses;
- Foreign exchange gains and losses;
- Performance fee;
- Re-issue of Ordinary shares from Treasury;
- Repurchase of Ordinary shares in issue; and
- Dividends paid to shareholders.

Note: Unrealised unquoted holding gains are not distributable.

(iv) Revenue reserve:
Comprises accumulated undistributed revenue profits and losses.

(o) New and revised Accounting Standards

(i) The following standards became effective for periods commencing on or after on 1 January 2022 and the adoption of the standards and interpretations have not had a material impact on the Financial Statements of the Company.

IFRS 3 – Reference to the conceptual framework
Minor amendments were made to IFRS 3 business combinations to update the references to the conceptual framework for financial reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 provisions, contingent liabilities and contingent assets and interpretation 21 levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

IAS 37 Onerous Contracts – Costs of Fulfilling a Contract (amended)

Amendments to clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

(ii) Annual improvements to IFRS Standards 2018-2022
The following improvements were finalised in May 2020:

IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.

IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

IFRS 1 First-time adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in amounts reported by the parent. This amendment will also apply to associated and joint ventures that have taken the same IFRS 1 exemption.

(iii) IFRS IC agenda decisions issued in the last 12 months
As at December 2022, the following agenda decisions were issued that may be relevant for the preparation of annual reports in 2022. The date issued refers to the date of the relevant IFRIC update.

IFRS 9: Third programme of targeted longer-term refinancing operations (TLTRO III) Transactions (issued February 2022).

IAS 7: Demand deposits with restrictions on use arising from a contract with a third party (issued March 2022).

IAS 32: Special purpose acquisition companies (SPAC): Classification of public shares as financial liabilities (issued June 2022).

IFRS 17 and **IAS 21:** Multi-currency groups of insurance contracts (issued September 2022).

Special purpose acquisition companies (SPAC): Accounting for warrants at acquisition (issued September 2022).

IFRS 9 and IFRS 16: Lessor forgiveness of lease payments (issued September 2022).

NOTES TO THE FINANCIAL STATEMENTS | continued

(iv) The following standards that have not yet been applied, were in issue at the date of authorisation of these financial statements and are effective for periods commencing on or after 1 January 2023:

IAS 1 Classification of Liabilities as Current or Non-Current (amended)

Amendments to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

IAS 8 Definition of Accounting Estimates (amended)
Amendments to clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, to clarify how companies use measurement techniques and inputs to develop accounting estimates.

IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies (amended)
Amendments to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

The Company does not believe that there will be a material impact on the financial statements or the amounts reported from the adoption of these standards.

2. GAINS/(LOSSES) ON INVESTMENTS HELD AT FAIR VALUE

	For the year ended 31 August 2023 £'000	For the year ended 31 August 2022 £'000
Net gains on disposal of investments at historic cost	**13,719**	24,495
Fair value adjustments in earlier years	**35,163**	(3,465)
Gains based on carrying value at previous Balance Sheet date	**48,882**	21,030
Investment holding losses during the year	**(39,276)**	(35,726)
	9,606	(14,696)
Gains/(losses) attributable to:		
Quoted investments	**7,743**	(16,726)
Unquoted investments	**1,863**	2,030
	9,606	(14,696)

3. INCOME

	For the year ended 31 August 2023 £'000	For the year ended 31 August 2022 £'000
Income from investments held at fair value through profit or loss:		
Unfranked dividends	**22**	1,113
Franked dividends	**818**	—
	840	1,113
Other income:		
Bank interest	**23**	—
	863	1,113

NOTES TO THE FINANCIAL STATEMENTS | continued

4. MANAGEMENT AND PERFORMANCE FEES

	For the year ended 31 August 2023 £'000	For the year ended 31 August 2022 £'000
Fees payable to the Fund Manager are as follows:		
Management fees paid by Company (allocated to revenue)	**1,810**	2,009
Performance fee (allocated to capital)	**514**	471

Details of the management and performance fee arrangements are included in the Directors' Report on page 41.

Following the investment into the SV Fund VI and SV BCOF (SV unquoted funds), management fees are partially paid through the venture capital investments. Venture Capital fees paid through the investment in SV unquoted funds in the year were £791,000 (2022: £623,000). Total Management fees on a comparative basis were £2,601,000 (2022: £2,632,000). Refer to note 22 Related Party Transactions on page 86, for further details.

5. ADMINISTRATIVE EXPENSES

	For the year ended 31 August 2023 £'000	For the year ended 31 August 2022 £'000
General expenses	**1,086**	743
Directors' fees*	**162**	161
Company Secretarial and administration fees	**235**	249
Auditors' remuneration:		
Fees payable to the Company's Auditor for the audit of the annual Financial Statements	**76**	65
	1,559	1,218

* See the Directors' Remuneration Report on pages 49 to 52.

6. INTEREST PAYABLE

	For the year ended 31 August 2023 £'000	For the year ended 31 August 2022 £'000
Loan interest payable	**1,242**	663

NOTES TO THE FINANCIAL STATEMENTS | continued

7. TAXATION

(a) Analysis of charge in year

	For the year ended 31 August 2023 £'000	For the year ended 31 August 2022 £'000
Overseas tax	**122**	151
Total tax charge for the year	**122**	151

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower than that resulting from applying the standard rate of Corporation Tax applicable in the UK for a medium or large company of 21.5% (2022: 19%). The differences are explained below:

	For the year ended 31 August 2023			For the year ended 31 August 2022		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Factors affecting tax charge for the year:						
Profit/(loss) before taxation	**(3,748)**	**10,683**	**6,935**	(2,777)	(19,545)	(22,322)
Tax at the applicable UK corporation tax rate of 21.5% (2022:19%)	**(806)**	**2,297**	**1,491**	(528)	(3,714)	(4,242)
Tax effect of:						
Non-taxable dividend income	**(186)**	**—**	**(186)**	(211)	—	(211)
Tax exempt capital returns on investments	**—**	**(2,065)**	**(2,065)**	—	2,792	2,792
Non taxable exchange (gains)/losses	**—**	**(342)**	**(342)**	—	832	832
Non taxable expenses not utillised in the year	**992**	**110**	**1,102**	739	90	829
Overseas tax	**122**	**—**	**122**	151	—	151
Total tax charge for the year	**122**	**—**	**122**	151	—	151

(c) Provision for deferred taxation

No provision for deferred tax has been made in the current or prior year.

(d) Factors that may affect future tax charges

The Company has a potential deferred tax asset of £18,937,000 (2022: £18,746,000) based on a main rate of corporation tax of 25% (2022: 19%). Starting 1 April 2023, corporation tax increased from 19% to 25%.

The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the Financial Statements.

Given the Company's status as an investment trust company, no provision has been made for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

NOTES TO THE FINANCIAL STATEMENTS | continued

8. BASIC AND DILUTED EARNINGS/(LOSS) PER ORDINARY SHARE

	For the year ended 31 August 2023 £'000	For the year ended 31 August 2022 £'000
Net revenue loss	**(3,870)**	(2,928)
Net capital profit/(loss)	**10,683**	(19,545)
Earnings/(losses)	**6,813**	(22,473)
Weighted average number of Ordinary shares in issue during the year*	**40,583,458**	41,072,164

	Pence	Pence
Revenue loss per Ordinary share	**(9.53)**	(7.13)
Capital profit/(loss) per Ordinary share	**26.32**	(47.59)
Total earnings/(losses) per Ordinary share	**16.79**	(54.72)

*Excluding those Ordinary shares held in Treasury.

9. DIVIDENDS

	For the year ended 31 August 2023 £'000	For the year ended 31 August 2022 £'000
Dividends paid		
2023 First interim dividend paid of 14.00p (2022: 15.70p)	**5,707**	6,464
2023 Second interim dividend paid of 14.20p (2022: 15.70p)	**5,700**	6,415
Total dividends paid in the year	**11,407**	12,879

Dividends are included in the Financial Statements in the year in which they are paid.

The Company is not required to pay a dividend under the requirements of Section 1158 of the CTA due to the negative accumulated balance on its revenue reserve. The above dividends are paid out of the capital reserve.

NOTES TO THE FINANCIAL STATEMENTS | continued

10. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Analysis of investments

	At 31 August 2023 £'000	At 31 August 2022 £'000
Quoted overseas	**276,642**	285,471
	276,642	285,471
Unquoted in the United Kingdom	**5,630**	3,752
Unquoted overseas	**19,632**	24,206
	25,262	27,958
Valuation of investments	**301,904**	313,429

(b) Movements on investments

	For the year ended 31 August 2023 £'000	For the year ended 31 August 2022 £'000
Opening book cost	**318,702**	311,419
Opening investment holdings (losses)/gains	**(5,273)**	33,917
Opening fair value	**313,429**	345,336
Analysis of transactions made during the year		
Purchases at cost	**335,996**	396,544
Proceeds of disposals	**(357,127)**	(413,755)
Gains/(losses) on investments held at fair value	**9,606**	(14,696)
Closing fair value	**301,904**	313,429
Closing book cost	**311,290**	318,702
Closing investment holding losses	**(9,386)**	(5,273)
Closing fair value	**301,904**	313,429

The Company received £357,127,000 (2022: £413,755,000) from disposal of investments in the year. The book cost of these investments when they were purchased were £343,408,000 (2022: £389,261,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

The investment holding losses of £9,386,000 (2022: losses of £5,273,000) have not been further analysed between those amounts that are distributable and those that are not distributable.

NOTES TO THE FINANCIAL STATEMENTS | continued

The following transaction costs, including stamp duty and broker commissions were incurred during the year:

	For the year ended 31 August 2023 £'000	For the year ended 31 August 2022 £'000
On acquisitions	**104**	224
On disposals	**112**	220
	216	444

(c) Significant undertakings

The Company has interests of 3% or more of any class of capital in the following investee companies:

	Class of share held	% of class of share held	Country of incorporation
Archemix	Series B	3.80%	US
Karus Therapeutics	Series B Pref	3.25%	UK
Oxagen Stocks*	Series B Pref	25.89%	UK
Oxagen Stocks*	Series A Pref	11.55%	UK
Oxagen Stocks*	Series C Pref	11.60%	UK
Topivert*	Series A	12.01%	UK
Topivert*	Series B	19.65%	UK

*This investment is currently in liquidation and the fair value of the holding has been fully written off.

The Company has a holding of 12.0% in the unquoted fund SV BCOF which is managed by the Fund Manager, and a holding of 7.8% in the unquoted fund SV Fund VI which is managed by SV Health Investors LLC. The total invested in both Funds to date is $41.1m.

Arrangements are in place to ensure there is no double charging of management fees.

(d) Disposals of unquoted investments

There were no significant unquoted investment disposals during the year (2022: Proceeds of £3.5m received for the full disposal of the Company's holding in NCP Holdings).

(e) Significant changes in fair values of unquoted investments

During the year under review the following unquoted investments were written up/(down) by a significant extent (adjusted for currency movements):

	Write up/(down) £'000
SV Fund VI*	**(4,761)**
SV BCOF*	**1,788**

*The movement in Fair Value (FV) was a combination of distributions from the above funds of £9,983,000, capital contributions of £5,738,000, the weakening of the dollar £1,775,000, and FV gains of £3,047,000.

NOTES TO THE FINANCIAL STATEMENTS | continued

11. RECEIVABLES

	At 31 August 2023 £'000	At 31 August 2022 £'000
Amounts due within one year:		
Sales awaiting settlement	**2,717**	13,251
Accrued income	**2**	90
Prepaid expenses	**35**	68
Tax recoverable	**46**	57
VAT recoverable	**167**	21
	2,967	13,487

12. CASH AND CASH EQUIVALENTS AND BORROWINGS

Cash and cash equivalents and borrowings include the following for the purposes of the Statement of Cash Flows:

	At 31 August 2023 £'000	At 31 August 2022 £'000
Cash and cash equivalents	**—**	—
Bank overdraft	**(32,474)**	(39,976)
Cash and cash equivalents	**(32,474)**	(39,976)

The Company has a £55.0m unsecured multi-currency overdraft facility. The facility is structured as a part committed, part uncommitted such that 40% of the facility is made available on a committed basis. All cash balances are netted off against the drawn facility to result in a net drawn overdraft balance as this is a multi-currency overdraft facility.

