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LONDON STOCK EXCHANGE ANNOUNCEMENT

INTERNATIONAL BIOTECHNOLOGY TRUST PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024

Information disclosed in accordance with DTR 4.2.2

The Company's Annual Report and Financial Statements for the year ended 31 August 2024 is being published in hard copy format and an electronic copy will shortly be available to download from the Company's web pages: www.ibtplc.com. Please click on the following link to view the document: www.ibtplc.com

Key highlights

- The net asset value ("NAV") is again ahead of the NASDAQ Biotechnology Reference Index (the "Reference Index") rising by 15.9% per share against the Reference Index which rose by 15.3% in the year under review.
- The NAV per share of the quoted portfolio, sterling adjusted and with dividends reinvested, rose by 15.4% during the financial year. The management team have delivered double digit absolute performance in addition to beating the Reference Index.
- Successful identification of mergers and acquisitions candidates contributed to outperformance with a further two quoted holdings being acquired during the financial year.
- Currently the unquoted exposure represents 8.6% of the Company's total assets. These are primarily invested in two SV venture capital funds, SV Life Sciences Fund VI ("SV Fund VI") and SV Biotech Crossover Opportunities Fund ("SV BCOF"). Both funds have had a successful year with two holdings being acquired and a further company achieving a significant uplift following its public listing on NASDAQ.
- The Company's dividend policy is to make dividend payments equivalent to 4% of the Company's NAV, as at the last day of the preceding financial year ending 31 August, through two semi-annual distributions.
- The Board was pleased to announce on 27 August 2024 that Alexa Henderson would be appointed as a non-executive Director and Audit Committee Chair designate with effect from 1 January 2025.

Investor presentation

Our Portfolio Managers, Ailsa Craig and Marek Poszepczynski will be presenting at an investor webinar on Tuesday, 5 December 2024 at 10.00 am (which can be signed up to via the following link: https://www.schroders.events/IBT24).

Kate Cornish-Bowden, Chair of Schroder International Biotechnology Trust plc, commented:

> *"We share our Portfolio Managers' optimism that the recovery in the biotechnology sector is just beginning. Relative valuations are compelling and the potential rewards for investors in innovative companies developing future treatments look more attractive than ever."*

The Company has submitted a copy of its Annual Financial Report to the National Storage Mechanism and it will shortly be available for inspection at https://data.fca.org.uk/#/nsm/nationalstoragemechanism.

Enquiries:

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Chair's Statement

"We share our Portfolio Managers' optimism that the recovery in the biotechnology sector is just beginning. Relative valuations are compelling and the potential rewards for investors in innovative companies developing future treatments

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In the first Annual Report to you since appointing Schroders as Alternative Investment Fund Manager (the "AIFM" or the "Manager") of International Biotechnology Trust plc, I am pleased to report that the net asset value ("NAV") is again ahead of the NASDAQ Biotechnology Index (the "Reference Index") delivering a NAV total return of 15.9% against the Reference Index which rose by 15.3% in the year under review. Despite strong performance the discount continued to widen during the year, leading to a share price total return per share of 10.3%. All figures are on a sterling adjusted basis with dividends reinvested.

Annualised over the three years to 31 August 2024, the NAV total return was 3.6% versus an annualised return of -0.7% for the Reference Index over the same period.

Our Portfolio Managers, Ailsa Craig and Marek Poszepczynski, who moved to Schroders in November 2023, have continued to apply the same investment philosophy and approach. The transition to Schroders is now complete, and the Company has been benefiting from the support of a larger organisation with healthcare expertise and market-leading distribution and administrative capabilities.

Quoted portfolio

The NAV per share of the quoted portfolio, sterling adjusted and with dividends reinvested, rose by 15.4% during the financial year. Following a torrid couple of years for the biotechnology sector, I am pleased that the management team has delivered double digit absolute performance in addition to beating the Reference Index.

Investor confidence that the interest rate cycle had peaked at the end of 2023 supported a recovery which was initially focused on the larger pharmaceutical companies. The investment team continued to add selectively to the small and mid capitalisation innovative biotechnology companies which are now also participating in the sector recovery.

Vera Therapeutics, an autoimmune company and a top five holding which is developing a promising treatment to reduce the inflammatory response in immunoglobin A ("IgA") nephropathy, a chronic kidney disease, continued to perform well and contributed significantly to outperformance during the period. The share price of Insmed, which the Portfolio Managers added to during the year, has also performed well. The company is developing a drug to treat a debilitating lung condition, bronchiectasis, and has reported promising clinical trial results. Ultragenyx also performed well after the company upgraded estimates for sales of its drug Crysvita which treats a rare form of bone disease.

Once again successful identification of mergers and acquisitions ("M&A") candidates contributed to outperformance, with a further two quoted holdings being acquired during the financial year. In January of this year, Bristol Myers Squibb announced the completion of its bid for Mirati Therapeutics, an oncology company with a commercialised lung cancer drug, Krazati. In March of this year, Bristol Myers Squibb also acquired Karuna Therapeutics, a company with drugs under development for neurological and psychiatric conditions. Karuna's lead candidate for schizophrenia, Cobenfy, received US Food and Drug Administration ("FDA") approval in September 2024.

Detractors of performance included Aurinia Pharmaceuticals, which has been unsuccessful in generating interest in its lead commercialised medicine Lupkynis which treats lupus, and Revance Therapeutics, which makes injectable aesthetic therapeutics. Revance was unable to gain traction in a very competitive market and has recently announced a merger with a competitor.

Unquoted portfolio

In line with feedback received from our shareholders, we invest up to 15% of the total investments in innovative private equity opportunities within the biotechnology sector. SV Health Managers LLP ("SV Health"), which has historically delivered a strong track record for our shareholders from investments in unquoted biotechnology assets, continues to provide advice on the current private equity exposure. Currently, the unquoted exposure represents 8.6% of the Company's total assets. These are primarily invested in two SV venture capital funds, SV Life Sciences Fund VI ("SV Fund VI") and SV Biotech Crossover Opportunities Fund ("SV BCOF").

I am pleased to report that these funds have also had a successful year with two holdings being acquired and a further company achieving a significant uplift following its public listing on NASDAQ. In July 2024, Edwards Lifesciences acquired a portfolio holding in SV Fund VI, Endotronix, a leader in heart failure management technology, as part of a 1.2 billion deal. EyeBio, an innovative retinal disease therapy developer, which is held in our more recent investment, SV BCOF, was acquired by Merck in May 2024 for up to 3 billion, including up to 1.7 billion in potential milestone payments.

Post the financial year end in September 2024, Bioage, also held in the SV BCOF portfolio, raised US 200 million from its initial public offering ("IPO") on NASDAQ. A clinical stage company, Bioage is developing an oral drug candidate, Alzeprag, which is undergoing a phase 2 weight loss trial in combination with Eli Lilly's injectable obesity GLP-1 drug, Zepbound.

Dividends

The Company's dividend policy, which was last approved at the annual general meeting ("AGM") in December 2023, is to make dividend payments equivalent to 4% of the Company's NAV, as at the last day of the preceding financial year ending 31 make dividend payments equivalent to 4% of the Company's NAV, as at the last day of the preceding financial year ending 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 13.9p per share, was paid on 26 January 2024, and the second payment of 14.5p per share, was made on 23 August 2024.

The dividend policy will once again be proposed to shareholders at the Company's AGM in December 2024.

Discount management

The last twelve months have seen an increase in companies where share prices are trading at a discount to NAV throughout the investment trust industry, and the biotechnology and healthcare sector is no exception. The Board continues to keep the Company's share price discount to NAV under close review and is committed to buying back its shares to help manage the position. Although 2,483,273 shares were bought back to be held in treasury during the year, the discount widened from 6.3% to 11.3%. Post the financial year end, we have seen some narrowing of the discount and we are cautiously optimistic that renewed confidence in the biotechnology sector will lead to the share price more accurately reflecting the underlying strength of the Company's net assets.

Environmental, social and governance ("ESG") matters

As outlined in the Half Year Report, we are now able to utilise Schroders' dedicated ESG team to help our Portfolio Managers incorporate ESG criteria in the investment process. This additional resource has enabled us to apply a more rigorous approach to monitoring and engagement with our investee companies.

The updated ESG policy is detailed in the full Annual Report and Financial Statements.

Costs and fees

As previously explained, the Manager waived its management fee for the first six months of appointment (from 20 November 2023), to offset the costs associated with the mandate transition. As expected, the ongoing charges ratio has decreased since the transition to Schroders.

In accordance with the Company's remuneration policy to pay additional one off fees in the event Directors have undertaken time-consuming work to deliver projects in shareholders' interests, all Board members have been awarded a one off payment following successful completion of the transition of the Company from SV Health to Schroders. These are detailed in the Directors' Remuneration Report in the full Annual Report and Financial Statements.

For the year ended 31 August 2024, a performance fee of £693,000 has accrued to the Manager in respect of the quoted portfolio's performance from 20 November 2023, the date of transition to Schroders and the year end on 31 August 2024. A performance fee of £176,000 was paid to SV Health in respect of the period from 31 August 2023 to 20 November 2023, the date of the transition to Schroders, and a further fee of £35,000 has accrued to SV Health due to the performance of the unquoted portfolio from 20 November 2023 to 31 August 2024.

Proposed changes to the Articles of Association

The Board is proposing to make amendments to the Company's Articles of Association (the "Articles") primarily to reflect developments in market practice and changes in law and regulation, including to:

- give the Company the flexibility to hold general meetings partially by electronic means and to enable members to attend and participate in general meetings at one or more satellite meeting places. In addition, the Board is proposing to amend the Articles to give it certain additional powers in respect of postponing or adjourning meetings in appropriate circumstances. These amendments are being proposed in response to the restrictions on social interactions that were imposed during the pandemic which, on occasion, made it impossible or impractical for shareholders to attend physical general meetings. The Board's objective is to make it easier for shareholders to participate in general meetings through introducing electronic access for those not able to travel. I should make it clear that these powers would only be used if the specific circumstances or applicable law and regulation required, and the Board's intention is to always hold a physical general meeting, provided it is both safe and practical to do so; and
- increase the limit on the aggregate level of Directors' fees under existing Article 92 from £250,000 to £300,000 per annum. The proposed increase will provide headroom for the future and allow for potential additional Directors to be appointed as part of the Board's succession planning. Further details are provided in the Directors' Remuneration Report in the full Annual Report and Financial Statements.