On 31 August 2023, £32.5m (2022: £40m) was drawn down. The principal covenants relating to this facility are as follows:

- the borrowing base to consist of 20 or more individual eligible investments; and
- the net asset value per share of the Company must not fall by 15% over a rolling one month period, 25% over a rolling three month period or 35% over a rolling six month period.

The Company has complied with the terms of the facility throughout the financial year.

13. PAYABLES

	At 31 August 2023 £'000	At 31 August 2022 £'000
Amounts falling due within one year:		
Purchases awaiting settlement	**143**	1,196
Accrued expenses	**1,190**	855
Other	**747**	—
	2,080	2,051

NOTES TO THE FINANCIAL STATEMENTS | continued

14. CAPITAL COMMITMENTS – CONTINGENT ASSETS AND LIABILITIES

The Company made a $30.0m commitment to SV Fund VI in 2016. Of this $30.0m commitment, the Company has further commitments of $4.1m as at 31 August 2023. The outstanding capital commitments are callable by SV Fund VI at any time. While the fund will no longer make new investments, additional follow on investments are likely to be made by the fund into its investee companies. The Company made a further commitment of $5.0m to SV BCOF in 2023 bringing the total commitment to $30.0m. Of this commitment, the Company has further commitments of $22.8m (including recallable distributions).

15. CALLED UP SHARE CAPITAL

Allotted, Called up and Fully paid:

	At 31 August 2023 Number	At 31 August 2022 Number	**At 31 August 2023 £'000**	At 31 August 2022 £'000
Allotted, Called up and Fully paid shares of 25p each:				
Ordinary shares in issue	**39,318,183**	40,863,009	**9,830**	10,216
Ordinary shares held in Treasury	**2,065,634**	520,808	**516**	130
	41,383,817	41,383,817	**10,346**	10,346

During the year, there were 1,544,826 Ordinary shares repurchased into Treasury for total cost of £9,978,000 (2022: £3,534,000).

There were no new Ordinary shares issued (2022: nil) and no Ordinary shares issued from Treasury (2022: nil). No Ordinary Shares were cancelled (2022: nil).

Post year-end as at 3 November 2023, 279,576 shares were repurchased to be held in Treasury.

The Ordinary shares held in Treasury have no voting rights and are not entitled to dividends.

16. SHARE PREMIUM ACCOUNT

	For the year ended 31 August 2023 £'000	For the year ended 31 August 2022 £'000
Balance brought forward	**29,873**	29,873
Balance carried forward	**29,873**	29,873

This reserve is not distributable.

NOTES TO THE FINANCIAL STATEMENTS | continued

17. CAPITAL REDEMPTION RESERVE

	For the year ended 31 August 2023 £'000	For the year ended 31 August 2022 £'000
Balance brought forward	**31,482**	31,482
Balance carried forward	**31,482**	31,482
Movement during the year	**–**	–

This reserve is not distributable.

18. CAPITAL RESERVES

	For the year ended 31 August 2023 £'000	For the year ended 31 August 2022 £'000
Balance brought forward	**259,849**	295,807
Gains/(losses) on investments	**9,606**	(14,696)
Cost of Ordinary shares bought back into Treasury	**(9,978)**	(3,534)
Performance fee	**(514)**	(471)
Dividend paid out of capital	**(11,407)**	(12,879)
Realised exchange gains/(losses) on currency balances	**1,591**	(4,378)
Balance carried forward	**249,147**	259,849

This reserve is distributable in accordance with accounting policy n(iii).

19. REVENUE RESERVE

	For the year ended 31 August 2023 £'000	For the year ended 31 August 2022 £'000
Balance brought forward	**(46,661)**	(43,733)
Net loss for the year	**(3,870)**	(2,928)
Balance carried forward	**(50,531)**	(46,661)

The revenue reserve may be distributed or used to repurchase the Company's shares (subject to being a positive balance). A negative revenue reserve will reduce any distributable reserves available in the capital reserve.

NOTES TO THE FINANCIAL STATEMENTS | continued

20. NET ASSET VALUE PER ORDINARY SHARE

The calculation of the NAV per Ordinary share is based on the following:

	For the year ended 31 August 2023	For the year ended 31 August 2022
NAV (£'000)	**270,317**	284,889
Number of Ordinary shares in issue	**39,318,183**	40,863,009
Basic NAV per Ordinary share (pence)	**687.51**	697.18

The decrease in the NAV per share from 697.18p (31 August 2022) to 687.51p (31 August 2023) includes the total gain per share during the year, and the effect on the Company of any issue of Ordinary shares, share buybacks and dividend payments.

21. NOTES TO THE CASH FLOW STATEMENT

Cash and cash equivalents comprise cash at bank, short-term deposits and bank overdrafts.

Included within the cash flows from operating activities are the cash flows associated with the purchases and sales of investments.

Cash flow from operating activities can therefore be further analysed as follows:

	For the year ended 31 August 2023 £'000	For the year ended 31 August 2022 £'000
Proceeds on disposal of fair value through profit and loss investments	**367,661**	401,258
Purchases of fair value through profit and loss investments	**(337,049)**	(396,945)
Net cash inflow from investments	**30,612**	4,313
Cash flows from other operating activities	**(3,313)**	(3,189)
Net cash flows used in operating activities	**27,299**	1,124

22. TRANSACTIONS WITH THE FUND MANAGER AND RELATED PARTY TRANSACTIONS

(a) Transactions with the Fund Manager

Details of the management fee arrangement are given in the Directors' Report on page 41. The total fee payable under this Agreement to SV Health Managers LLP for the year ended 31 August 2023 was £2,601,000 (2022: £2,632,000) of which £122,000 (2022: £nil) was outstanding at the year end. In addition to this, SV Health Managers LLP is also entitled to a performance fee of £514,000 on the quoted and unquoted portfolio (2022: £471,000 on the quoted portfolio). Through the Company's investments into SV Fund VI and SV BCOF, management fees of £791,000 (2022: £623,000) are paid to SV Health Managers LLP.

SV Health Managers LLP will often take seats on boards of companies in which the Company holds an unquoted investment. These positions help to monitor the investee companies and in many cases add to the strength and depth of management. They sometimes provide an economic benefit to the individual who takes the position – often in the form of a Director's fee or share awards. The Fund Manager has agreed with the Board a set of guidelines on how any economic interest will be divided between the Company and the Fund Manager. The Board is informed of both the position held and any economic benefits as they arise and a summary of all the positions, benefits and allocations is presented for review biannually at Board meetings. During the year ended 31 August 2023 £nil (2022: £nil) was received.

NOTES TO THE FINANCIAL STATEMENTS | continued

On 13 February 2023 the investment management agreement ("IMA") between the Company and SV Health Managers LLP was amended to be clarified for circumstances where SV Health Managers LLP gives notice to terminate the IMA. Under this amendment SV Health Managers LLP will be entitled to the annual performance fee calculated until the termination date of the IMA (capped at 2% of NAV) and any deferred performance fees (capped at 4% of NAV) subject to a cap on the aggregate amount payable on termination of 4.99% of NAV.

In connection with the transition to Schroders, subsequent to the year end, a tripartite agreement has been signed between the Company, Schroder Unit Trusts Limited and SV Health Managers LLP which details SV's role with regard to the Unquoted Portfolio, and includes a termination fee of £289,439.

(b) Related party transactions

The Directors of the Company are key management personnel. The total remuneration payable to Directors in respect of the year ended 31 August 2023 was £162,000 (2022: £161,000) of which £nil (2022: £nil) was outstanding at the year end.

23. FINANCIAL INSTRUMENTS

Risk management policies and procedures

The Company's financial assets and liabilities, in addition to short-term debtors and creditors and cash, comprise financial instruments which include investments in equity.

The holding of securities, investment activities and associated financing undertaken pursuant to the investment policy involve certain inherent risks. Events may occur that would result in either a reduction in the Company's net assets or a reduction of the total return.

The main risks arising from the Company's pursuit of its investment objective are those that affect stock market levels: market risk, credit risk and liquidity risk. In addition, there are specific risks inherent in investing in the biotechnology sector. The Board reviews and agrees policies for managing these risks, as summarised below. These policies have remained substantially unchanged throughout the current and preceding year. In assessing any changes to these risks, the Board considered changes in the economic and geopolitical climate, including the resurgence of the conflict in the Middle East; the continuing war in Ukraine and the increasingly tense relations between the US and China, and noted that it did not have a significant impact on the risk management policies for the year ended 31 August 2023.

23.1 Market risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – price risk, currency risk and interest rate risk. The Fund Manager assesses the exposure to market risk when making each investment decision, and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

(a) Price risk

The Company is an investment company and as such its performance is dependent on the valuation of its investments. A breakdown of the investment portfolio is given on pages 22 to 25. Market price risk arises mainly from uncertainty about future prices of the financial instruments held.

Management of the risk

The Board regularly considers the asset allocation of the portfolio as part of the process of managing the risks associated with the biotechnology sector, described in greater detail in the section on sector specific risk, (note 23.4), whilst continuing to follow the investment objective. It is not the Company's current policy to use derivative instruments to hedge the investment portfolio against market price risk.

NOTES TO THE FINANCIAL STATEMENTS | continued

Price risk exposure

At the year end, the Company's assets exposed to market price risk were as follows:

	At 31 August 2023 £'000	At 31 August 2022 £'000
Non-current asset investments at fair value through profit or loss	**301,904**	313,429
Total	**301,904**	313,429

The level of assets exposed to market price risk decreased by 3.7% (2022: 9.2%) during the year, through a combination of acquisitions and disposal of investments and changes in fair values.

Concentration of exposure to price risk

The Company currently holds investments in 76 companies (excluding those valued at £nil), in a mixture of quoted and unquoted investments in a variety of countries, which significantly spreads the risk of individual investments performing poorly and reduces the concentration of exposure. This includes the Company's investments into SV Fund VI and SV BCOF as two unquoted holdings. However, SV Fund VI and SV BOCF have 18 and 6 companies, respectively, in their own portfolios. The classification of investments by sector is provided within the Fund Facts.

Price risk sensitivity

The following table illustrates the sensitivity of the profit for the year and the equity to an increase or decrease of 10% (2022: 10%) in the fair values of the Company's investments. The Board believe that a 10% (2022: 10%) movement is sufficient to provide a reasonable range that could have affected the investment valuations at the year end. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Company's investments at each Balance Sheet date, with all other variables held constant.

	At 31 August 2023		At 31 August 2022	
	Increase in fair value £'000	Decrease in fair value £'000	Increase in fair value £'000	Decrease in fair value £'000
Effect on revenue return	**(272)**	**272**	(282)	282
Effect on capital return	**30,190**	**(30,190)**	31,343	(31,343)
Effect on total return and net assets	**29,918**	**(29,918)**	31,061	(31,061)

NOTES TO THE FINANCIAL STATEMENTS | continued

(b) Currency risk

The Financial Statements of the Company are denominated in sterling. However, the majority of the Company's assets and the total return are denominated in US dollars, accordingly the total return and capital value of the Company's investments can be significantly affected by movements in foreign exchange rates. It is not the Company's policy to hedge against foreign currency movement.

Management of the risk

The Fund Manager monitors the Company's exposure to foreign currencies on a daily basis, and reports to the Board on a regular basis.

Foreign currency exposure

The fair values of the Company's monetary items that have foreign currency exposure at 31 August 2023 are shown below. Where the Company's equity investments (which are not monetary items) are priced in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

	At 31 August 2023 £'000	At 31 August 2022 £'000
Monetary (liabilities)/assets		
Cash and cash equivalents:		
US dollars	**(32,084)**	(39,771)
Danish krone	**—**	—
Euros	**—**	—
Short-term receivables:		
US dollars	**2,756**	13,378
Danish krone	**13**	20
Short-term payables:		
US dollars	**(143)**	(1,196)
Foreign currency exposure on net monetary items	**(29,458)**	(27,569)
Non-current asset investments held at fair value		
US dollars	**293,614**	309,128
Danish krone	**—**	—
Euros	**7,405**	2,517
Swedish krona	**454**	1,443
Total net foreign currency exposure	**272,015**	285,519

At the year end, approximately 100.6% (2022: 99.8%) of the Company's net assets were denominated in currencies other than sterling. This level of exposure is broadly representative of the levels throughout the year.

NOTES TO THE FINANCIAL STATEMENTS | continued

Foreign currency sensitivity

The Company measures foreign currency sensitivity by calculating the standard deviation of rates throughout the financial year. On this basis sterling strengthened by 0.63% against the US dollar, by 0.36% against the Euro, by 0.36% against the Danish krone, by 0.75% against the Swiss franc and by 0.44% against Swedish krona (2022: strengthened 0.45%, 0.34%, 0.34%, 0.39% and 0.49% respectively). Given the movements over the last two years, a change of 10% or even more is possible.

The following table illustrates the sensitivity of the profit after taxation for the year and the equity in regard to the Company's financial assets and financial liabilities, assuming a 10% (2022: 10%) change in exchange rates.

If sterling had weakened by 10% against the exposure currencies, with all other variables held constant, this would have affected Company net assets and net profit for the year attributable to equity shareholders as follows:

	At 31 August 2023 £'000	At 31 August 2022 £'000
US dollars	**26,414**	28,154
Euros	**741**	252
Danish krone	**1**	2
Swedish krona	**45**	144
	27,201	28,552

If sterling had strengthened by 10% against the exposure currencies, with all other variables held constant, this would have affected Company net assets and net profit for the year attributable to equity shareholders as follows:

	At 31 August 2023 £'000	At 31 August 2022 £'000
US dollars	**(26,414)**	(28,154)
Euros	**(741)**	(252)
Danish krone	**(1)**	(2)
Swedish krona	**(45)**	(144)
	(27,201)	(28,552)

In the opinion of the Directors, the above sensitivity analyses are not necessarily representative of the year as a whole, since the level of exposure changes as part of the currency risk management process used to meet the Company's objectives.

(c) Interest rate risk

The Company will be affected by interest rate changes as it holds interest-bearing financial assets and liabilities. Interest rate changes will also have an impact on the valuation of investments, although this forms part of price risk, which is considered separately above.

Management of the risk

Interest rate risk is limited by the Company's financial structure with operations mainly financed through share capital, share premium and retained reserves. The majority of the Company's financial assets are, under normal circumstances, equity shares and other investments which neither pay interest nor have a stated maturity date. Liquidity and overdraft facilities are managed with the aim of increasing returns for shareholders.

In the normal course of business, the Company's policy is to be fully invested and, other than as arising from the timing of investment transactions, the cash holding is kept to a minimum.

NOTES TO THE FINANCIAL STATEMENTS | continued

At the year end, £32.5m (2022: £40m) was drawn down under the Company's committed overdraft facility.

It is not the Company's policy to use derivative instruments to mitigate interest rate risk, as the Board believes that the effectiveness of such instruments does not justify the costs involved.

Interest rate exposure

The exposure, at 31 August 2023, of financial assets and liabilities to interest rate risk is shown by reference to:

- Floating interest rates (i.e. giving cash flow interest rate risk) – when the rate is due to be re-set; and
- Fixed interest rates (i.e. giving fair value interest rate risk) – when the financial instrument is due for repayment.

	For the year ended 31 August 2023			For the year ended 31 August 2022		
	Within one year £'000	**More than one year £'000**	**Total £'000**	Within one year £'000	More than one year £'000	Total £'000
Exposure to floating interest rates:						
Cash and cash equivalents	**(32,474)**	**–**	**(32,474)**	(39,976)	–	(39,976)
Exposure to fixed interest rates:						
Non-current asset investments held at fair value through profit or loss	**–**	**–**	**–**	–	–	–
Total exposure to interest rates	**(32,474)**	**–**	**(32,474)**	(39,976)	–	(39,976)

The above amounts are not necessarily representative of the exposure to interest rates in the year ahead, as the level of cash or cash like assets such as money market funds and borrowings varies during the year according to the performance of the stock market, events within the wider economy and opportunities within the unquoted market and the Fund Manager's decisions on the best use of cash or borrowings over the period. During the year under review the level of financial assets and liabilities exposed to interest rates fluctuated between £0m and £55m.

Interest rate sensitivity

The following table illustrates the sensitivity of the profit after taxation for the year and equity to an increase or decrease of 300 (2022: 300) basis points in interest rates in regard to the Company's monetary financial assets, which are subject to interest rate risk. This level of change is considered to be reasonably possible based on observation of current market conditions.

The sensitivity analysis is based on the Company's monetary financial instruments held at each Balance Sheet date, with all other variables held constant.

	At 31 August 2023		At 31 August 2022	
	Increase in rate £'000	**Decrease in rate £'000**	Increase in rate £'000	Decrease in rate £'000
Effect on revenue return	**(974)**	**974**	(1,199)	1,199
Effect on capital return	**–**	**–**	–	–
Effect on total return and net assets	**(974)**	**974**	(1,199)	1,199

In the opinion of the Directors, the above sensitivity analyses may not be representative of the year as a whole, since the level of exposure may change.

NOTES TO THE FINANCIAL STATEMENTS | continued

(d) Loss of investor appetite

Loss of investor appetite risk is the risk that there will be a loss of investor appetite for investing in the biotech sector as a result of political conditions, including FDA and FTC policy, or declining interest in IPOs.

Management of the risk

Loss of investor appetite risk is mitigated as the Fund Manager updates the Board monthly and at each scheduled Board Meeting on issues pertinent to the portfolio and the biotechnology sector generally, including expected future drivers.

Loss of investor appetite risk exposure

As an Investment Trust that invests in the biotech sector the Company has a moderate loss of investor appetite risk exposure.

23.2 Credit risk

Credit risk is the risk of exposure to loss from failure of a counterparty to deliver securities or cash for acquisitions or disposals of investments. Additionally, the Company has funds on deposit with banks or in money market funds. Northern Trust is the Custodian of the Company's assets. The Company's investments are held in accounts which are segregated from the Custodian's own trading assets. If the Custodian were to be become insolvent, the Company's right of ownership is clear and the investments are therefore protected. However, cash balances deposited with the Custodian may be at risk in this instance, as the Company would rank alongside other creditors.

Management of the risk

During the year the Company bought and sold investments only through brokers which had been approved by the Fund Manager as acceptable counterparties. In addition, limits are set as to the maximum exposure to any individual broker that may exist at any time. These limits are reviewed regularly.

Cash balances will only be deposited with reputable banks with high quality credit ratings.

Credit risk exposure

	At 31 August 2023 £'000	At 31 August 2022 £'000
Sales awaiting settlement	**2,717**	13,251
Accrued income	**2**	90
Cash at bank	**–**	–
	2,719	13,341

All of the above financial assets are current, their fair values are considered to be the same as the values shown and the likelihood of a material credit default is considered to be low.

None of the Company's financial assets are past due or impaired.

NOTES TO THE FINANCIAL STATEMENTS | continued

23.3 Liquidity risk

Liquidity risk is the possibility of failure of the Company to realise sufficient assets to meet its financial liabilities.

Management of the risk

Liquidity and cash flow risk are mitigated as the Fund Manager aims to hold sufficient Company assets in the form of readily realisable securities which can be sold to meet funding commitments as necessary. In addition, the Company has an overdraft facility with Northern Trust of £55.0m (2022: £55.0m).

It should be noted, however, that investments in unquoted securities will not be readily realisable. Furthermore, even where the Company holds an investment in quoted securities, the Company may be restricted in its ability to trade that investment either because the investment becomes subject to restrictions when the company concerned becomes publicly quoted or, at certain times, as a consequence of the Company being privy to confidential price sensitive information as a result of the Fund Manager's active involvement in that company.

Liquidity risk exposure

As an Investment Trust, the Company has limited liquidity risk. In any event, the Company estimates it could liquidate 56% (2022: 60%) of the portfolio within five days if required. A summary of the Company's financial liabilities is provided in note 23.6.

23.4 Sector specific risk

As well as the general risk factors outlined above, investing in the biotechnology sector carries some particular risks:

(a) the stock prices of publicly quoted biotechnology companies have been characterised by periods of high volatility;

(b) a significant proportion of the Company's investments will be in companies whose securities are not publicly traded or freely marketable and may, therefore, be difficult to realise. In addition, there are inherent difficulties in valuing unquoted investments and the realisations from sales of investments could be less than their carrying value;

(c) biotechnology companies typically have a limited product range and those products may be subject to extensive government regulation. Obtaining necessary approval for new products can be a lengthy process, which is expensive and uncertain as to outcome;

(d) technological advances can render existing biotechnology products obsolete;

(e) intense competition exists in certain product areas in relation to obtaining and sustaining proprietary technology protection and the complex nature of the technologies involved can lead to patent disputes;

(f) certain biotechnology companies may be exposed to potential product liability risks, particularly in relation to the testing, manufacturing and sales of healthcare products;

(g) biotechnology companies spend a considerable proportion of their resources on R&D, which may be commercially unproductive or require the injection of further funds to exploit the results of their work; and

(h) the growing cost of providing healthcare has placed financial strains on governments, insurers, employers and individuals, all of whom are searching for ways to reduce costs. As a result, certain areas may be affected by price controls and reimbursement limitations.

NOTES TO THE FINANCIAL STATEMENTS | continued

23.5 Fair values of financial assets and financial liabilities

All financial assets and liabilities are either carried in the Balance Sheet at fair value or the Balance Sheet amount is a reasonable approximation of fair value. The fair value of quoted shares and securities is based on the bid price or last traded price, depending on the convention of the exchange on which the investment is quoted.

Unquoted investments are valued in accordance with IPEVC Valuation Guidelines. The methods commonly used to value unquoted securities are stated in accounting policy 1(f).

23.6 Summary of financial assets and financial liabilities by category

The carrying amounts of the Company's financial assets and financial liabilities as recognised at the Balance Sheet date of the reporting periods under review are categorised as follows:

Financial assets

	At 31 August 2023 £'000	At 31 August 2022 £'000
Financial assets at fair value through profit or loss:		
Non-current asset investments – designated as such on initial recognition	**301,904**	313,429
Cash and receivables:		
Current assets:		
Receivables	**2,967**	13,487
	2,967	13,487

Financial liabilities

	At 31 August 2023 £'000	At 31 August 2022 £'000
Measured at amortised cost		
Creditors: amounts falling due within one month:		
Purchases awaiting settlement	**143**	1,196
Bank overdraft	**32,474**	39,976
Accruals	**1,190**	855
Payables	**747**	–
	34,554	42,027

Note: Amortised cost is the same as the carrying value shown above.

NOTES TO THE FINANCIAL STATEMENTS | continued

23.7 Classification under the fair value hierarchy

The table below sets out fair value measurements using the IFRS 7 fair value hierarchy:

(i) Financial assets at fair value through profit or loss

At 31 August 2023	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Equity investments	**301,904**	**276,642**	**—**	**25,262**
	301,904	**276,642**	**—**	**25,262**

At 31 August 2022	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Equity investments	313,429	285,471	—	27,958
	313,429	285,471	—	27,958

Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – valued using quoted prices in active markets for identical assets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

The valuation techniques used by the Company are explained in the accounting policies noted on page 73.