Board succession

The Board was pleased to announce on 27 August 2024 that Alexa Henderson would be appointed as a non-executive Director and Audit Committee Chair designate with effect from 1 January 2025. Alexa brings a wealth of experience in finance, accounting and audit together with experience chairing audit committees. The Board and I look forward to welcoming Alexa in the New Year.

In the Half Year Report, I advised that Caroline Gulliver, Chair of the Company's Audit Committee, who has served on the Board for nine years this year, had indicated her intention to step down as a Director at the forthcoming AGM. As Alexa

Henderson is only joining us at the beginning of 2025, Caroline has subsequently agreed to remain as Chair of the Audit Committee for a short while after Alexa's appointment, to assist in providing a smooth transition of responsibilities. Caroline will therefore be seeking re-election as a Director at the forthcoming AGM.

Webinar

On 5 November 2024, the Company's Portfolio Managers will be presenting to shareholders at a webinar at 10.00 a.m. To register your interest to attend this webinar please visit www.schroders.events/IBT24, where the facility to watch the recorded webinar afterwards will also be available.

AGM

The AGM will be held on Monday, 9 December 2024 at 12.00 noon at the offices of Schroders at 1 London Wall Place, London EC2Y 5AU. A presentation from our Portfolio Managers will be given at the AGM, and attendees will also be able to ask questions in person and meet the Directors. Details of the formal business of the meeting are set out in the Notice of Meeting in the full Annual Report and Financial Statements.

All shareholders are recommended to vote by proxy in advance of the AGM and to appoint the Chair of the meeting as their proxy. This will ensure that shareholders' votes will be counted even if they (or any appointed proxy) are not able to attend.

If shareholders have any questions for the Board, please write or email using the details below. The questions and answers will be published on the Company's web pages before the AGM.

To email, please use: amcompanysecretary@schroders.com or write to us at the Company's registered office address: Company Secretary, International Biotechnology Trust plc, 1 London Wall Place, London, EC2Y 5AU.

To receive regular news about the Company, shareholders are also encouraged to sign up to the Manager's investment trusts update, which can be found at: www.schroders.com/trust-updates/.

Outlook

It is rewarding to report on the green shoots of a recovery in the biotechnology sector following an unprecedented period of share price declines in the sector. The fundamentals remain strong. The ageing demographic, more efficient, targeted clinical trials and exciting innovation in disease areas including oncology, obesity, and neurological conditions are adding to the positive outlook. M&A activity is increasing as large, cash-rich pharmaceutical companies seek solutions to impending drug patent expiries.

As I write, investors seem sanguine in the face of a rapid escalation of hostilities in the Middle East, but ongoing conflict in the region may well impact investor confidence. The political debate around healthcare and US drug pricing will continue, regardless of the outcome of the US election.

Notwithstanding these risks, we share our Portfolio Managers' optimism that the recovery in the biotechnology sector is just beginning. Relative valuations are compelling and the potential rewards for investors in innovative companies developing future treatments look more attractive than ever.

Kate Cornish-Bowden
Chair

4 November 2024

Portfolio Managers' Review

"As things stand, our top-down view of the biotechnology opportunity remains positive."

We are pleased to present the Portfolio Managers' Review for the year ended 31 August 2024. During the year under review, the Company completed the appointment of Schroder Unit Trusts Limited as its Alternative Investment Fund Manager ("AIFM" or the "Manager"), following the announcement in August 2023 that SV Health would be relinquishing the mandate. We both joined Schroders on 20 November 2023 and have settled very quickly into our new professional setting. In addition to healthcare expertise, Schroders brings deep experience in investment trusts and is extremely well equipped to support the Company from a regulatory and marketing perspective.

Market overview

The year in review commenced with a further bout of weakness from the biotechnology sector, which revisited the lows of 2022 in November 2023, before staging a strong recovery in the last few weeks of 2023 and through the current year.

Initially, this recovery was led primarily by larger companies, but it has broadened out as the year has progressed, with small and mid-cap biotechnology stocks increasingly participating in the rally. Encouragingly, this reflects renewed confidence across the sector after three years of a bear market, with higher levels of private and follow-on financing, alongside tentative signs that the IPO window is gradually re-opening.

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Consolidation in the sector has also continued, with many companies undergoing restructuring or M&A. Large pharmaceutical companies, in particular, have been keen to fill the revenue gap that stems from their impending patent expiries. Furthermore, the impact of the US Inflation Reduction Act which caps/limits the potential profits available for pharmaceutical companies from certain mature medicines has added further impetus to the need to identify the next generation of treatments. This, we believe, has created opportunities for active investors to benefit from the premia that are paid for innovative companies addressing high unmet medical need.

Innovation in the biotechnology industry has continued at a rapid pace. This is reflected in the number of new clinical trials being initiated, which has risen every year since 2011, and, if the current rate continues, 2024 is expected to be yet another record year. This year has, however, been slower for regulatory approvals, but this was expected after a record year in 2023 which worked through the COVID backlog of filings. Importantly, there are a number of imminent key product launches, product approvals and late-stage clinical read outs in areas such as oncology, neurology and obesity, all areas to which our portfolio is well exposed.

Performance review

The Company has delivered a solid performance during the year under review, generating positive returns for its shareholders. The NAV per share increased by 15.9% on a total return basis, outperforming the Reference Index return of 15.3%. In share price terms, however, the Company was behind the Reference Index, with a total return of 10.3%[1]. This stems from a widening of the Company's discount from 6.3% to 11.3%, in a period during which the investment trust sector as a whole suffered from widening discounts.

In accordance with our dividend policy of paying dividends equivalent to 4% of the Company's NAV as at the last day of the Company's preceding financial year, dividend growth was positive during the year under review, and will be positive again for the year ahead, as illustrated in the chart in the full Annual Report and Financial Statements.

M&A

A key development during the year has been the continued resurgence of M&A activity in the biotechnology sector. Four companies (two quoted and two unquoted companies) from the Company's portfolio were acquired during the year, each at a significant premium.

In October 2023, Bristol-Myers Squibb announced it would acquire commercial-stage, targeted cancer specialist Mirati Therapeutics, for 4.8 billion. The deal was struck at a 45% premium to Mirati's undisturbed share price. Mirati had received approval for its targeted cancer therapy Krazati (adagrasib) in December 2022. Krazati treats a specific type of lung cancer with the KRAS G12C mutation. As part of the agreed transaction, Bristol-Myers Squibb included a non-tradable contingent value right where the company agreed to pay Mirati shareholders a further 1 billion should the US regulator, the FDA, accept an application for the company's pipeline drug MRTX1719 for lung cancer.

Bristol-Myers Squibb also acquired Karuna Therapeutics for 14 billion in December 2023, paying a 53% premium to the pre-bid share price. Karuna's lead asset, KarXT, is positioned as a potential first-in-class treatment for schizophrenia and other neuropsychiatric conditions. It was submitted to the FDA in the autumn of 2023. In September 2024 the drug, now named Cobenfy, received approval from the FDA for the treatment of schizophrenia.

As well as realising meaningful gains for the Company's shareholders, these deals highlight our ability to identify attractively valued biotechnology businesses with exciting technology in development.

Quoted portfolio

Contributors to NAV

Vera Therapeutics ("Vera") (gain of £15.4 million[1]) a biotechnology company with a promising asset in late-stage development for IgA nephropathy ("IgAN"), Atacicept. IgAN is a serious autoimmune kidney disease that can cause progressive damage, leading to end-stage renal disease and the need for dialysis or transplantation. Vera's disease-modifying therapy could become the first on the market to target the root cause of IgAN rather than merely slowing down progression and alleviating symptoms. The drug has continued to demonstrate positive progress in clinical trials, and received FDA Breakthrough Therapy Designation in May 2024, which recognises its potential to deliver significant clinical improvements over current treatment options and accelerates its progress through the regulatory process. Phase 3 clinical trials are underway, with results due in the first half of 2025, ahead of potential launch in 2026.

Insmed (gain of £ 4.7 million[1]), in May 2024, Insmed reported positive phase 3 results for brensocatib, aimed at treating bronchiectasis. The drug demonstrated exceptional efficacy, significantly surpassing the primary endpoint showing a marked reduction in exacerbations. After the data release, we built a significant position, and the shares appreciated a further c30%.

The trial, involving 1,680 adults and 41 adolescents, compared brensocatib against a placebo. Patients receiving the 10 mg dose experienced a 21% reduction in exacerbations. Key secondary endpoints, such as prolonged time to first exacerbation and increased odds of remaining exacerbation-free over 52 weeks, were successfully achieved.

Looking ahead, Insmed intends to submit the trial data to regulators in Q4, anticipating a market launch in mid-2025. The company is also advancing brensocatib's development in other conditions, indicating a promising growth trajectory.

Ultragenyx (gain of £4.6 million[1]), rare disease specialist, Ultragenyx has demonstrated strong momentum, with Q2 2024 revenues significantly above initial projections. This positive performance has prompted management to raise the 2024 revenue guidance. Key contributors to this success include robust sales of Crysvita for a rare form of bone disease.

The outlook for the pipeline remains robust following an active first half of 2024, with significant data releases anticipated in the second half. Pivotal studies involving setrusumab in osteogenesis imperfecta, another rare bone disease, and various gene therapies, including GTX-102 for Angelman syndrome, are set to yield further insights and potentially enhance Ultragenyx's market positioning.

With a solid cash position of approximately 874 million, the company is well-capitalised to support ongoing clinical developments and navigate upcoming regulatory meetings. Due to the strong performance of the stock, the managers have reduced their position to preserve capital heading into significant binary events towards the year end.

Detractors from NAV

Aurinia Pharmaceuticals ("Aurinia") (loss of £3.6 million[1]) has struggled throughout the year, culminating in a significant drop in share price following the disappointing conclusion of its strategic review. Despite reaching out to over 60 potential buyers, the review yielded no formal bids, highlighting the company's difficulties in attracting acquisition interest.

There remains some optimism as Lupkynis, Aurinia's lead asset which addresses Lupus, is expected to generate 200-220 million in 2024 and the company is streamlining its operations. However, Aurinia faces an uphill battle to regain investor confidence. Future performance hinges on strong quarterly results from Lupkynis, increased commercial execution, and improved profitability as R&D spending diminishes in the coming year, supported by 350 million in cash reserves.

Revance Therapeutics ("Revance") (loss of £3.0 million[1]) has encountered a difficult year, marked by declining stock performance driven by several key challenges. The company faced heightened competition in the neuromodulator market, which pressured pricing and market share. Investors were concerned about the slow uptake of Daxibotulinumtoxin A injection, its flagship product, amidst a crowded landscape dominated by established players.

Additionally, Revance's commercial premium pricing strategy faced scrutiny, as slower-than-expected sales growth raised doubts about the effectiveness of its marketing strategy and its ability to expand market reach. Despite promising clinical trial results for its innovative products, including the next-generation treatment options, concerns surrounding regulatory timelines and the pace of new product launches contributed to market unease. The company was subsequently bid for by Crown Laboratories in August 2024.

Moderna (loss of £2.4 million[1]) has faced a challenging year, reflected in its recent reduction of guidance figures for 2024 vaccine sales. This decrease can be attributed to heightened competition in the markets for COVID and respiratory syncytial virus ("RSV") vaccines as well as a-lower take up of vaccinations.

Despite reporting Q2 sales of Spikevax at 184 million, the overall figures remain modest compared to previous years, reflecting a 37% year-on-year decline. Notably, no revenue was reported from the recently approved RSV vaccine. The prospect of a saturated and competitive respiratory vaccine landscape further complicates future growth.

On a positive note, Moderna's pipeline remains active, with plans to seek approvals for its seasonal flu and next-generation COVID vaccines by year-end. Successful Phase III trial results have been reported for these vaccines, alongside the flu/COVID combination vaccine, which has also met its primary endpoints.

[1]Source; Schroders as at 31 August 2024.

Unquoted portfolio

The improved funding environment extends to the unquoted companies in the sector and we are delighted to report two acquisitions and a significant IPO in the SV Health funds in which we are invested, during the year under review.

SV Fund VI continued to progress well. In August 2024, the fund received upfront proceeds of 58.0 million (4.1x multiple on invested capital ("MOIC")) related to the acquisition of Endotronix, a leader in heart failure management solutions which received FDA approval for Cordella, an implantable pulmonary artery pressure sensor allowing early, targeted therapeutic intervention, by Edwards Lifesciences. SV Fund VI is entitled to additional proceeds upon the achievement of clinical milestones as well as escrow proceeds.

SV Fund VI also made follow-on investments in 2024 in Ribometrix, Doctors of Physical Therapy, Jet Health and Enara. Since our initial investment in SV Fund VI in 2016, the fund has delivered an impressive Internal Rate of Return ("IRR") of 16% per annum for investors.

2024 has been another exceptional year for SV Health's clinical stage fund, SV BCOF, and it continues to deliver on the value

2024 has been another exceptional year for SV Health's clinical stage fund, SV BCOF, and it continues to deliver on the value accretion events that were anticipated at the start of the year.

Most notably, in a period where liquidity is scarce, SV BCOF successfully exited its ophthalmology company, EyeBio in a sale to global pharma company, Merck. SV Health created EyeBio alongside serial entrepreneur and SV Venture Partner David Guyer, providing seed funding from its venture fund, the SV7 Impact Medicine Fund.

In July 2024, Merck acquired EyeBio on the back of promising data from a Phase 1b trial from its lead programme in diabetic macular edema. Merck recognised the major improvements in vision (+11.2 letters on a standard eye test) and 80% reduction in retinal thickness seen in patients and as a result, agreed to pay 1.3 billion in an upfront payment, followed by a potential further 1.7 billion in pre-agreed milestones to acquire the Company. EyeBio is a flagship acquisition for Merck as they look to build a new ophthalmology franchise, with their sights on the multi-billion dollar macular degeneration market, amongst others. EyeBio has already achieved the first milestone of dosing a patient in a Phase 3 clinical trial. The exit drove a material distribution to SV's investors, generating a realised return of 7 times the SV BCOF investment, and the future milestones have the potential to deliver a further 4 times investment on a risk-adjusted basis. As a result, SV BCOF expects to make a further distribution to investors by the end of this year.

In the Half Year Report, SV Health highlighted its investment in BioAge, a clinical stage obesity therapeutics company, where it participated in the highly sought after crossover round. The company is executing clinical trials with its investigational product and an approved therapeutic with the potential to improve on the current obesity standard of care, by shifting to oral treatments as well as addressing lean muscle loss which can have a material impact on patient health. The Company's plan to list on NASDAQ was realised on the 26 September 2024 and it now trades under NASDAQ: BIOA. The company's shares opened at 22.50 in its NASDAQ debut, 25% above the initial public offering price of 18.00, and have continued to trade above the marketed offering price.

In addition to these recent developments from the portfolio, SV BCOF has invested in SV Health's latest UK company creation, Draig Therapeutics. The Company was co-founded with Cardiff academics Professor John Atack and Professor Simon Ward, repeat SV Venture Partner, Ruth McKernan and SV provided the founding institutional investment. Ruth is a serial entrepreneur and leading expert in the field of neuroscience drug development. SV Health team members Charles Dunn and Jamil M. Beg have joined the board of directors. Draig represents an exciting opportunity given the mature nature of the portfolio with a lead programme already in clinical studies. This investment offers the potential for outsized returns through the founder shares awarded to SV Health funds as founding investor.

Strategy update

Our investment strategy remains focused on identifying companies with innovative technologies, strong intellectual property and solid growth potential. This is a constant feature of our investment approach, but where within the biotechnology industry we find these businesses can change over time, as can our appetite for risk.

The end of this financial year marks the completion of the first three full years of our management of the Company's portfolio. Despite market volatility, our efforts to adapt the portfolio to evolving market conditions have enabled us to deliver consistent outperformance over the Company's Reference Index over each of these first three years, in markedly different circumstances.

The key to this outperformance has been a flexible, valuation-driven strategy, adapting to evolving market conditions with a focus on capital preservation and selective risk taking. For example, in the market downturn of 2022, we focused on managing downside risk by reducing exposure to higher-risk, smaller biotechnology companies in favour of larger, resilient, cash-flow generating businesses. This cautious stance paid off, and we were then able to take advantage of lower valuations in 2023 to move back towards earlier-stage biotechnology companies once the market had shown signs of stabilisation. Shareholders have increasingly seen the benefit of these strategic moves as we have progressed through 2024.

This flexibility is typical of what investors should expect from our management. There will always be a strong emphasis placed on capital preservation, as reflected in our approach to "binary event risk", where we look to reduce exposure to holdings as they approach critical milestones such as trial results, in order to reduce exposure to excessive share price volatility.

In addition to our scientifically driven and valuation aware bottom-up stock picking, investors should expect us to continue to take a top-down view, which ensures that we have an appropriate breadth of exposure across the various therapeutic areas as well as informing whether the portfolio should be tilted towards defensive or riskier biotechnology companies, depending on where we are in the investment cycle. This view can also be amplified through active management of the gearing[1] facility, and by taking advantage of market volatility as conditions evolve.

[1] Please refer to section on "Definitions of Terms and Alternative Performance Measures".

Portfolio positioning

As things stand, our top-down view of the biotechnology opportunity remains positive. With confidence returning and the IPO window gradually re-opening, we believe we are at a point in the biotechnology investment cycle from which a prolonged period of positive performance may be expected.

Early in the year under review, having seen encouraging signs of renewed vitality in smaller, earlier-stage biotechnology, we elected to increase the portfolio's exposure to this part of the market; and also increased gearing[1] to a peak of 14%, confident that the recovery would continue to gather momentum. Both of these strategic decisions stood the portfolio in good stead through the initial stages of the biotechnology rally. We have subsequently reduced gearing to around 5% but the portfolio remains well exposed to small and mid-cap biotechnology, where we continue to find very attractive opportunities.

By subsector, 39.8% of the portfolio is currently invested in early-stage biotechnology companies which are still navigating the clinical trial and regulatory process, 41.5% in mid-stage revenue growth companies which have products that are approved but not yet turning a profit, and 18.7% in later-stage, profitable businesses. We believe we have an appropriately balanced and diversified portfolio for the current environment, but our increased investment in carefully selected smaller, earlier-stage companies has intentionally increased the volatility profile of the portfolio. We believe a higher beta[2] positioning should prove beneficial to shareholders in the period ahead.

Alongside exposure to core holdings where we find high quality, well-managed biotechnology businesses with exciting and innovative technology under development, we also take a "basket approach" to therapeutic areas where the ultimate winners are still somewhat harder to predict. This involves a lower risk, diversified strategy of taking smaller positions across a range of the most promising assets, rather than backing a single opportunity. Below we take a look at three of these baskets.

[1]Please refer to section on "Definitions of Terms and Alternative Performance Measures".

[2]For help in understanding any terms used, please visit https://www.schroders.com/en/insights/invest-iq/investiq/education-hub/glossary/.

Central nervous system ("CNS")

Just over a fifth of the portfolio is currently dedicated to therapies targeting diseases of the CNS, such as schizophrenia, depression, Alzheimer's, Parkinson's, epilepsy and attention deficit hyperactivity disorder ("ADHD"). These conditions are typically highly complex, with significant unmet medical need and unfortunately a growing number of patients, and we are seeing exciting developments from a broad range of innovative companies in this area.

Indeed, the two largest portfolio holdings have CNS assets in development. Intra-Cellular Therapies is advancing treatments for schizophrenia and bipolar depression, with its lead drug, Caplyta, already approved for both conditions. Its unique mechanism of action differentiates it from other antipsychotics, offering better tolerability with fewer side effects like weight gain or movement disorders, making it a highly valuable asset in the CNS space. We think of the company as a "pipeline in a drug" as it is also exploring potential applications for Caplyta in other psychiatric areas, and continues to advance its broader pipeline, including treatments for major depressive disorder and other neuropsychiatric conditions.

Meanwhile, Supernus Pharmaceuticals is focusing on conditions such as ADHD and epilepsy. Its leading products include Qelbree, an ADHD treatment that is expanding its market share due to its non-stimulant nature, and Trokendi XR, which is indicated for epilepsy and migraine prophylaxis. Supernus continues to advance its pipeline, with several next-generation therapies for CNS disorders in development.

Elsewhere, we hold smaller positions in businesses such as Neurocrine Biosciences, which specialises in involuntary movement disorders, notably tardive dyskinesia through its drug, Ingrezza. Other examples include Acadia Pharmaceuticals which focuses on psychosis-related disorders and Rett Syndrome, a rare genetic brain disease, Jazz Pharmaceuticals which is best known for its work in sleep disorders and narcolepsy, and Uniqure which is pioneering a gene therapy for Huntington's disease.

This therapeutic area has seen a significant amount of M&A activity in recent times, as evidenced by the Karuna Therapeutics deal mentioned above. This reflects the high level of interest in CNS innovation from large pharmaceutical companies, and we expect to see this trend continue as CNS treatments remain a priority for filling pipeline gaps.

Emerging oncology

Another fifth of the portfolio is targeting oncology innovation, with the majority of this focused on what we consider to be the next generation of cancer treatments.