There have been no transfers during the year between Levels 1, 2 and 3. A reconciliation of fair value measurements in Level 3 is set out below.

(ii) Level 3 investments at fair value through profit or loss

	At 31 August 2023 £'000	At 31 August 2022 £'000
Opening valuation	**27,958**	30,971
Acquisitions	**—**	1,324
Disposal proceeds	**(4,665)**	(7,362)
Total gains included in the Statement of Comprehensive Income		
– on assets sold	**2,693**	6,186
– on assets held at the year end	**(724)**	(3,161)
Closing valuation	**25,262**	27,958

NOTES TO THE FINANCIAL STATEMENTS | continued

(iii) Level 3 investments at fair value through profit and loss – price risk sensitivity

Investments are reported at their fair values. A full list of the Company's investments is given on pages 22 to 25. As at 31 August 2023, 90.7% of the Company's net assets (including cash and net liabilities) are invested in quoted investments and 9.3% of the Company's net assets are invested in unquoted investments.

The fair value of unquoted investments is influenced by the estimates, assumptions and judgements made in the valuation process. A sensitivity analysis is provided below which recognises that the valuation methodologies used involve different levels of subjectivity in their inputs.

Year ended 31 August 2023			**Effect of reasonably possible alternative assumptions**	
Valuation techniques*	**Fair value £'000**	**Significant unobservable inputs***	**Favourable impacts £'000**	**Unfavourable impacts £'000**
Discounted future cash flows	**4,635**	Probability estimate of royalty income	**471**	**(471)**
		Discount rate	**203**	**(191)**
Present value of future milestone payments	**892**	Probability estimate of milestone achievement	**32**	**(29)**
		Discount rate	**1**	**(1)**
Calibration price of recent investment	**341**	Calibration price of recent investment	**34**	**(34)**
	5,868		**741**	**(726)**
Net asset value	**90**	No significant judgements applied	**—**	**—**
	5,958		**741**	**(726)**

Year ended 31 August 2022			Effect of reasonably possible alternative assumptions	
Valuation techniques*	Fair value £'000	Significant unobservable inputs*	Favourable impacts £'000	Unfavourable impacts £'000
Discounted future cash flows	4,330	Probability estimate of royalty income	444	(404)
		Discount rate	225	(210)
Present value of future milestone payments	922	Estimated sustainable earnings	64	(58)
		Selection of appropriate price multiple	4	(4)
Calibration price of recent investment	341	Calibration price of recent investment	34	(34)
	5,593		770	(710)
Net asset value	88	No significant judgements applied	—	—
	5,681		770	(710)

*Excludes investments in unquoted funds.

Please refer to the accounting policy note 1(f) on pages 73 to 74 for details on the valuation methodology for SV Fund VI and SV BCOF. As at 31 August 2023, SV unquoted funds have been valued in accordance with this valuation methodology. No key estimates or assumptions have been applied to the valuation of SV Fund VI and SV BCOF between the date of the last quarterly report received and 31 August 2023.

NOTES TO THE FINANCIAL STATEMENTS | continued

*Significant unobservable inputs

The significant unobservable inputs applicable to each type of valuation technique will vary dependent on the particular circumstances of each unquoted company valuation. An explanation of each of the significant unobservable inputs is provided below and includes an indication of the range in value for each input, where relevant. The assumptions made in the production of the inputs are described in note 1(f) on pages 73 to 74.

Probability estimate of royalty income

The probability estimate of royalty income is a key variable input in the discounted future cash flow valuation technique and represents the potential commercial uptake risk, competitor risk and uncertainty around drug pricing. To factor in the uncertainty surrounding the probability estimate of royalty income, the input has been stressed by a factor of +/- 10%. Management is comfortable that the largest differential in the flux of the valuations would be 10%.

Probability estimate of milestone achievement

The probability estimate of milestone achievement is a key variable input in the present value of future milestone payments valuation technique and represents the potential risk that commercial milestones are not achieved in accordance with the estimated timeline. To factor in the uncertainty surrounding the probability estimate of milestone achievement, the input has been stressed by a factor of +/- 10%. Management is comfortable that the largest differential in the flux of the valuations would be 10%.

Discount rate

The application of a risk adjusted discount rate has been applied to discounted future cash flow and present value of future milestone payments valuation techniques. The discount rate takes into account the macro market risk and the liquidity premium. To factor in the uncertainty surrounding the discount rate, the input has been stressed by +/- 2%. Management is comfortable that the largest differential in the flux of the discount rate would be 2%.

Estimated sustainable earnings

The selection of sustainable revenue or earnings will depend on whether the company is sustainably profitable or not and the value of the investment's assets and liabilities on the valuation date. The valuation approach will typically assess companies based on the last twelve months of revenue or earnings, as they are the most recent available and therefore viewed as the most reliable. To factor in the uncertainty surrounding the estimated sustainable earnings, the fair value of the investment at the reporting date has been stressed by +/- 20%.

Selection of appropriate price multiple

The selection and relevance of the appropriate multiple is assessed individually for each investment at the date of valuation. The key criteria used in selecting appropriate comparable companies on which the multiple is selected are the industry sector in which they operate, the geographic location of the company's operations, the respective revenue and earnings growth rates and the operating margins. Approximately 10 comparable companies will be selected for each investment, depending on how many relevant comparable companies are identified. To factor in the uncertainty surrounding the selection of comparable companies, the applicable multiple has been stressed by +/- 2%.

Calibration price of recent investment

The fair values of the underlying investments are based on the calibration price but remain unadjusted from the recent price of the investment. To factor in the uncertainty surrounding the selection of calibration price, the fair value of the investment at the reporting date has been stressed by +/- 10%.

NOTES TO THE FINANCIAL STATEMENTS | continued

23.8 Capital management policies and procedures

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting year.

	At 31 August 2023 £'000	At 31 August 2022 £'000
Debt		
Bank loan	**32,474**	39,976
Equity		
Called up share capital	**10,346**	10,346
Reserves	**230,098**	274,543
Total equity	**240,444**	284,889
Total debt and equity	**272,918**	324,865

The Company's capital is managed to ensure that it will continue as a going concern and to maximise the capital return to its equity shareholders over the longer-term.

The Board, with the assistance of the Fund Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This includes consideration of:

(i) the planned level of gearing;

(ii) the need to buyback or issue equity shares; and

(iii) the determination of dividend payments.

The Company is subject to externally imposed capital requirements through the Act, with respect to its status as a public limited company.

In addition, with respect to the obligation and ability to pay dividends, the Company must comply with the provisions of Section 1158 of the CTA and the Act respectively.

Gearing represents borrowings used for investment purposes, less cash, expressed as a percentage of net assets.

	At 31 August 2023 £'000	At 31 August 2022 £'000
Borrowings used for investment purposes, including cash	**32,474**	39,976
Net assets	**270,317**	284,889
Gearing	**12.0%**	14.0%

Borrowings are made on a relatively short-term basis to exploit specific investment opportunities, rather than to apply long-term structural gearing to the Company's portfolio of investments.

NOTES TO THE FINANCIAL STATEMENTS | continued

24. SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board.

The Board is of the opinion that the Company is engaged in a single segment of business, namely the investment in biotechnology and other life sciences companies in accordance with the Company's investment objective, and consequently no segmental analysis is provided.

25. POST BALANCE SHEET EVENTS

After the year end and up to 3 November 2023, 279,576 Ordinary shares were bought back to be held in Treasury. Following this buyback, the total number of shares in issue was 41,383,817 of which 2,345,210 were held in Treasury.

Three contractual agreements have been entered into post the year end.

1. A new investment management agreement has been signed which appoints Schroder Unit Trusts Limited as the Company's Fund Manager and AIFM.

2. A new depository agreement has been signed between the Company, Schroder Unit Trusts Limited and HSBC Bank plc.

3. A tripartite agreement has signed between the Company, Schroder Unit Trusts Limited and SV Health Managers LLP which details SV's role with regard to the Unquoted Portfolio, and includes a termination fee of £289,439.

No other significant events occurred after the end of the reporting period to the date of this Report requiring disclosure.

ALTERNATIVE INVESTMENT FUND MANAGER'S DISCLOSURE (UNAUDITED)

SV Health Managers LLP is the Company's Alternative Investment Fund Manager (AIFM). Details of the Management Agreements dated 11 February 2017 are included in the Directors' Report on page 41.

The below disclosures include information required by the FCA FUND 3.2 and 3.3.

Investment management

The AIFM provides portfolio management of assets and investment advice in relation to the assets of the Company. The Board remains responsible for setting the investment strategy, investment policy and investment guidelines and the AIFM operates within these guidelines. Any material changes to the published investment policy are put to shareholders for a vote. Any changes to the investment strategy are agreed by the Board of the Company.

Details of the Company's investment objective and policy, and investment strategy, including limits, are on page 26 of this Report.

Contractual relationship with the Company

The Articles of Association between the Company's shareholders and the Company is governed by English law and, by purchasing shares, investors agree that the Courts of England have exclusive jurisdiction to settle any disputes. All communications in connection with the purchase of the Company's shares will be in English. Certain judgements obtained in EU Member States (excluding Denmark at this time) in proceedings commenced on or after 10 January 2017, can be enforced in England and Wales under the Recast Brussels Regulation by obtaining a certificate from the court of origin certifying that the judgement is enforceable, serving the certificate and judgement on the judgement debtor and, when seeking enforcement, providing the Courts of England and Wales with an authenticated copy of the judgement and certificate and certifying compliance with the requirements as to service on the debtor. The judgement debtor can apply for the enforcement of the judgement to be refused on limited grounds. Further, certain judgements obtained in EU Member States (including Denmark) in proceedings commenced before 10 January 2017, or in Iceland, Norway and Switzerland can be enforced in England and Wales under the 2001 Brussels Regulation or the 2007 Lugano Convention and certain judgements obtained from a country to which any of the Administration of Justice Act 1920, the Foreign Judgments (Reciprocal Enforcement) Act 1933 or the Civil Jurisdiction and Judgments Act 1982 applies can also be enforced in England and Wales by making an application to the High Court for an order for registration of the judgement for enforcement. The judgement debtor may appeal/challenge registration on limited grounds. It may also be possible to enforce a judgement obtained in a country to which none of the above regimes apply in England and Wales if such judgement is: (1) final and conclusive on the merits; (2) given by a Court regarded by English law as competent to do so; and (3) for a fixed sum of money.

Professional liability risk

The AIFM maintains both the capital requirements and the required professional indemnity insurance at the level required under AIFM Rules in order to cover potential liability risks arising from professional negligence.

Company management

The Board announced on 21 July 2016 that with effect from 21 July 2016 the Company had entered into new Agreements with the relevant suppliers of services to the Company to comply with AIFMD. The Agreements with the Company's Fund Manager and AIFM – SV Health Managers LLP, the Company Secretary Link Company Matters Limited and Administrator, Northern Trust – differ only to the extent necessary to comply with the AIFMD.

Management functions delegated by AIFM

A description of safe-keeping functions, administrative functions and secretarial functions delegated by the AIFM and the identity of such delegates can be found on page 42 under the heading "Administration, Depositary and Company Secretarial Services". The AIFM does not consider that any conflicts of interest arise from the delegation of these functions.

Valuation policy

The Company's portfolio of listed assets will be valued on each Dealing Day (a day on which the London Stock Exchange and banks in England and Wales are normally open for business). All instructions to issue or cancel Ordinary shares given for a prior dealing day shall be assumed to have been carried out (and any cash paid or received).

The valuation will be based on the following:

(a) Cash and amounts held in current and deposit accounts and in other time-related deposits will be valued at their nominal value.

(b) All transferable securities will be valued at fair value. Fair value for quoted investments is deemed to be bid market prices, or last traded price, depending on the convention of the exchange on which they are quoted.