One of the key areas here is cell therapy, where cells are genetically modified or reprogrammed in a laboratory and then infused back into the patient. This technique has already made a major impact in treating blood cancers, particularly with CAR-T therapies that have shown remarkable success. However, cell therapy's potential extends well beyond blood cancers, with exciting prospects for treating solid tumours through both extracellular and intracellular targeting mechanisms, enabling the immune system to attack these tumours more effectively.

Within the portfolio, Iovance Biotherapeutics recently launched its tumour-infiltrating lymphocyte ("TIL") therapy, lifileucel, for advanced melanoma. TIL therapy works by isolating and expanding the patient's own tumour-fighting lymphocytes, which are then reinfused to target and destroy cancer cells. This represents a new frontier in immunotherapy, particularly in the treatment of solid tumours.

Meanwhile, Autolus Therapeutics has filed for approval of its CAR-T therapy, obecabtagene autoleucel (obe-cel), for treating acute lymphoblastic leukaemia ("ALL"). This therapy uses a patient's own modified T-cells to target and eliminate cancer cells, with promising clinical data showing strong efficacy in achieving remission in this difficult-to-treat blood cancer.

Protein degradation is another exciting emerging area of oncology that involves targeting and breaking down specific proteins that are essential for cancer cell survival. This approach has the potential to address previously "undruggable" proteins, significantly broadening the scope of cancers that can be treated. The market for protein degradation, if successful, is multi-billion in size as it introduces entirely new mechanisms for attacking cancer at the molecular level. The portfolio is exposed to this field through companies like BeiGene and Arvinas. BeiGene is advancing its protein degradation platform with promising therapies such as BGB-11417, a Bcl-2 inhibitor currently in trials for chronic lymphocytic leukaemia ("CLL") and other B-cell malignancies. Meanwhile, Arvinas' lead candidate, ARV-110, targets the androgen receptor, a key driver in prostate cancer.

Additionally, T-cell engagers represent another next generation immunotherapy. These bispecific antibodies simultaneously bind to cancer cells and recruit T-cells, directing the immune system to destroy the cancer. Within the portfolio, Immunocore is a leader in this field with Kimmtrak, a first-in-class bispecific T-cell engager approved for treating uveal melanoma. Janux Therapeutics is also making strides in developing T-cell engager therapies for solid tumours, leveraging its proprietary TRACTr platform to enhance the safety and efficacy of these treatments.

Obesity

Historically viewed as a predominantly Western problem, obesity is now a global health challenge, with estimates suggesting that a quarter of the world's adults will be obese by 2030. This expanding prevalence creates vast market potential for effective therapies.

The current leading treatments are GLP-1 receptor agonists, which have been highly successful in recent years. Market expectations are very high, however, and risks remain regarding delivery mechanisms, reimbursement policies and ongoing supply constraints. These factors mean that while current therapies dominate the landscape, market leadership is far from guaranteed in this rapidly evolving field, where innovation is occurring at a rapid pace.

There are currently 79 listed clinical-stage obesity programmes targeting at least 41 unique mechanisms, and the numbers continue to rise. Among the most exciting new developments are combination therapies that activate multiple pathways, such as GLP-1 combined with gastric inhibitory polypeptide ("GIP") agonists, amylin, glucagon or leptin. These combinations aim to boost efficacy, improve patient outcomes and offer more comprehensive weight management solutions. Additionally, novel targets such as mitochondrial uncoupling and cannabinoid-1 ("CB1") reverse agonists are being explored, promising to deliver innovative new approaches to more effective long-term obesity management.

Approximately 7% of the portfolio's assets are allocated to obesity-related therapies, spread across eight companies. A notable example is Altimmune, which is developing pemvidutide, a dual GLP-1/glucagon receptor agonist designed to enhance weight loss by increasing energy expenditure and reducing appetite.

Outlook

The biotechnology sector looks poised to make further progress as we look towards 2025 and beyond. Despite the recent rally, the Reference Index remains well below its peak of 2021 and valuations are generally reasonable, suggesting significant future upside potential, given the sector's accelerating pace of innovation.

In large part, we believe this innovation is driven by necessity. The increasingly complex demands of a global population that is growing older, richer and sicker, are driving rising demand for healthcare services in general and placing public healthcare systems under ever increasing strain. These fundamental demographic tailwinds look capable of driving structural growth and continued biotechnology innovation for many years, if not decades, into the future.

In the meantime, with inflation seemingly under control and interest rates expected to decline, the investment environment is again becoming increasingly favourable for long-duration assets such as biotechnology. There are signs that the IPO window is beginning to open and secondary offerings remain strong, indicating renewed appetite for biotechnology from a broader range of investors. This is all typical of what we would expect to see in the more positive stages of the biotechnology investment cycle.

The potential for further M&A activity is another positive feature of the outlook, as large, cash-rich pharmaceutical companies seek to fill gaps in their pipelines and replace expiring patents by buying smaller biotechnology businesses. The implementation of the US Inflation Reduction Act, which may negatively impact the pricing of key established drugs sold by large pharmaceutical companies, could increase the demand for innovative biotechnology still further.

As has been the case in prior years, the US Presidential election could result in near-term volatility in the biotechnology sector, and for healthcare more broadly. However, we do not expect any election outcome to materially change the positive long-term biotechnology investment case.

long-term biotechnology investment case.

Conclusion

As we move further into what has historically been one of the most rewarding phases of the biotechnology investment cycle, we believe the Company is well positioned to capture the opportunity that lies ahead, through the disciplined application of a successful and repeatable investment approach, augmented by the strength and resources of Schroders. Notwithstanding the risk of near-term volatility as we move through the US election season, we view the long-term future for the Company and its shareholders with more confidence than ever.

Ailsa Craig and Marek Poszepczynski

Portfolio Managers

4 November 2024

Principal and emerging risks and uncertainties

The Board, through its delegation to the Audit Committee, is responsible for the Company's system of risk management and internal control and for reviewing its effectiveness. The Board has adopted a detailed matrix of principal risks affecting the Company's business as an investment trust and has established associated policies and processes designed to manage and, where possible, mitigate those risks, which are monitored by the Audit Committee on an ongoing basis. This system assists the Board in determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives.

Risk assessment and internal controls review by the Board

Risk assessment includes consideration of the scope and quality of the systems of internal control operating within key service providers, and ensures regular communication of the results of monitoring by such providers to the Audit Committee, including 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.

Although the Board believes that it has a robust framework of internal controls 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.

Both the principal risks and uncertainties and the monitoring system are also subject to robust review at least annually. The last assessment took place in October 2024. As part of this review, a number of changes to the Company's matrix of principal risks were agreed which included simplifying the risk categories into which the Company's risks are divided. The table below sets out the categories into which the Company's risks are now divided being strategic, performance/investment and operational/service provider. It was also considered appropriate to remove the risk relating to the Company's continuation vote which was included as a principal risk for the year ended 31 August 2023 as the Company was subject to a continuation vote at the AGM in December 2023, shortly after the transition to Schroders. The vote was passed with 99.9% of the vote in favour of the continuation of the Company. The next continuation vote will not be proposed to shareholders until the AGM to be held in 2025 and this is not therefore considered a principal risk for the year ended 31 August 2024.

During the year, the Board discussed and monitored a number of risks which could potentially impact the Company's ability to meet its strategic objectives. The Board receives updates from the Investment Manager, Company Secretary and other service providers on emerging risks that could affect the Company. The Board was mindful of the evolving global environment during the year and the risks particularly posed by volatile markets and geopolitical uncertainty including US-China tensions and the impending US election. However, these are not factors which explicitly impact the Company's performance although they could exacerbate existing risks. Where relevant these have been incorporated in the table below.

The Board considered in detail whether there were any material emerging risks and has included the development of artificial intelligence as an emerging risk in the table below.

No significant control failings or weaknesses were identified from the Audit Committee's ongoing risk assessment throughout the financial year and up to the date of this report. The Board is satisfied that it has undertaken a detailed review of the risks facing the Company and that the internal control environment continues to operate effectively.

The Board considers that the risks set out in the table below are the principal risks currently facing the Company to deliver its strategy together with those actions taken by the Board and, where appropriate, its committees, to manage and mitigate those risks. The "Change" column on the right highlights at a glance the Board's assessment of any increases or decreases in risk during the year after mitigation and management. The arrows in the change column show the risks as increased or decreased or unchanged.

Risk	Mitigation and management	Change

Strategic		
Investment strategy The investment 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 appropriateness of the Company's investment mandate and the long-term investment strategy is periodically reviewed by the Board and the success of the Company in meeting its stated objectives is monitored. The Board holds a strategy meeting each year to consider the investment objective and policy and the Company's longer term investment strategy.	↔
Investor appetite A loss of investor appetite for investment in the biotechnology sector as a result of political conditions, including US Food and Drug Administration and Federal Trade Commission 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 Portfolio Managers update 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.	↔
Performance/investment		
Macro factors 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 sterling 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 Portfolio 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 Portfolio Managers' approach of reducing exposure to companies with imminent binary events such as a readout of data from a clinical trial. The Portfolio Managers provide 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 Portfolio Managers, to allow the Board to monitor the implementation of the investment strategy and process.	↔
Share price performance Share price performance may consistently lag NAV performance leading to wide and persistent discount to NAV.	The share price relative to the NAV per share is kept under review as a key performance indicator and is considered against the Company's peers on a regular basis. The Board has implemented a robust share buyback and issuance policy which has been used consistently during the year under review with 2,483,273 shares being repurchased to be held in treasury. The use of the buy back authority is reviewed regularly. Proactive engagement with shareholders takes place via the AGM, feedback from shareholder presentations, and ad hoc meetings with members of the Board. The Manager provides a dedicated, experienced investment trust marketing team together with PR resource. The Manager and corporate broker monitor market feedback and the Board considers this at each quarterly meeting.	↔
ESG considerations 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 consideration of climate change risks and ESG factors is integrated into the investment process and reported at Board meetings. The ESG policy is set out in the Strategic Review. The Company uses data gathered by Sustainalytics to monitor the compliance of its quoted portfolio with an accepted set of ESG standards.	↔
Operational/service provider		
Oversight of service providers		↔

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 receives reports from the Manager and Investment Manager on its internal controls and risk management throughout the year, including those relating to cybersecurity, and receives assurances from all its other significant service providers on at least an annual basis. The Management Engagement Committee reviews the performance of key service providers at least annually. The Manager and Investment Manager also monitor closely the control environments and quality of services provided by third parties, including those of the Depositary, through service level agreements and regular meetings. Directors are invited to an annual internal controls briefing session, hosted by the Manager in respect of the internal controls of the Company's key service providers including the Company's depositary and custodian, HSBC, the Company's registrar, Equiniti, and Schroders Group Internal Audit team. Experienced service providers are appointed by the Company subject to due diligence processes and clearly documented contractual arrangements which include agreed service level specifications and notice periods for terminations. Further details of the internal controls which are in place are set out in the Audit Committee's Report in the full Annual Report and Financial Statements.	
Information technology, resilience and security Cyber risk such as fraud, sabotage or crime perpetrated against the Company or any of its third party service providers could result in data theft, service disruption and reputational damage.	Cybersecurity is closely monitored by the Audit Committee as part of the review of the internal controls of its service providers. Schroders IT security team presents to the Directors on the Manager's cybersecurity controls as part of the annual internal controls briefing session hosted by Schroders.	←→
Emerging		
Artificial Intelligence ("AI") Whilst there are opportunities and benefits associated with the development of AI, and a risk of not embracing these opportunities and benefits, the development of AI presents potential risks to businesses in almost every sector. The extent of the risk presented by AI is extremely hard to assess at this point but the Board considers that it is an emerging risk and together with the Manager and Investment Manager will monitor developments in this area.		

A full analysis of the financial risks facing the Company is set out in note 19 in the full Annual Report and Financial Statements.

Statement of Directors' Responsibilities

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and 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.

Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the return 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 also 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 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

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 Manager is responsible for the maintenance and integrity of the web pages dedicated to the Company. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Directors' statement

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

- the Company's 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 profit of the Company;
- 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; and
- that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

On behalf of the Board

Kate Cornish-Bowden

Chair

4 November 2024

Statement of Comprehensive Income

for the year ended 31 August 2024

	Note	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000
Gains on investments held at fair value through profit or loss	2	-	41,620	41,620	-	9,606	9,606
Net foreign currency gains		-	1,656	1,656	-	1,591	1,591
Income	3	1,263	-	1,263	863	-	863
Total income		**1,263**	**43,276**	**44,539**	**863**	**11,197**	**12,060**
Management fee	4	(1,297)	-	(1,297)	(1,810)	-	(1,810)
Performance fee	4	-	(904)	(904)	-	(514)	(514)
Administrative expenses	5	(1,129)	-	(1,129)	(1,559)	-	(1,559)
Profit/(loss) before finance costs and taxation		**(1,163)**	**42,372**	**41,209**	**(2,506)**	**10,683**	**8,177**
Finance costs	6	(2,198)	-	(2,198)	(1,242)	-	(1,242)
Profit/(loss) before taxation		**(3,361)**	**42,372**	**39,011**	**(3,748)**	**10,683**	**6,935**
Taxation	7	(135)	-	(135)	(122)	-	(122)
Net profit/(loss) for the year		**(3,496)**	**42,372**	**38,876**	**(3,870)**	**10,683**	**6,813**
Earnings/(loss) per share (pence)	**8**	**(9.16)**	**110.97**	**101.81**	**(9.53)**	**26.32**	**16.79**

The "Total" column of this statement represents the Company's Statement of Comprehensive Income prepared in accordance with UK-adopted International Accounting Standards.

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

The "Revenue" and "Capital" columns represent supplementary information prepared under guidance set out in the statement of recommended practice for investment trust companies (the "SORP") issued by the Association of Investment Companies in July 2022.

All revenue and capital items in the above statement are derived from continuing operations.

The notes in the full Annual Report and Financial Statements form part of these Financial Statements.

Statement of Changes in Equity

for the year ended 31 August 2024

	Note	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31 August 2022		10,346	29,873	31,482	259,849	(46,661)	284,889
Net profit/(loss) for the year		-	-	-	10,683	(3,870)	6,813
Dividends paid in the year	9	-	-	-	(11,407)	-	(11,407)
Repurchase of ordinary shares into treasury		-	-	-	(9,978)	-	(9,978)
At 31 August 2023		10,346	29,873	31,482	249,147	(50,531)	270,317

Net profit/(loss) for the year		-	-	-	42,372	(3,496)	38,876
Dividends paid in the year	9	-	-	-	(10,768)	-	(10,768)
Repurchase of ordinary shares into treasury		-	-	-	(16,160)	-	(16,160)
At 31 August 2024		**10,346**	**29,873**	**31,482**	**264,591**	**(54,027)**	**282,265**

The notes in the full Annual Report and Financial Statements form part of these Financial Statements.

Statement of Financial Position

as at 31 August 2024

	Note	2024 £'000	2023 £'000
Non-current assets			
Investments held at fair value through profit or loss	10	297,507	301,904
		297,507	**301,904**
Current assets			
Receivables	11	215	2,967
Cash and cash equivalents	12	10,433	-
		10,648	**2,967**
Total assets		**308,155**	**304,871**
Current liabilities			
Loan	13	(22,827)	-
Overdraft	12	-	(32,474)
Payables	13	(3,063)	(2,080)
		(25,890)	**(34,554)**
Net assets		**282,265**	**270,317**
Equity attributable to shareholders			
Share capital	15	10,346	10,346
Share premium	16	29,873	29,873
Capital redemption reserve	16	31,482	31,482
Capital reserves	16	264,591	249,147
Revenue reserve	16	(54,027)	(50,531)
Total equity attributable to shareholders		**282,265**	**270,317**
Net asset value per share (pence)	**17**	**766.30p**	**687.51p**

The Financial Statements in the full Annual Report and Financial Statements were approved by the Board of Directors and authorised for issue on 4 November 2024 and signed on its behalf by:

Kate Cornish-Bowden

Chair

The notes in the full Annual Report and Financial Statements form part of these Financial Statements.

Registered in England and Wales as a public company limited by shares

Company registration number: 02892872

Cash Flow Statement

for the year ended 31 August 2024

	Note	2024 £'000	2023 £'000
Operating activities			
Profit before finance costs and taxation		**41,209**	8,177
Adjustments for:			
Net foreign currency gains		**(1,656)**	(1,591)
Gains on investments at fair value through profit or loss		**(41,620)**	(9,606)
Net sales of investments at fair value through profit or loss		**50,463**	30,612
Dividend income		**(1,045)**	(840)
Interest income		(218)	(23)
Decrease/(increase) in receivables		14	(28)
(Decrease)/increase in payables		(746)	1,082
Overseas taxation paid		(134)	(111)
Net cash inflow from operating activities before dividends and interest		**46,267**	**27,672**
Dividends received		**1,098**	843
Interest received		**185**	23
Interest paid		**(2,198)**	(1,239)
Net cash inflow from operating activities		**45,352**	**27,299**
Financing activities			
Bank loan drawdown		**46,186**	-
Bank loan repaid		**(21,456)**	-
Repurchase of ordinary shares into treasury		**(16,160)**	(9,978)
Dividends paid	9	**(10,768)**	(11,407)
Net cash outflow from financing activities		**(2,198)**	**(21,385)**
Increase in cash and cash equivalents		**43,154**	**5,914**
Cash and cash equivalents at the start of the year		**(32,474)**	(39,976)

Effect of foreign exchange rates on cash and cash equivalents		(247)	1,588
Cash and cash equivalents at the end of the year	**12**	**10,433**	**(32,474)**

The notes in the full Annual Report and Financial Statements form part of these Financial Statements.

Notes to the Financial Statements

1. Material accounting policies

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

The Company's Financial Statements have been prepared in accordance with UK-adopted International Accounting Standards and those parts of the Companies Act 2006 (the "Act") applicable to companies reporting under UK-adopted International Accounting Standards. These comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and International Accounting Standards Committee ("IASC"), that remain in effect and to the extent that they have been adopted by the United Kingdom and the Listing Rules of the FCA.

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's Financial Statements have been prepared on a going concern basis (as set out in the full Annual Report and Financial Statements) 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 UK-adopted International Accounting Standards, 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 2024 is shown in the Statement of Financial Position in the full Annual Report and Financial Statements. As at 31 August 2024, the Company's total assets exceeded its total liabilities by a multiple of over 11. The assets of the Company consist mainly of securities that are held in accordance with the Company's investment policy, as set out in the full Annual Report and Financial Statements. 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 on 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 2025 AGM. Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Company's Financial Statements.

(b) Presentation of the 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 of the Corporation Tax Act 2010 ("CTA").

(c) Presentation of the Cash Flow Statement

The presentation of the Cash Flow Statement, as permitted under IFRS, has been changed to present the 'Net cash flows from operating activities' in a manner that is consistent with that of the other investment trusts managed by the AIFM. As a result, certain comparative information was reclassified to conform with current year's presentation. There is no change to the 'Net cash inflow from operating activities' or the other sections of the Cash Flow Statement as presented in the previous year.

In addition, prior year borrowings, which included the overdraft facility with the previous custodian, were contained within cash and cash equivalents. The repayment of this facility has not been included within financing activities but instead reflected as part of the overall movement in cash and cash equivalents.

(d) 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.

(e) 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.

(f) Taxation

Deferred tax is calculated in full, using the liability method, on all taxable and deductible temporary differences at the Statement of Financial Position 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 Statement of Financial Position 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 the 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.

(g) 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 indirect investments held through venture 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 UK-adopted International Accounting Standards. 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 of 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 (excluding investments in the SV unquoted funds), or where the market for a financial instrument is not active, fair value is established by the adviser using various valuation techniques, in accordance with the International Private Equity and Venture Capital ("IPEV") guidelines issued in December 2022 and Special Valuations Guidance issued in 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.

The valuations of the unquoted investments are assessed by the adviser 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; and 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. Management scrutinises and challenges the assumptions, judgements and valuation inputs used by the adviser on a quarterly basis.

Investment in unquoted funds

The Company receives formal quarterly reports from each of the private equity companies in which SV Fund VI and SV BCOF (the "SV unquoted funds") holds an investment. The value of the SV unquoted funds' investment in these companies 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 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 the SV unquoted funds is reflected in the NAV on the next NAV date. With respect to any investments within the SV unquoted funds for which there is a listed price, the Company revalues its investment in the 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 the SV unquoted funds' underlying investments that materially impacts the Company's holding in the 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.

(h) Foreign currencies

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

At each Statement of Financial Position date, monetary items and non-monetary assets and liabilities that are fair valued, which are denominated in foreign currencies, are translated 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".