ALTERNATIVE INVESTMENT FUND MANAGER'S DISCLOSURE (UNAUDITED) | continued

(c) All other property contained within the Company's portfolio of assets will be priced at a value which, in the opinion of the AIFM, represents a fair and reasonable price.

(d) If there are any outstanding agreements to purchase or sell any of the Company's portfolio of assets which are incomplete, then the valuation will assume completion of the agreement.

(e) Added to the valuation will be:

- (i) any accrued and anticipated tax repayments of the Company
- (ii) any money due to the Company because of Ordinary shares issued prior to the relevant Dealing Day
- (iii) income due and attributed to the Company but not received
- (iv) any other credit of the Company due to be received by the Company. Amounts which are de minimis may be omitted from the valuation

(f) Deducted from the valuation will be:

- (i) any anticipated tax liabilities of the Company
- (ii) any money due to be paid out by the Company because of Ordinary shares bought back by the Company prior to the valuation
- (iii) the principal amount and any accrued but unpaid interest on any borrowings
- (iv) any other liabilities of the Company, with periodic items accruing on a daily basis. Amounts which are de minimis may be omitted from the valuation

Valuations of NAV per Ordinary share will be suspended only in any circumstances in which the underlying data necessary to value the investments of the Company cannot readily or without undue expenditure be obtained. Any such suspension will be announced to the Regulatory Information Service.

The Company's unquoted portfolio of assets will be valued on each working day in accordance with IFRS and the PE and VC Valuation guidelines (IPEVC). Further information regarding the valuation of unquoted assets and any sensitivities arising from unobservable inputs can be found in note 23 to the Financial Statements.

Liquidity risk management

The AIFM has a liquidity management policy which it uses to monitor the liquidity risk of the Company. Shareholders have no right to redeem their Ordinary shares from the Company but may trade their Ordinary shares on the secondary market. However, there is no guarantee that there is a liquid market in the Ordinary shares.

Further details regarding the risk management process and liquidity management are available from the AIFM, on request.

Fees

A description of certain of the fees, charges and expenses and of the maximum amounts thereof (to the extent that this can be assessed) which are borne by the Company and thus indirectly by investors are included in the paragraph 'Company Management' on page 100. In addition to the Administration and Depositary fees, the Company will pay all other fees, charges and expenses incurred in the operation of its business including, without limitation:

- Brokerage and other transaction charges and taxes.
- Directors' fees and expenses.
- Fees and expenses for custodial, registrar, legal, auditing and other professional services.
- Any borrowing costs.
- The ongoing costs of maintaining the listing of the Ordinary shares and their continued admission to trading on the London Stock Exchange.
- Directors' and Officers' Liability insurance premiums.
- Research costs.
- Promotional expenses (including membership of any industry bodies, including the AIC, and marketing initiatives approved by the Board).
- Costs of printing the Company's financial reports and posting them to shareholders.

Such fees and expenses are not subject to a maximum unit.

Remuneration of the AIFM staff

The AIFM operates under the terms of the Remuneration Policy Statement. This ensures that the AIFM complies with the requirements of the FCA's AIFM Remuneration Code (SYSC19B).

ALTERNATIVE INVESTMENT FUND MANAGER'S DISCLOSURE (UNAUDITED) | continued

Following completion of an assessment of the application of the proportionality principle to the FCA's AIFM Remuneration Code, the AIFM has disapplied the pay-out process rules with respect to it and any of its delegates. This is because the AIFM considers that it is operating on a small scale, carries out non-complex activities and has a relatively low risk profile.

Fair treatment of investors

The AIFM has procedures, arrangements and policies in place to ensure compliance with the principles more particularly described in the AIFM Rules relating to the fair treatment of investors. The principles of treating investors fairly include, but are not limited to:

- Acting in the best interests of the Company and of the shareholders.
- Ensuring that the investment decisions taken for the account of the Company are executed in accordance with the Company's investment policy and objective and risk profile.
- Ensuring that the interests of any group of shareholders are not placed above the interests of any other group of shareholders.
- Ensuring that fair, correct and transparent pricing models and valuation systems are used for the Company.
- Preventing undue costs being charged to the Company and shareholders.
- Taking all reasonable steps to avoid conflicts of interests and, when they cannot be avoided, identifying, managing, monitoring and, where applicable, disclosing those conflicts of interest to prevent them from adversely affecting the interests of shareholders.
- Recognising and dealing with complaints fairly.

The AIFM maintains and operates organisational, procedural and administrative arrangements and implements policies and procedures designed to manage actual and potential conflicts of interest. In addition, as its Ordinary shares are admitted to the Official List, the Company is required to comply with, among other things, the FCA's Listing Rules and Disclosure Guidance and Transparency Rules and the Takeover Code, all of which operate to ensure a fair treatment of investors. As at the date of this Annual Report, no investor has obtained preferential treatment or the right to obtain preferential treatment.

Procedure and conditions for the issuance of Ordinary shares

The Company's Ordinary shares are admitted to the Official List of the UKLA and to trading on the main market of the London Stock Exchange. Accordingly, the Company's Ordinary shares may be purchased and sold on the main market of the London Stock Exchange.

While the Company will typically have shareholder authority to buyback shares, shareholders do not have the right to have their shares purchased by the Company.

Net asset value

The NAV of the Company's Ordinary shares is published daily by the AIFM via a Regulatory Information Service announcement.

Historical performance

Historical financial information demonstrating the Company's historical performance can be found under the Long-term record on page 5. Copies of the Company's audited Financial Statements for the financial year ended 31 August 2022 are available for inspection at the Registered Office address of Link Company Matters Limited and can be viewed on the Company's website at www.ibtplc.com.

Transfer and reuse of the Company's assets

The Depositary may not use or re-use the Company's securities or other investments without the prior consent of the Company.

Periodic disclosures

During the year ended 31 August 2023, the overdraft facility available to the Company was £55.0m (2022: £55.0m).

Risk management

In its capacity as AIFM, SV Health Managers LLP has a responsibility for risk management for the Company which is in addition to the Board's corporate governance responsibility for risk management.

The Company has risk management controls which are agreed with the Board. The Fund Manager maintains adequate risk management systems in order to identify, measure and monitor principal risks at least annually under AIFMD. The Fund Manager is responsible for the implementation of various risk activities such as risk systems, risk profile, risk limits and testing.

ALTERNATIVE INVESTMENT FUND MANAGER'S DISCLOSURE (UNAUDITED) | continued

The Board, as part of UK corporate governance, remains responsible for the identification of significant risks and for the ongoing review of the Company's risk management and internal control processes.

The AIFM has an ongoing process for identifying, evaluating and managing the principal and emerging risks faced by the Company and this is regularly reviewed by the Board. The Board remains responsible for the Company's system of internal control and for reviewing its effectiveness. Further details can be found in the Strategic Review on pages 27 to 29 of the Annual Report 2023 and in note 23 to the Financial Statements 2023 on pages 87 to 98.

Valuation of illiquid assets

The Directive requires the disclosure of the percentage of the AIF's assets which are subject to special arrangements arising from their illiquid nature. Further, any new arrangements for managing the liquidity of the Company must be disclosed.

The liquidity management policy requires the AIFM to identify and monitor its investment in asset classes which are considered to be relatively illiquid. The majority of the Company's investment portfolio is invested directly in liquid equities and this equity portfolio is monitored on an ongoing basis to ensure that it is adequately diversified.

The liquidity management policy is reviewed and updated, as required, on at least an annual basis.

Gearing

The Company uses gearing to increase its exposure primarily for short-term investment opportunities. The AIFM in dialogue with the Board has set maximum levels of gearing that are reasonable. It has implemented systems to calculate and monitor compliance against these limits and has ensured that the limits have been complied with at all times.

The maximum gearing limits are 30.0% for both the gross method and the commitment method of calculating gearing. There have been no changes to the maximum level of gearing that the Company may employ during the year.

At 31 August 2023, £32.5m was drawn down against the uncommitted loan facility. The Company has complied with the terms of the facility throughout the financial year. Further details can be found in note 12 on page 83.

Periodic disclosures will be made to investors through the Company's website, www.ibtplc.com, regarding the following areas as required:

- Brokerage and other transaction charges and taxes.
- Directors' fees and expenses.
- Fees and expenses for custodial, registrar, legal, auditing and other professional services.
- Any borrowing costs.
- The ongoing costs of maintaining the listing of the Ordinary shares and their continued admission to trading on the London Stock Exchange.
- Directors' and Officers' Liability insurance premiums.
- Research costs.
- Promotional expenses (including membership of any industry bodies, including the AIC, and marketing initiatives approved by the Board).
- Costs of printing the Company's financial reports and posting them to shareholders.

SV HEALTH MANAGERS LLP

6 November 2023

STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES (UNAUDITED)

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of International Biotechnology Trust (the Company) for the year ended 31 August 2023.

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Investment Funds Sourcebook, (the Sourcebook), the Alternative Investment Fund Managers Directive (AIFMD), (together the Regulations), and the Company's Articles of Association.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of the assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked in cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the assets under management and the net asset value per share of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager (the AIFM) are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Articles of Association in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AIFM has been managed in accordance with the rules in the Sourcebook, the Articles of Association of the Company and as required by the AIFMD.

Northern Trust Investor Services Limited

UK Trustee and Depositary Services

6 November 2023

NOTICE OF MEETING (UNAUDITED)

This document is important and requires your immediate attention. If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek advice from your stockbroker, solicitor/attorney, accountant, central securities depository participant ('CSDP'), banker or other independent professional advisor immediately. If you have sold or otherwise transferred all of your shares, please pass this document, together with the relevant accompanying documents, to the purchaser or transferee, or to the person who arranged the sale or transfer, so they can pass these documents to the person who now holds the shares.

Notice is hereby given that the Annual General Meeting (AGM) of International Biotechnology Trust plc (the Company) will be held on Tuesday, 12 December 2023 at 3.00pm at Schroders, 1 London Wall Place, London, EC2Y 5AU, to consider and, if thought fit, to pass the following resolutions, of which resolutions 1 to 14 will be proposed as ordinary resolutions and resolutions 15 to 18 will be proposed as special resolutions.

ORDINARY RESOLUTIONS

1. To receive the Directors' Report and the audited Financial Statements for the year ended 31 August 2023.
2. To approve the Report on Directors' Remuneration for the year ended 31 August 2023.
3. To approve the Directors' Remuneration Policy.
4. To approve the Company's dividend policy of making dividend payments, equivalent to 4% of the Company's NAV as at the last day of the Company's preceding financial year, through two equal semi-annual distributions.
5. To elect Ms Gillian Elcock as a Director of the Company.
6. To re-elect Miss Kate Cornish-Bowden as a Director of the Company.
7. To re-elect Mrs Caroline Gulliver as a Director of the Company.
8. To re-elect Mr Patrick Magee as a Director of the Company.
9. To re-elect Professor Patrick Maxwell as Director of the Company.
10. To re-appoint PricewaterhouseCoopers LLP as the Independent Auditors of the Company from the conclusion of this Meeting until the conclusion of the next AGM at which the Financial Statements are laid before Members.
11. To authorise the Directors to determine the remuneration of the Auditors.