(i) Critical accounting estimates and judgements

The preparation of financial statements in conformity with UK-adopted International Accounting Standards 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 value 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 value process are:

(i) The adviser's (SV Health's) determination of the appropriate application of the IPEV Valuation Guidelines (December 2022) and Special Valuations Guidance (March 2020) to each unquoted investment; and

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

Estimates

The key estimate in the Financial Statements is the determination of the fair value of the unquoted investments (excluding investments in the SV unquoted funds) by SV Health for consideration by the Directors. This estimate is key as it significantly impacts the valuation of the unquoted investments (excluding investments in the SV unquoted funds) at the Statement of Financial Position date. The fair value 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 19.7 in the full Annual Report and Financial Statements to illustrate the effect on the Financial Statements of an over or under estimation of the significant observable inputs.

(j) Other financial assets and liabilities

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 purposes and cash balances are held at their fair value (translated to sterling at the Statement of Financial Position date where appropriate).

Interest-bearing bank loans are initially recognised at cost, being the proceeds received net of direct issue costs, and subsequently at amortised cost.

(k) 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.

(l) 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.

(m) Bank loans and finance costs

Interest-bearing bank loans are initially recognised at cost, being the proceeds received net of direct issue costs, and subsequently at amortised cost. The amounts falling due for repayment within one year are included under current liabilities and more than one year under non-current liabilities in the Statement of Financial Position.

Finance costs are calculated using the effective interest rate method and are accounted for on an accruals basis and, in line with the management fee expense, are charged 100% to the revenue account of the Statement of Comprehensive Income.

(n) Repurchase of ordinary shares (including those held in treasury) and subsequent reissues

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 reissued 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 share premium.

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 the capital redemption reserve is made if and when such shares are subsequently cancelled.

(o) Dividend distributions

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

(p) Reserves

(i) Capital redemption reserve

(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 by reference to '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 Accountants 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;
- Realised investment holding gains and losses;
- Foreign exchange gains and losses;
- Performance fee;
- Reissue 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.

(q) New and revised accounting standards

There were no new IFRSs or amendments to IFRSs applicable to the current year which had any significant impact on the Company's Financial Statements.

i) The following new or amended standards became effective for the current annual reporting period and the adoption of the standards and interpretations have not had a material impact on the Financial Statements of the Company.

Standards and Interpretations		**Effective for periods commencing on or after**
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	Requirement amended to disclose material accounting policies instead of significant accounting policies and provided guidance in making materiality judgements to accounting policy disclosure.	1 January 2023
Definition of Accounting Estimates (Amendments to IAS 8)	Introduced the definition of accounting estimates and included other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policy.	1 January 2023

ii) At the date of authorisation of the Company's Financial Statements, the following relevant standards that potentially impact the Company are in issue but are not yet effective and have not been applied to the Financial Statements:

Standards and Interpretations		**Effective for periods commencing on or after**
International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12)	A mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two	1 January 2023

	income taxes arising from that legislation, particularly before its effective date.	
Amendments to IAS 1 Presentation of Financial Statements: - Non-current Liabilities with Covenants - Deferral of Effective Date Amendment (published 15 July 2020) Classification of Liabilities as Current or Non-current (Amendments to IAS 1) (publicised 23 January 2020)	The amendments clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current and the disclosure requirement in the financial statements for the risk that non-current liabilities with covenants could become repayable within twelve months.	1 January 2024
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	The amendments address the disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk.	1 January 2024

The Directors expect that the adoption of the standards listed above will have either no impact or that any impact will not be material on the Financial Statements of the Company in future periods.

2. Gains on investments held at fair value through profit or loss

	For the year ended 31 August 2024 £'000	For the year ended 31 August 2023 £'000
Gains on sales of investments based on historic cost	11,923	13,719
Amounts recognised in investment holdings losses in the previous year in respect of investments sold in the year	12,199	35,163
Gains on sales of investments based on the carrying value at the previous Statement of Financial Position date	**24,122**	**48,882**
Net movement in investment holding gains	17,498	(39,276)
Gains on investments held at fair value through profit or loss	41,620	9,606
Gains attributable to:		
Quoted investments	36,155	7,743
Unquoted investments	5,465	1,863
	41,620	**9,606**

3. Income

	For the year ended 31 August 2024 £'000	For the year ended 31 August 2023 £'000
Income from investments:		
UK dividends	146	22
Overseas dividends	899	818
	1,045	**840**
Other income:		
Deposit interest	218	23
Total income	**1,263**	**863**

4. Management and performance fees

	For the year ended 31 August 2024 £'000	For the year ended 31 August 2023 £'000
Management fee (allocated to revenue)	1,297	1,810
Performance fees (allocated to capital)	904	514

The basis for calculating the investment management fee and any performance fees are set out in the Directors' Report in the full Annual Report and Financial Statements.

Following the investments into the SV unquoted funds, the management fee is partially paid through the venture capital investments. Venture capital fees paid through the investment in the SV unquoted funds in the year were £691,000 (2023: £791,000). The total management fee on a comparative basis was £1,988,000 (2023: £2,601,000).

Refer to note 18, Transactions with the Manager and related party transactions in the full Annual Report and Financial Statements, for further details.

Statements, for further details.

5. Administrative expenses

	For the year ended 31 August 2024 £'000	For the year ended 31 August 2023 £'000
General expenses	723	1,086
Directors' fees*	218	162
Company secretarial and administration fees	111	235
Auditors' remuneration for audit services[1]	77	76
	1,129	**1,559**

[1]There are no non-audit services performed by the auditors during the year (2023: None).

*As reported in the Chair's Statement, a one off fee, amounting to £46,310 in total, was paid to the Directors following the completion of the change of Manager in November 2023 to compensate the Directors for the considerable additional time and commitment associated with the transaction. Full details are provided in the Directors' Remuneration Report.

6. Finance costs

	For the year ended 31 August 2024 £'000	For the year ended 31 August 2023 £'000
Interest on loan and overdraft	**2,198**	**1,242**

All finance costs are allocated 100% to revenue.

7. Taxation

(a) Analysis of the tax charge for the year

	For the year ended 31 August 2024			For the year ended 31 August 2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Irrecoverable overseas tax	135	-	135	122	-	122
Taxation for the year	**135**	**-**	**135**	**122**	**-**	**122**

The Company has no corporation tax liability for the year ended 31 August 2024 (2023: the same).

(b) Factors affecting the tax charge for the year

The tax assessed for the year ending 31 August 2024 is lower (2023: lower) than the Company's applicable rate of corporation tax for that year of 25% (2023: 21.5%).

The factors affecting the tax charge for the year are as follows:

	For the year ended 31 August 2024			For the year ended 31 August 2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net return/(loss) before taxation	(3,361)	42,372	39,011	(3,748)	10,683	6,935
Net return/(loss) before taxation multiplied by the Company's applicable rate of corporation tax for the year of 25% (2023: 21.5%)	(840)	10,593	9,753	(806)	2,297	1,491
Effects of:						
Revenue not chargeable to corporation tax	(261)	-	(261)	(186)	-	(186)
Tax exempt capital returns on investments	-	(10,405)	(10,405)	-	(2,065)	(2,065)
Non taxable exchange gains	-	(414)	(414)	-	(342)	(342)
Non taxable expenses not utilised in the year	1,101	226	1,327	992	110	1,102
Irrecoverable overseas tax	135	-	135	122	-	122
Taxation for the year	**135**	**-**	**135**	**122**	**-**	**122**

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £21,345,000 (2023: £18,937,000) based on a main rate of corporation tax of 25% (2023: 25%). The main rate of corporation tax increased to 25% for fiscal years beginning on or after 1 April 2023.

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.

8. (Loss)/earnings

	For the year ended 31 August 2024 £'000	For the year ended 31 August 2023 £'000
Net revenue loss	(3,496)	(3,870)
Net capital profit	42,372	10,683
Total profit	**38,876**	**6,813**
Weighted average number of ordinary shares in issue during the year*	38,184,030	40,583,458
Revenue loss per share (pence)	(9.16)	(9.53)
Capital profit per share (pence)	110.97	26.32
Total earnings per share (pence)	**101.81**	**16.79**

*Excluding those ordinary shares held in treasury.

9. Dividends paid

	For the year ended 31 August 2024 £'000	For the year ended 31 August 2023 £'000
2024 First interim dividend paid of 13.90p per share (2023: 14.00p per share)	5,391	5,707
2024 Second interim dividend paid of 14.50p per share (2023: 14.20p per share)	5,377	5,700
Total dividends paid of 28.40p per share (2023: 28.20p per share)	**10,768**	**11,407**

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 CTA due to the negative accumulated balance on its revenue reserve. The above dividends are paid out of the capital reserve.

10. Investments held at fair value through profit or loss

(a) Analysis of investments

	31 August 2024 £'000	31 August 2023 £'000
Quoted overseas	270,883	276,642
	270,883	**276,642**
Unquoted in the United Kingdom	8,813	5,630
Unquoted overseas	17,811	19,632
	26,624	25,262
Valuation of investments	**297,507**	**301,904**

(b) Movements on investments

	For the year ended 31 August 2024 £'000	For the year ended 31 August 2023 £'000
Opening book cost	311,290	318,702
Opening investment holding losses	(9,386)	(5,273)
Opening fair value	**301,904**	313,429
Analysis of transactions made during the year		
Purchases at cost	349,648	335,996
Sales proceeds	(395,665)	(357,127)
Gains on investments held at fair value through profit or loss	41,620	9,606
Closing fair value	**297,507**	**301,904**
Closing book cost	277,196	311,290
Closing investment holding gains/(losses)	20,311	(9,386)
Closing fair value	**297,507**	**301,904**

The Company received £395,665,000 (2023: £357,127,000) from disposal of investments in the year. The book cost of these investments when they were purchased was £383,742,000 (2023: £343,408,000). 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 gains of £20,311,000 (2023: losses of £9,386,000) have not been further analysed between those amounts that are distributable and those that are not distributable.

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

	For the year ended 31 August	For the year ended 31 August

	2024 £'000	2023 £'000
On acquisitions	146	104
On disposals	122	112
	268	**216**

(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
Uniqure	Ordinary	3.02%	Netherlands
Karus Therapeutics*	Series B Pref	3.25%	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 11.2% in the unquoted fund SV BCOF and 7.7% in the unquoted fund SV Fund VI which are both managed by SV Health. These percentages are of the underlying fund share capital and not the NAV of the Company. The total invested in both funds to date is 34.5 million (at cost). The investment is drawn and not committed.

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 (2023: nil).

(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) 2024 £'000	Write up/(down) 2023 £'000
SV Fund VI*	(985)	(4,761)
SV BCOF*	3,233	1,788

*The movement in Fair Value ("FV") was a combination of distributions from the above funds of £5.7 million (2023: £10.0 million), capital contributions of £3.0 million (2023: £5.7 million), and foreign currency and FV gains of £5.0 million (2023: £1.3 million).

11. Current assets

	At 31 August 2024 £'000	At 31 August 2023 £'000
Receivables		
Securities sold awaiting settlement	-	2,717
Dividends and interest receivable	109	2
Prepaid expenses	7	35
Tax recoverable	45	46
VAT recoverable	54	167
	215	**2,967**

12. Cash and cash equivalents

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

	At 31 August 2024 £'000	At 31 August 2023 £'000
Cash at bank	10,433	-
Bank overdraft	-	(32,474)
Cash and cash equivalents	**10,433**	**(32,474)**

In the prior year the Company made use of the £55.0 million unsecured multi-currency overdraft facility. All cash balances were netted off against the drawn facility to result in a net drawn overdraft balance. Following the change in custodian during the year, this facility closed and the Company entered into a secured revolving credit facility with the Bank of Novia Scotia (see note 13).

13. Current liabilities

	At	At

	31 August 2024 £'000	31 August 2023 £'000
Payables		
Loan	22,827	-
Securities purchased awaiting settlement	1,872	143
Accrued expenses	1,191	1,190
Other	-	747
	25,890	**2,080**

The Company arranged a £55 million secured credit facility revolving on a monthly basis with The Bank of Nova Scotia, effective from 16 November 2023. Interest is payable at the aggregate of the compounded Risk Free Rate ("RFR") for the relevant currency and loan period, plus a margin. Amounts are normally drawn down on the facility for a one month period, at the end of which it may be rolled over or adjusted. As at 31 August 2024, the Company had a drawndown amount of US 30 million (£22.8 million) (2023: Nil) which carries an interest rate of 6.5% per annum (2023: Nil). The revolving credit facility is secured on all of the Company's assets (except for level 3 assets) and undertakings both present and future. The drawings are subject to covenants and restrictions which are customary for a facility of this nature and all of these have been complied with.

14. Capital commitments - contingent assets and liabilities

The Company made a 30.0 million commitment to SV Fund VI in 2016. Of this 30.0 million commitment, the Company has further commitments of 3.0 million as at 31 August 2024 (2023: 4.1 million). 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 has a commitment of 30.0 million to SV BCOF (2023: 30.0 million). The Company made no further commitments in 2024 (2023: 5.0 million). Of this commitment, the Company has further commitments of 21.5 million (including recallable distributions) as at 31 August 2024 (2023: 22.8 million).

15. Share capital

	At 31 August 2024 £'000	At 31 August 2023 £'000
Ordinary shares of 25p each, allotted, called-up and fully paid:		
Opening balance of 39,318,183 (2023: 40,863,009) shares, excluding shares held in treasury	9,830	10,216
Repurchase of 2,483,273 (2023: 1,544,826) shares into treasury	(621)	(386)
Sub total of 36,834,910 (2023: 39,318,183) shares, excluding shares held in treasury	9,209	9,830
4,548,907 (2023: 2,065,634) shares held in treasury	1,137	516
Closing balance of 41,383,817 (2023: 41,383,817) shares	**10,346**	**10,346**

The ordinary shares rank pari passu, and each share carries one vote. The ordinary shares held in treasury have no voting rights and are not entitled to dividends. The nominal value of each share is 25p.

During the year, the Company purchased 2,483,273 of its own shares, nominal value of £621,000 to hold in treasury for a total consideration of £16,160,000 representing 6.0% of the shares outstanding at the beginning of the year (including shares held in treasury). The reason for these shares purchases was to seek to manage the volatility of the share price discount to net asset value per share.

16. Reserves

			Capital reserves		
	Share premium[1] £'000	Capital redemption reserve[1] £'000	Gains and losses on sales of investments[2] £'000	Investment holding gains and losses[3] £'000	Revenue reserve[4] £'000
At 1 September 2023	**29,873**	**31,482**	**258,533**	**(9,386)**	**(50,531)**
Gains on sales of investments based on the carrying value at the previous Statement of Financial Position date	-	-	24,122	-	-
Net movement in investment holding gains and losses	-	-	-	17,498	-
Transfer on disposal of investments	-	-	(12,199)	12,199	-
Realised exchange losses on cash and short-term deposits	-	-	(247)	-	-
Exchange gains on foreign currency loan	-	-	830	1,073	-
Performance fee allocated to capital	-	-	(904)	-	-
Share repurchases into treasury	-	-	(16,160)	-	-
Dividend paid	-	-	(10,768)	-	-
Net revenue loss for the year	-	-	-	-	(3,496)

At 31 August 2024	29,873	31,482	243,207	21,384	(54,027)

			Capital reserves		
	Share premium[1] £'000	Capital redemption reserve[1] £'000	Gains and losses on sales of investments[2] £'000	Investment holding gains and losses[3] £'000	Revenue reserve[4] £'000
At 1 September 2022	29,873	31,482	265,122	(5,273)	(46,661)
Gains on sales of investments based on the carrying value at the previous Statement of Financial Position date	-	-	48,882	-	-
Net movement in investment holding gains and losses	-	-	-	(39,276)	-
Transfer on disposal of investments	-	-	(35,163)	35,163	-
Realised exchange gains on cash and short-term deposits	-	-	1,591	-	-
Performance fee allocated to capital	-	-	(514)	-	-
Share repurchases into treasury	-	-	(9,978)	-	-
Dividend paid	-	-	(11,407)	-	-
Net revenue loss for the year	-	-	-	-	(3,870)
At 31 August 2023	**29,873**	**31,482**	**258,533**	**(9,386)**	**(50,531)**

[1]These reserves are not distributable.

[2]These are realised (distributable) capital reserves which may be used to repurchase the Company's own shares or distributed as dividends.

[3]This reserve comprises holding gains on liquid investments (which may be deemed to be realised) and other amounts which are unrealised. An analysis has not been made between those amounts that are realised (and may be distributed as dividends or used to repurchase the Company's own shares) and those that are unrealised.

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

17. Net asset value per share

	For the year ended 31 August 2024	For the year ended 31 August 2023
Net assets attributable to shareholders (£'000)	282,265	270,317
Shares in issue at year end	36,834,910	39,318,183
Net asset value per share (pence)	**766.30**	**687.51**

18. Transactions with the Manager and related party transactions

(a) Transactions with the AIFM/Investment Manager

With effect from 20 November 2023, Schroder Unit Trusts Limited ("SUTL") has been appointed as the Company's AIFM. SUTL agreed to waive its management fee for the first six months from 20 November 2023, after which the management fee payable by the Company on its quoted portfolio will be 0.7% per annum.

Details of the management and performance fee agreements are given in the Directors' Report in the full Annual Report and Financial Statements. The management fee payable in respect of the year amounted to £1,988,000 (2023: £2,601,000) which includes £691,000 (2023: £791,000) paid to SV Health for the Company's investments into the SV unquoted funds. As at year end, £308,000 was outstanding to SUTL (2023: £122,000 to SV Health).

Details of the previous management fee arrangement with SV Heath are given in the Directors' Report on page 41 of the Annual Report for the year ended 31 August 2023.

	At 31 August 2024 £'000	At 31 August 2023 £'000
Fees paid to the investment manager/adviser:		
Management fee paid by the Company directly to SUTL	498**	-
Management fee paid through unquoted funds to SV Health	154	791
Adviser fee paid through unquoted funds to SV Health	537	-
Management fee paid by the Company directly to SV Health	799*	1,810
Accounting and administration fee payable by the Company directly to SUTL	78	-
Total	**2,066**	**2,601**

*Includes a termination fee of £289,439 paid to SV Health.

**Reflects SUTL agreed waiver of six months management fees from 20 November 2023 to 20 May 2024 under the terms of the new AIFM agreement.

A performance fee of £904,000 was payable for the year ended 31 August 2024 (2023: £514,000). Of the £904,000 payable, £35,000 was outstanding to SV Health and £693,000 was outstanding to SUTL at the year end. £176,000 was paid to SV Health before the Company transitioned to SUTL.

Under the terms of the new AIFM, SUTL is entitled to receive an annual fee of £100,000 in respect of the accounting and administration services it provides to the Company. The administration fee payable in respect of the period under SUTL was £78,000 of which £17,000 was outstanding at the year end.

SV Health will continue to provide ongoing investment management assistance to the Company in respect of the exited investments with contingent milestones, the exited investments in liquidation and the directly held unquoted investments in consideration for payment of a performance fee on the same terms as previously set out in the Directors' Report on page 41 of the Annual Report for the year ended 31 August 2023.

(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 2024 was £218,000 (2023: £162,000) of which £27,000 (2023: £nil) was outstanding at the year end.

This includes a one off fee of £47,000 for the additional work in relation to the change of AIFM.

19. 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 end 31 August 2024.

19.1 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 Portfolio Managers assess the exposure to market risk when making each investment decision, and monitor 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 in the full Annual Report and Financial Statements. 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 specific risk (note 19.4), 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.

Price risk exposure

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

	At 31 August 2024 £'000	At 31 August 2023 £'000
Non-current asset investments at fair value through profit or loss	297,507	301,904
Total	**297,507**	**301,904**

The level of assets exposed to market price risk decreased by approximately 1.5% (2023: 3.7%) 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 83 (2023: 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 investment into SV Fund VI and SV BCOF as two unquoted holdings. However, SV Fund VI and SV BCOF have 13 and 7 companies, respectively, in their own portfolios. The classification of investments by sector is provided within the Investment Portfolio section of the report.

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% (2023: 10%) in the fair values of the Company's investments. The Board believes that a 10% (2023: 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 and based on the average total share price percentage return over the last five years on the '10-Year Financial Record' in the full Annual Report and Financial Statements. The sensitivity analysis is based on the Company's investments at each Statement of Financial Position date, with all other variables held constant.

		At 31 August 2024		At 31 August 2023
	Increase in fair value £'000	Decrease in fair value £'000	Increase in fair value £'000	Decrease in fair value £'000
Effect on net revenue return	(208)	208	(272)	272
Effect on net capital return	29,751	(29,751)	30,190	(30,190)
Effect on total net return and net assets	**29,543**	**(29,543)**	**29,918**	**(29,918)**

(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 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 2024 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 2024 £'000	At 31 August 2023 £'000
Monetary (liabilities)/assets		
Cash and cash equivalents:		
US dollars	7,009	(32,084)
Short-term receivables:		
US dollars	109	2,756
Danish krone	13	13
Short-term payables:		
US dollars	(24,716)	(143)
Foreign currency exposure on net monetary items	**(17,585)**	**(29,458)**
Non-current asset investments held at fair value		
US dollars	291,948	293,614
Euros	5,178	7,405
Swedish krona	-	454
Total net foreign currency exposure	**279,541**	**272,015**

At the year end, approximately 99.0% (2023: 100.6%) 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.