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

12. THAT, in accordance with the Articles of Association, the Company should continue as an investment trust for a further two-year period.
13. THAT, the Directors be generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Companies Act 2006 (the "Act"), to exercise all the powers of the Company to allot ordinary shares of 25p each in the capital of the Company (the "Ordinary Shares") and to grant rights to subscribe for or to convert any security into Ordinary Shares up to an aggregate nominal amount of £1,021,575, equivalent to 4,086,300 Ordinary Shares (being 10% of the issued Ordinary Share capital of the Company on 3 November 2023 (excluding Treasury shares) (being the latest practicable date prior to the publication of this Notice of Meeting)), such authority to apply in substitution for all previous authorities pursuant to Section 551 of the Act and to expire (unless renewed, varied or revoked by the Company in a general meeting) at the conclusion of the AGM held in 2024 or 15 months from the date of passing this resolution, whichever is the earlier, save that the Company may, at any time such expiry, make any offer and enter into any agreement which would, or might, require Ordinary Shares to be allotted or rights to subscribe for or to convert any security into Ordinary Shares to be granted after the authority given by this resolution has expired and the Directors may allot Ordinary Shares or grant rights to subscribe for or convert securities into Ordinary Shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired.
14. THAT, subject to the passing of Resolution 13, in addition to the authority granted pursuant to Resolution 13, the Directors of the Company be and are hereby generally and unconditionally authorised pursuant to Section 551 of the Act, to exercise all the powers of the Company to allot Ordinary Shares in the Company and to grant rights to subscribe for or convert any security into Ordinary Shares up to an aggregate nominal amount of £1,021,575, equivalent to 4,086,300 Ordinary Shares (being 10% of the issued Ordinary Share capital of the Company on 3 November 2023 (excluding Treasury shares) (being the latest practicable date prior to the publication of this Notice of Meeting)), and such authority to expire (unless renewed, varied or revoked by the Company in general meeting) at the conclusion of the AGM held in 2024 or 15 months from the date of passing this resolution, whichever is earlier, save that the Company may, at any time before such expiry make any offer and enter into any agreement which would, or might, require Ordinary Shares to be allotted or rights to subscribe for or to convert any security into Ordinary Shares to be granted after the authority given by this resolution has expired and the Directors may allot Ordinary Shares or grant rights to subscribe for or to convert any securities into Ordinary Shares in pursuant of such offer or agreement as if the authority conferred hereby had not expired.

SPECIAL RESOLUTIONS

To consider and, if thought fit, pass the following resolutions as special resolutions:

NOTICE OF MEETING (UNAUDITED) | continued

15. THAT, subject to the passing of Resolution 13, the Directors be and are hereby authorised pursuant to Sections 570 and 573 of the Act, to allot and make offers or agreements to allot equity securities (as defined in Section 560 of the Act) pursuant to the authority granted by Resolution 13 and/or to sell equity securities held by the Company as Treasury shares (as defined in Section 724 of the Act) for cash as if Section 561(1) of the Act did not apply to any such allotment or sale of equity securities, provided that this authority:

    (a) shall be limited to the allotment of equity securities and/or the sale of equity securities held in Treasury for cash up to an aggregate nominal amount of £1,021,575 equivalent to 4,086,300 Ordinary Shares (representing 10% of the Company's existing issued Ordinary Share capital (excluding Treasury shares) on 3 November 2023 (being the latest practicable date prior to the publication of this Notice of Meeting));

    (b) shall expire (unless renewed, varied or revoked by the Company in General Meeting) at the conclusion of the AGM held in 2024 or 15 months from the date of passing this resolution, whichever is earlier, save that the Company may at any time before such expiry make any offer, and enter into any agreement, which would, or might, require equity securities to be allotted (and Treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell Treasury shares) in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

16. THAT, subject to the passing of Resolution 14, the Directors be and are hereby authorised (and in addition to any authority granted under Resolution 15) (as defined in Section 560 of the Act) pursuant to Sections 570 and 573 of the Act to allot and make offers or agreements to allot equity securities pursuant to the authority granted by Resolution 14 and/or to sell equity securities held by the Company as Treasury shares (as defined in Section 724 of the Act) for cash as if Section 561(1) of the Act did not apply to any such allotment or sale of equity securities, provided that this authority:

    (a) shall be limited to the allotment of equity securities and/or the sale of equity securities held in Treasury for cash up to an aggregate nominal amount of £1,021,575 equivalent to 4,086,300 Ordinary Shares (representing 10% of the Company's existing issued Ordinary Share capital (excluding Treasury shares) on 3 November 2023 (being the latest practicable date prior to the publication of this Notice of Meeting));

    (b) shall expire (unless renewed, varied or revoked by the Company in General Meeting) at the conclusion of the AGM held in 2024 or 15 months from the date of passing this resolution, whichever is earlier; save that the Company may at any time before such expiry make any offer and enter into any agreement, which would, or might, require equity securities to be allotted (and Treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell Treasury shares) in pursuance of any such offer or agreement as if the authority had not expired.

17. THAT, the Company be generally and unconditionally authorised, for the purposes of Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary Shares, provided that:

    (a) the maximum number of Ordinary Shares which may be purchased is 5,851,887 (being 14.99% of the issued Ordinary Share capital, excluding Treasury shares, as at 3 November 2023 (being the last practicable date prior to the publication of this Notice of Meeting));

    (b) the minimum price which may be paid for each Ordinary Share is 25p (being the nominal value of an Ordinary Share) exclusive of expenses,

    (c) the maximum price, exclusive of expenses, which may be paid for each Ordinary share is an amount equal to the higher of:

        (i) 105% of the average of the middle market quotations for the Ordinary Shares derived from the London Stock Exchange Daily Official List for the five business days immediately before the day on which that Ordinary Share is contracted for purchase; and

        (ii) the higher of the price of the last independent trade of an Ordinary Share and the highest current bid for an Ordinary Share on the trading venue where the purchase is carried out; and

    (d) the authority to purchase hereby conferred shall expire (unless renewed or revoked by the Company in general meeting) at the conclusion of the AGM held in 2024 or 15 months from the date of passing this resolution, whichever is the earlier, save that the Company may, at any time before such expiry enter into a contract to purchase Ordinary Shares which will or may be executed wholly or partly after the expiry of such authority.

18. THAT, a General Meeting (other than an AGM) may be called on not less than 14 clear days' notice.

By order of the Board

LINK COMPANY MATTERS LIMITED
Company Secretary

Registered Office:
6th floor, 65 Gresham St, London EC2V 7NQ

6 November 2023

NOTICE OF MEETING | NOTES (UNAUDITED)

NOTICE OF MEETING NOTES

1. Holders of Ordinary Shares ("Ordinary Shareholders") are entitled to attend and vote at the Meeting and to appoint one or more proxies or corporate representatives to exercise all or any of their rights to attend, speak and vote on their behalf at the Meeting but only if each proxy or corporate representative is appointed to vote on separate forms or separate blocks of shares registered to the shareholder. A proxy need not be a member of the Company. A proxy form is enclosed accordingly. To be valid, the proxy form together with any power of attorney or other authority under which it is signed or a certified copy thereof, should be lodged at the office of the Company's Registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, no later than 3.00pm. on Friday, 8 December 2023. If you return more than one proxy appointment, either by paper or electronic communication, that received last by Link Group before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.

   Any person to whom this notice is sent, who is a person nominated under Section 146 of the Act to enjoy information rights (a Nominated Person) may, under an agreement between him or her and the shareholder by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

   The statement of the rights of shareholders in relation to the appointment of proxies in this note does not apply to Nominated Persons. The rights described in this note can only be exercised by shareholders of the Company.

2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those shareholders registered in the Register of Members of the Company at 6.30pm on Friday, 8 December 2023, two working days prior to the date of an adjourned Meeting, shall be entitled to submit proxy votes at the Meeting in respect of the number of shares registered in their name at that time.

   Only those Ordinary Shareholders registered in the register of members of the Company as at close of business on Friday, 8 December 2023 (the "specified time") shall be entitled to vote at the aforesaid AGM in respect of the number of shares registered in their name at that time. Changes to the Register of Members after 6.30pm on Friday, 8 December 2023 shall be disregarded in determining the right of any person to vote at the Meeting. The voting record date has been determined as Friday, 8 December 2023. If the meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original meeting, that time will also apply for the purpose of determining the entitlement of members to vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. If however the meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members at the time which is 48 hours before the time fixed for the adjourned meeting, or if the Company gives notice of the adjourned meeting, at the time specified in that notice.

3. In the case of joint holders of a share the vote of the first named on the Register of Members who tenders a vote by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

4. Any corporation which is a member may appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

5. Proxies may be submitted electronically at www.sharevote.co.uk by entering the Voting ID, Task ID and Shareholder Reference ID set out in the attached proxy form.

   Alternatively, Ordinary Shareholders who have already registered with Equiniti's Shareview service can appoint their proxy/proxies by logging onto their account at www.shareview.co.uk using their usual user ID and password. Once logged in simply click "View" on the "My Investments" page, click on the link to vote then follow the on screen instructions.

6. If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 3.00pm on 8 December 2023 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proxymity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.

NOTICE OF MEETING | NOTES (UNAUDITED) | continued

7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM to be held on Tuesday, 12 December 2023 and any adjournment(s) thereof by using the procedures described in the CREST Manual on the Euroclear website (www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by 3.00pm on Friday, 8 December 2023. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

8. You should not use any electronic address provided either in the Notice of Meeting or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

9. Copies of the Appointment Letters of the Non-executive Directors, the Company's Articles of Association and a statement of all transactions of each Director and of their family interests in the shares of the Company, will be available for inspection by any shareholder of the Company at the Registered Office of the Company during normal business hours on any weekday (English public holidays excepted) and at the AGM by any attendee, for at least 15 minutes prior to, and during, the AGM. None of the Directors has a contract of service with the Company.

10. The biographies of the Directors offering themselves for election and re-election are set out on pages 38 and 39 of the Company's Annual Report for the year ended 31 August 2023 and set out each Director's experience. These, along with the disclosure in the Directors' Report on pages 40 and 41, explain why the Directors' contributions are important to the Company's sustainable success.

11. As at 3 November 2023, 41,383,817 Ordinary Shares of 25 pence were in issue, of which, 2,345,210 Ordinary Shares were held in Treasury (equivalent to 5.7% of the issued share capital, including Treasury shares). Each Ordinary Share (excluding ordinary shares held in Treasury) carries one vote. Accordingly, the total number of voting rights of the Company as at 3 November 2023 is 39,038,607, being the issued share capital minus ordinary shares held in Treasury.

12. If the Chair, as a result of any proxy appointments, is given discretion as to how the votes of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests of the Company's securities already held by the Chair, result in the Chair holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chair will make the necessary notifications to the Company and the FCA. As a result, any member holding 3 per cent. or more of the voting rights in the Company who grants the Chair a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules, need not make a separate notification to the Company and the FCA.

13. A personalised proxy form will be sent to each registered shareholder with the Annual Report and this Notice of Meeting, and instructions on how to vote will be contained thereon.

NOTICE OF MEETING | NOTES (UNAUDITED) | continued

14. Shareholders are advised that they have the right to have questions answered at the AGM. The Company must cause to be answered any such question relating to the business being dealt with at the AGM but no such answer need be given if:

    (a) to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information;

    (b) the answer has already been given on the Company's website (www.ibtplc.com) in the form of an answer to a question; or

    (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

    The Board encourages shareholders to submit any questions they may wish to raise at the AGM in writing to the Company Secretary in advance of the Meeting. The Company Secretary can be contacted by email at AMCompanySecretary@Schroders.com

15. As soon as practicable following the AGM, the results of the voting at the Meeting and the number of votes cast for and against and the number of votes withheld in respect of each resolution will be announced via a Regulatory Information Service and placed on the Company's website. Under Section 527 of the Act, shareholders meeting the threshold requirements set out in that Section have the right to require the Company to publish on a website a statement setting out any matter relating to:

    (a) the audit of the Company's Financial Statements (including the Independent Auditors' Report and the conduct of the audit) that are to be laid before the AGM

    (b) any circumstance connected with the auditor of the Company ceasing to hold office since the previous meeting at which an Annual Report and Financial Statements were laid in accordance with Section 437 of the Act.

    The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under Section 527 of the Act, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website.

    The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the Act to publish on a website.

17. Members satisfying the thresholds in section 338 of the Act may require the Company to give to members of the Company entitled to receive notice of the annual general meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the annual general meeting. A resolution may properly be moved at the annual general meeting unless (i) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (ii) it is defamatory of any person; or (iii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the annual general meeting.

18. Members satisfying the thresholds in section 338A of the Act may request the Company to include in the business to be dealt with at the annual general meeting any matter (other than a proposed resolution) which may properly be included in the business at the annual general meeting. A matter may properly be included in the business at the annual general meeting unless (i) it is defamatory of any person, or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the annual general meeting.

19. A copy of this Notice, and other information required by Section 311A of the Act, can be viewed and/or downloaded at www.ibtplc.com and, if applicable, any Members' statements, resolutions or matters of business received by the Company after the date of this Notice will be available on the Company's website www.ibtplc.com.

GLOSSARY (UNAUDITED)

$ – US dollar.

Administrator – the administrator is The Northern Trust Company to which the Company has delegated certain trade processing, valuation and middle office tasks and systems. From November 2023 the administrator will be HSBC Bank plc.

AIC – Association of Investment Companies, the trade body for investment companies.

AIFM – Alternative Investment Fund Manager – SV Health Managers LLP.

AIFMD – Alternative Investment Fund Managers Directive – Issued by the European Parliament in 2012 and 2013, the Directive requires that all investment vehicles (AIFs) in the European Union, including investment trusts, appoint a Depositary and an Alternative Investment Fund Manager (AIFM). The Board remains responsible, however, for all aspects of the Company's strategy, operations and compliance with regulations.

APM(s) – Alternative Performance Measures are numerical measures of current and historical performance, financial position or cash flow that are not IFRS measures (please refer to pages 112 to 113).

Benchmark – the benchmark is the NASDAQ Biotechnology Index (NBI) (total return in sterling with dividends reinvested).

Company – International Biotechnology Trust plc or IBT.

Custodian – the Custodian is Northern Trust Investor Services Limited. From November 2023 the Custodian will be HSBC Bank plc. The Custodian is a financial institution responsible for safeguarding the securities and cash assets of the Company, as well as the income arising therefrom, through provision of custodial, settlement and associated services.

Depositary – the Depositary is Northern Trust Investor Services Limited. From November 2023 the Depositary will be HSBC Bank plc. Under AIFMD rules, the Company must have a Depositary whose duties in respect of investments and cash include safekeeping; verification of ownership and valuation; and cash monitoring. Under the AIFMD rules, the Depositary has strict liability for the loss of the Company's financial assets in respect of which it has safekeeping duties.

Discount/Premium – the share price of an investment trust is derived from buyers and sellers trading their shares on the London Stock Exchange and is not always the same as the NAV per share. If the share price is lower than the NAV per share, the shares are said to be trading 'at a discount'. If the share price is above the NAV per share, the shares are said to be trading 'at a premium'.

Distributable reserves – reserves distributable by way of dividend or for the purpose of buying back Ordinary share capital.

Fund Manager and Alternative Investment Fund Manager (AIFM) – SV Health Managers LLP. From 20 November 2023, Schroder Investment Management Limited will be the Company Fund Manager, and Schroder Unit Trust Limited we be appointed as the Company's AIFM. The responsibilities and remuneration of the Fund Manager are set out in the Directors' Report and note 4 to the Financial Statements.

Independent Auditor – PricewaterhouseCoopers LLP.

Initial public offering (IPO)–an initial public offering (IPO) refers to the process of offering shares of a private company to the public in a new stock issuance for the first time. An IPO allows a company to raise equity capital from public investors.

Joint Lead Investment Managers – Ailsa Craig and Marek Poszepczynski, employees of the Fund Manager with overall management responsibility for the total portfolio.

Management fee – the Fund Manager is entitled to a management fee payable monthly at the rate of 0.9% per annum of the Company's NAV.

Market capitalisation – the stock market quoted price of the Company's shares, multiplied by the number of shares in issue. If the Company's shares trade at a discount to NAV, the market capitalisation will be lower than the NAV.

Net Asset Value (NAV) – the assets less the liabilities of the Company, as set out in the Statement of Financial Position, all valued in accordance with the Company's accounting policies as described in note 1 to the Financial Statements.

Non-executive Director – a Director who has a letter of appointment, rather than a contract of employment, with the Company. The Company does not have any executive Directors.

Ongoing charges – ongoing charges are all operating costs expected to be regularly incurred and that are payable by the Company. Ongoing charges are calculated in accordance with the Association of Investment Companies (the AIC) guidance, based on total expenses excluding finance costs and performance fee

GLOSSARY (UNAUDITED) | continued

and expressed as a percentage of average daily net assets. The ratio including performance fee has also been provided, in line with the AIC recommendations. Research costs under MiFID II borne by the Company are included in the ongoing charges calculation.

Performance fee – the Fund Manager is entitled to a performance fee which is calculated as follows:

- The fee on the quoted portfolio is 10% of relative outperformance above the sterling-adjusted NBI plus a 0.5% hurdle.
- The fee on the unquoted pool, excluding the investments in unquoted funds, is 20% of net realised gains, taking into account any unrealised losses but not unrealised gains.

The payment of the performance fee is subject to the following limits:

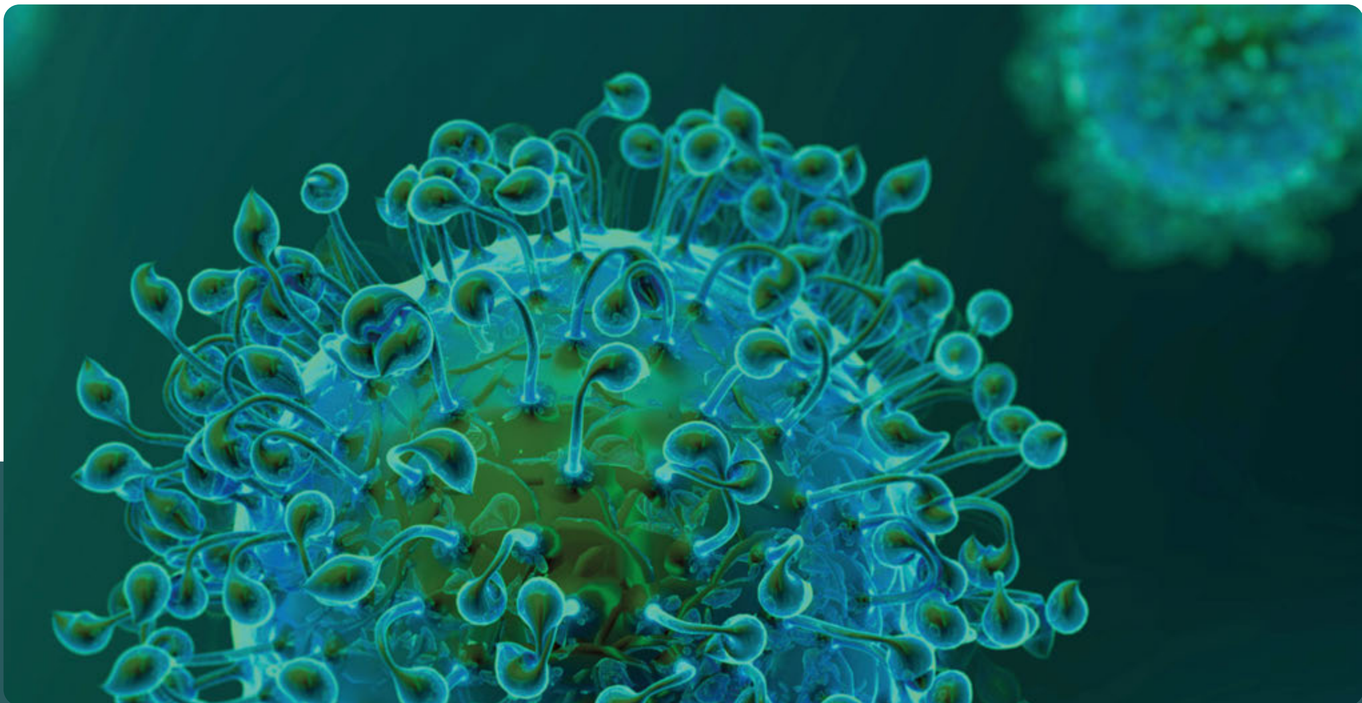
- The maximum performance fee in any one year is 2% of average net assets; and
- Any underperformance of the quoted portfolio against the benchmark is carried forward for the current financial period plus two succeeding periods. Performance fees in excess of the performance fee cap are carried forward for the current financial period plus two succeeding periods and are offset against any subsequent underperformance before being paid out.

SV BCOF – SV Biotech Crossover Opportunities Fund LP.

Total return – the total return is the return to Shareholders after reinvesting the net dividend on the date that the share price goes ex-dividend.

UK Code of Corporate Governance (UK Code) – the standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with Shareholders that all companies with a Premium Listing on the London Stock Exchange are required to report on in their annual report and accounts.

XBI – the stock symbol (ticker) for SPDR S&P Biotech ETF, an Exchange Traded Fund which seeks to replicate as closely as possible the performance of the S&P Biotechnology Select Industry index.



Alternative Performance Measures (APMs) (UNAUDITED)

The Board uses the following APMs to review the performance of the Company and supplement the information in the financial statements in line with industry standards (listed in alphabetical order):

Discount/Premium

The Company's share price is not always the same as the NAV per share. If the share price is lower than the NAV per share, the shares are said to be trading 'at a discount'. If the share price is above the NAV per share, the shares are said to be trading 'at a premium'. The Board's objective is to keep the discount within a defined range and actively monitors it to allow it to take the correcting action of conducting share buybacks when the discount widens beyond that range.

		At 31 August 2023	At 31 August 2022
NAV per share (pence)	a	**687.5**	697.2
Share price (pence)	b	**644.0**	651.5
Discount	(b ÷ a) - 1	**(6.3%)**	(6.6%)

Gearing

Gearing for this purpose is defined as borrowings used for investment purposes, less cash, expressed as a percentage of net assets. The Company has authority to use gearing to a maximum of 30% of NAV and this is monitored daily to ensure this level is not exceeded.

		Note	At 31 August 2023	At 31 August 2022
Borrowings used for investment purposes including cash (£'000)	a	12	**32,474**	39,976
Net assets (£'000)	b		**270,317**	284,889
Gearing	a ÷ b		**12.0%**	14.0%

Ongoing charges

Ongoing charges are calculated in accordance with the AIC's recommended methodology using the charges for the current year and the average daily NAV during the year. This calculation allows a comparison to be made between the costs of the Company and external investment companies and is a key metric used by the Board to ensure it remains competitive.

		Notes	Year ending 31 August 2023	Year ending 31 August 2022
Management fee paid by the Company (£'000)		4	**1,810**	2,009
Management fee paid directly by SV unquoted funds (£'000)		4	**791**	623
Administrative expenses (£'000)		5	**1,559**	1,218
Total ongoing expenses (£'000)	a		**4,160**	3,850
Average daily NAV (£'000)	b		**289,512**	290,719
Ongoing Charges (expressed as a percentage)	a ÷ b		**1.4%**	1.3%

APMs (UNAUDITED) | continued

Total return

The total return is the return to shareholders after reinvesting the net dividend on the date that the share price goes ex-dividend. Total Return is the primary measurement used by the Board to assess Company performance against the benchmark and its competitors on a consistent basis.

(a) NAV total return

		Year ending 31 August 2023	Year ending 31 August 2022
Opening NAV per share (pence)	a	**697.2**	782.4
Closing NAV per share (pence)	b	**687.5**	697.2
Dividend adjustment factor*	c	**1.0416**	1.0450
Adjusted closing NAV per share (pence)	d = b x c	**716.1**	728.6
Total return	(d ÷ a) -1	**2.7%**	(6.9%)

*The dividend adjustment factor is calculated on the assumption that the dividends paid by the Company during the year were reinvested into shares of the Company at the cum income NAV per share at the ex-dividend date.

NAV total return is analysed further into its components and sub-components, namely quoted portfolio total return, SV Fund VI total return, SV BCOF total return and directly-held unquoted portfolio total return, as discussed in the Chair's Statement and Fund Manager's Review. The calculations for these components of total return are based on geometric algorithms taking into account individual investment's pricing movements, acquisitions and disposals, the dividend adjustment factor, fees and administration expenses incurred by the Company.

(b) Share price total return

		Year ending 31 August 2023	Year ending 31 August 2022
Opening price per share (pence)	a	**651.5**	729.5
Closing price per share (pence)	b	**644.0**	651.5
Dividend adjustment factor*	c	**1.0424**	1.0482
Adjusted closing price per share (pence)	d = b x c	**671.3**	682.9
Total return	(d ÷ a) -1	**3.0%**	(6.4%)

*The dividend adjustment factor is calculated on the assumption that the dividends paid by the Company during the year were reinvested into shares of the Company at the share price, at the ex-dividend date.

DIRECTORS AND ADVISERS, COMPANY SUMMARY, SHAREHOLDER INFORMATION

Directors

Kate Cornish-Bowden
(Chair)

Patrick Magee
(Senior Independent Director)

Caroline Gulliver
(Chair of the Audit Committee)

Professor Patrick Maxwell

Gillian Elcock

ADVISERS

Fund Manager and AIFM

SV Health Managers LLP
71 Kingsway
London WC2B 6ST

Telephone: 020 7421 7070

AIFM

(From 20 November 2023)
Schroder Unit Trusts Limited
1 London Wall Place
London EC2Y 5AU

Investment Managers

(From 20 November 2023)
Schroder Investment
Management Limited
1 London Wall Place
London EC2Y 5AU

Company Secretary and Registered Office

Link Company Matters Limited
6th Floor, 65 Gresham Street,
London, England EC2V 7NQ

Telephone: +44 (0)20 7410 5971
Email: companymatters@
linkgroup.co.uk

(From 20 November 2023)
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Limited
1 London Wall Place
London EC2Y 5AU

Administrator

The Northern Trust Company
50 Bank Street
London E14 5NT

Custodian and Depositary

Northern Trust Investor
Services Limited
50 Bank Street
London E14 5NT

Administrator, Custodian and Depositary

(From 20 November 2023)
HSBC Bank plc
8 Canada Square
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Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors
1 Embankment Place
London WC2N 6RH

Stockbroker

Deutsche Numis
45 Gresham Street
London EC2V 7BF

Registrar

Equiniti Limited
Aspect House
Spencer Road, Lancing
West Sussex BN99 6DA

Shareholder Helpline:
0371 384 2624
Website: www.shareview.co.uk

Lines are open from 8.30am to 5.30pm
Monday to Friday
(excluding public holidays in England and Wales).

Company Status

The Company was established in 1994 as an independent investment trust whose shares are listed on the London Stock Exchange (Ordinary shares: ISIN No: GB0004559349; EPIC Code: IBT). The Company is registered in England and Wales with a company number of 2892872.

Life of the Company

The Company's Articles of Association provide for Directors to put forward a proposal for the continuation of the Company at the Company's AGM at two-yearly intervals. Accordingly, a proposal will be put forward at the AGM to be held on Tuesday, 12 December 2023.

Share Price and NAV Information

The Company's shares are listed on the London Stock Exchange. The Company releases its NAV per share to the market on a daily basis.

Association of Investment Companies

The Company is a member of the Association of Investment Companies (the AIC). Further information on the AIC can be found at its website, www.theaic.co.uk.

Financial Calendar

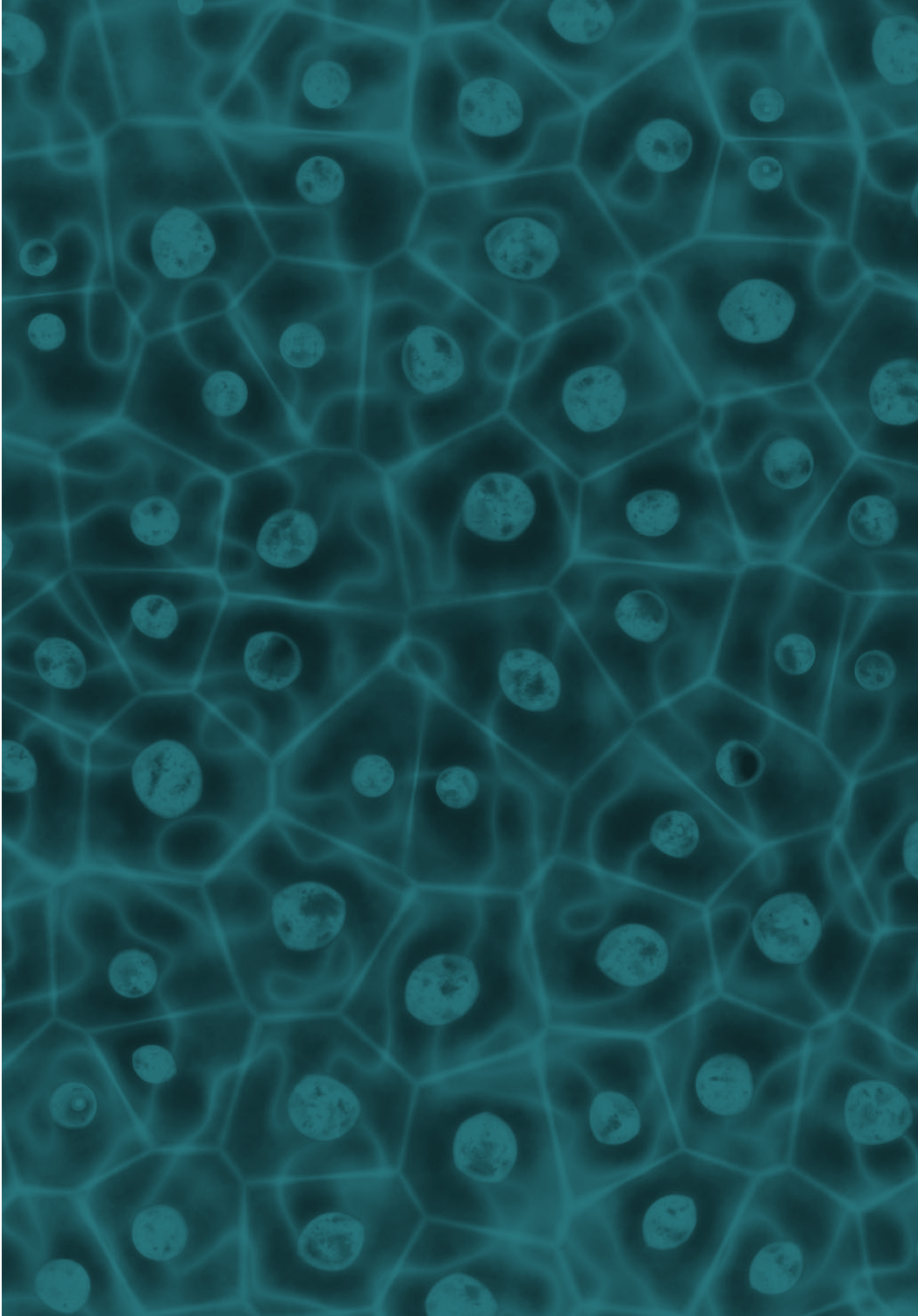
January	Payment of first interim dividend
28 February	Half Year End
April	Half Yearly Results announced
August	Payment of second interim dividend
31 August	Year End
November	Annual Results announced
December	Annual General Meeting (AGM)

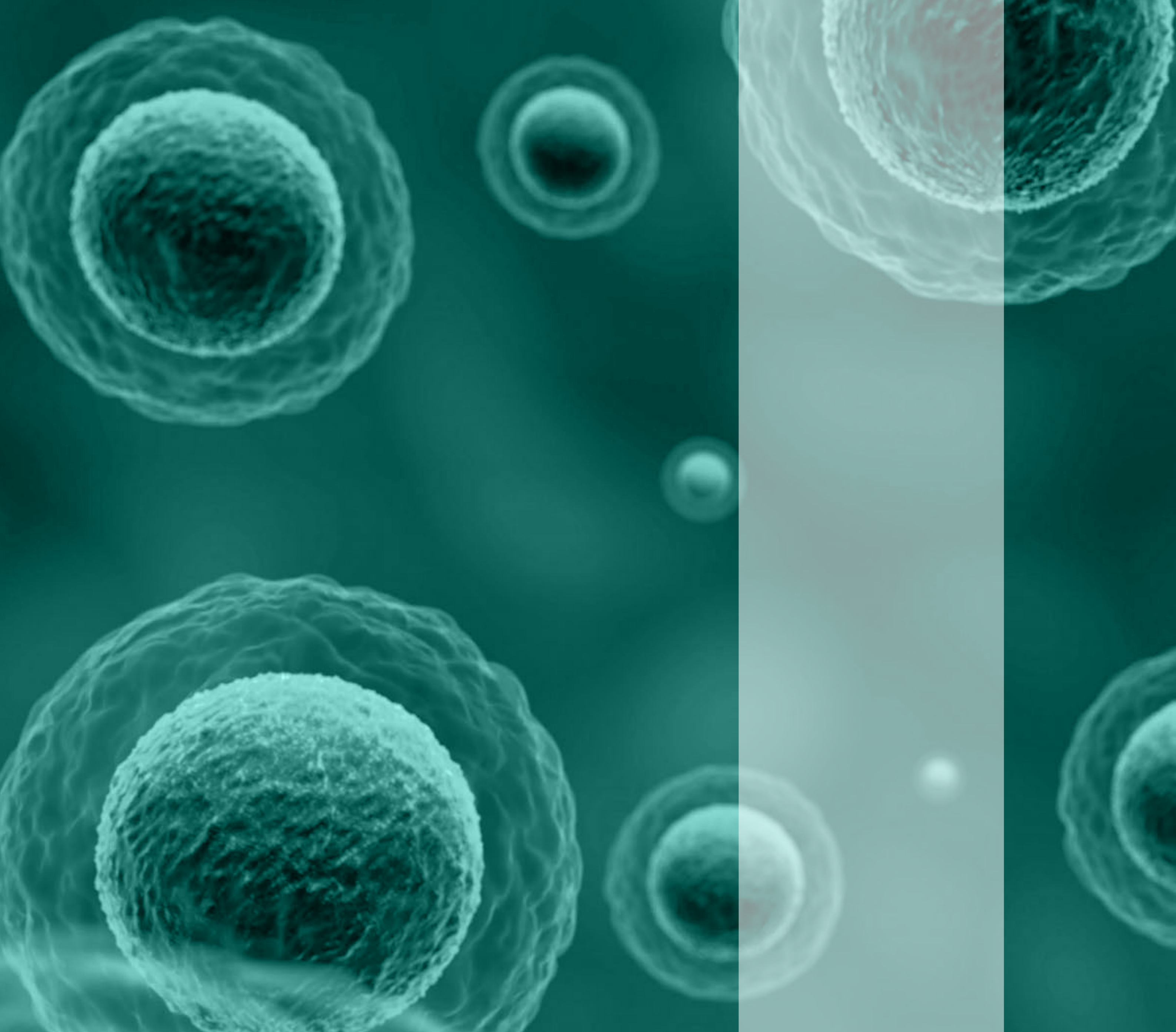
Shares in Issue

As at 3 November 2023, the Company had 41,383,817 Ordinary shares of 25p each in issue which included 2,345,210 Ordinary shares of 25p each held in Treasury.

Website

The Company's website is located at www.ibtplc.com. The site provides share price and NAV information as well as details of the Board of Directors, Fund Manager and AIFM, information on investee companies, monthly factsheets, the latest published Annual and Half Yearly Financial Statements and access to recent market announcements.





ANNUAL
REPORT
31 August 2023

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