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 3.7% against the US dollar, by 1.7% against the Euro and by 1.8% against the

Danish krone and weakened by 0.4% against the Swiss franc and by 3.0% against Swedish krona (2023: strengthened 0.63%, 0.36%, 0.36%, 0.75% and 0.44% 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% (2023: 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 2024 £'000	At 31 August 2023 £'000
US dollars	27,435	26,414
Euros	518	741
Danish krone	1	1
Swedish krona	-	45
	27,954	**27,201**

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 after taxation attributable to equity Shareholders as follows:

	At 31 August 2024 £'000	At 31 August 2023 £'000
US dollars	(27,435)	(26,414)
Euros	(518)	(741)
Danish krone	(1)	(1)
Swedish krona	-	(45)
	(27,954)	**(27,201)**

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 the 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 loan 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.

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 of financial assets and financial liabilities to floating rates, giving cash flow interest risk when rates are re-set, is shown below:

	At 31 August 2024 £'000	At 31 August 2023 £'000
Exposure to floating interest rates:		
Cash and cash equivalents	10,433	(32,474)
Other payables: drawings on credit facility	(22,827)	-
Total exposure	**(12,394)**	**(32,474)**

See notes 12 and 13 for details of the secured revolving credit facility, the prior year overdraft, and the respective interest rates.

The above year end amounts are not representative of the exposure to interest rates during the year as the level of cash balances and drawings on the secured credit facility have fluctuated. The maximum and minimum net interest rate exposure during the year has been as follows:

	At 31 August 2024 £'000	At 31 August 2023 £'000
Maximum interest rate exposure during the year - net debt	(34,101)	(32,474)
Maximum/minimum interest rate exposure during the year - net cash/(debt)	117	(24,193)

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 3.0% (2023: 3.0%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the Statement of Financial Position date with all other variables held constant.

	At 31 August 2024		At 31 August 2023	
	3% increase in rate £'000	3% decrease in rate £'000	3% increase in rate £'000	3% decrease in rate £'000
Effect on net revenue return	(372)	372	(974)	974
Effect on net capital return	-	-	-	-
Effect on total net return	**(372)**	**372**	**(974)**	**974**

In the opinion of the Directors, this sensitivity analysis may not be representative of the Company's future exposure to interest rate changes due to fluctuations in the level of cash balances and drawings on the secured credit facility.

(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 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 Portfolio Managers update 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 biotechnology sector the Company has a moderate loss of investor appetite risk exposure.

19.2 Credit risk

Credit risk is the 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. HSBC Bank plc 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 they 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 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 2024 £'000	At 31 August 2023 £'000
Sales awaiting settlement	-	2,717
Accrued income	109	2
Cash at bank	10,433	-
	10,542	**2,719**

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.

19.3 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 Portfolio Managers aim 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 a secured credit facility with The Bank of Nova Scotia, London Branch of £55.0 million (2023: Overdraft facility - Northern Trust Bank 55.0 million).

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 Portfolio Managers' 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 87% (2023: 56%) of the portfolio within five days if required. A summary of the Company's financial liabilities is provided in sub-note 19.6.

19.4 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.

19.5 Fair values of financial assets and financial liabilities

All financial assets and liabilities are either carried in the Statement of Financial Position at fair value or the Statement of Financial Position 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 Guidelines. The methods commonly used to value unquoted securities are stated in accounting policy 1(f).

19.6 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 Statement of Financial Position date of the reporting periods under review are categorised as follows:

Financial assets

	At 31 August 2024 £'000	**At 31 August 2023 £'000**
Financial assets at fair value through profit or loss:		
Non-current asset investments - designated as such on initial recognition	297,507	301,904
Cash and receivables:		
Current assets:		
Receivables	215	2,967
Cash at bank	10,433	-
	10,648	**2,967**

	10,648	2,967

Financial liabilities

	At 31 August 2024 £'000	At 31 August 2023 £'000
Measured at amortised cost		
Creditors: amounts falling due within one month:		
Purchases awaiting settlement	1,872	143
Loan	22,827	-
Bank overdraft	-	32,474
Accruals	1,191	1,190
Payables	-	747
	25,890	**34,554**

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

19.7 Disclosures regarding financial instruments measured at fair value

The Company's portfolio of investments, which may comprise investments in quoted equities and unquoted holdings, are carried in the Statement of Financial Position at fair value. Other financial instruments held by the Company may comprise amounts due to or from brokers, dividends and interest receivable, accruals, cash at bank and drawings on the secured credit facility.

For these instruments, the Statement of Financial Position amount is a reasonable approximation of fair value.

The investments are categorised into a hierarchy comprising the following three levels:

Level 1 - valued using quoted prices in active markets.

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.

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.

Details of the valuation techniques used by the Company are given in the accounting policies noted in the full Annual Report and Financial Statements.

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

	At 31 August 2024			
	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Equity investments	297,507	270,883	-	26,624
	297,507	**270,883**	**-**	**26,624**

	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**

There were no transfers between levels 1, 2 or 3 during the period (2023: Same). 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 2024 £'000	At 31 August 2023 £'000
Opening valuation	**25,262**	**27,958**
Capital contributions	2,995	-
Distributions	(7,098)	(4,665)
Total gains included in the Statement of Comprehensive Income		
- on assets realised	(843)	2,693
- on assets held at the year end	6,308	(724)
Closing valuation	**26,624**	**25,262**

(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 in the full Annual Report and Financial Statements. As at 31 August 2024, 95.97% of the Company's net assets (including cash and net liabilities) are invested in level 1 investments and 9.43% of Company's net assets are invested in level 3.

The fair value of level 3 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 in respect of unquoted investments (excluding investments in SV unquoted funds). The SV unquoted funds do not have significant unobservable inputs used in the determination of their fair value, as described in note 1(g). 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 2024.

Year ended 31 August 2024*			**Effect of reasonably possible alternative assumptions**	
Valuation techniques**	**Fair value £'000**	**Significant unobservable inputs****	**Favourable impacts £'000**	**Unfavourable impacts £'000**
Discounted future cash flows	4,382***	Probability estimate of royalty income	438	(438)
		Discount rate	157	(148)
Present value of future milestone payments	309	Probability estimate of milestone achievement	31	(31)
		Discount rate	4	(4)
Calibration price of recent investment	341	Calibration price of recent investment	34	(34)
	5,032		**664**	**(655)**
Net asset value	40	No significant judgements applied	-	-
	5,072		**664**	**(655)**

*Investments in the table above have been valued by the adviser for the unquoted portfolio.

**Excludes investments in SV unquoted funds.

***Ikano Therapeutics.

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)**

*Excludes investments in SV unquoted funds.

**Ikano Therapeutics.

**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(g) in the full Annual Report and Financial Statements.

Probability estimate of royalty income

The probability estimate of royalty income is a key variable input in the discounted future cash flow valuation technique used by the adviser and further probability adjusted at 80% (2023: 85%) of the calculated net present value. It 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 with the adviser's assessment 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 used by the adviser and represents the potential risk that commercial milestones are not achieved/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 with the adviser's assessment that the largest differential in the flux of the valuations would be 10%.

Discount rate

Discount rate

The application of a risk adjusted discount rate (13.5% for Ikano Therapeutics (2023: 12.5%)) has been applied by the adviser 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 with the adviser's assessment that the largest differential in the flux of the valuations would be 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%.

19.8 Capital management policies and procedures

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

The Company's debt and capital structure comprises the following:

	At 31 August 2024 £'000	At 31 August 2023 £'000
Debt		
Loan	22,827	-
Bank overdraft	-	32,474
Total debt	**22,827**	**32,474**
Equity		
Share capital	10,346	10,346
Reserves	271,919	259,971
Total equity	**282,265**	**270,317**
Total debt and equity	**305,092**	**302,791**

The Company's capital management objectives are to ensure that it will continue as a going concern and to maximise total return to its equity Shareholders through an appropriate level of gearing.

The Board's policy is to limit gearing to 30%. Gearing for this purpose is defined as borrowings used for investment purposes, less cash, expressed as a percentage of net assets.

	At 31 August 2024 £'000	At 31 August 2023 £'000
Borrowings used for investment purposes, including cash	12,394	32,474
Net assets	282,265	270,317
Gearing	4.4%	12.0%

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

(i) the planned level of gearing, which takes into account the Manager's view of the market;

(ii) the need to buyback the Company's own shares for cancellation or to hold in treasury, which takes into account the share price discount;

(iii) the opportunities for issue of new shares or to reissue shares from treasury; and

(iv) the amount of dividend to be paid, in excess of that which is required to be distributed.

20. 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.

21 Post statement of financial position events

After the year end and up to 1 November 2024, 386,604 ordinary shares were bought back to be held in treasury. Following the buy backs, the total number of shares in issue was 41,383,817 of which 4,935,511 were held in treasury.

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

22. Status of results announcement

22. Status of results announcement

2024 Financial Information

The figures and financial information for 2024 are extracted from the Annual Report and Financial Statements for the year ended 31 August 2024 and do not constitute the statutory accounts for that year. The Annual Report and Financial Statements include the Report of the Independent Auditors which is unqualified and does not contain a statement under either section 498(2) or section 498(3) of the Companies Act 2006. The Annual Report and Financial Statements will be delivered to the Registrar of Companies in due course.

2023 Financial Information

The figures and financial information for 2023 are extracted from the published Annual Report and Financial Statements for the year ended 31 August 2023 and do not constitute the statutory accounts for the year. The Annual Report and Financial Statements have been delivered to the Registrar of Companies and included the Report of the Independent Auditors which was unqualified and did not contain a statement under either section 498(2) or section 498(3) of the Companies Act 2006.

Neither the contents of the Company's web pages nor the contents of any website accessible from hyperlinks on the Company's web pages (or any other website) is incorporated into, or forms part of, this announcement.

4 November 2024

For further information:

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Authorised and regulated by the Financial Conduct Authority. For regular updates by e-mail please register online at www.schroders.com for our alerting service.

ENDS

A copy of the 2024 Annual Report will shortly be submitted to the FCA's National Storage Mechanism and will be available for inspection at https://data.fca.org.uk/#/nsm/nationalstoragemechanism

The 2024 Annual Report and Financial Statements will shortly be available on the Company's web pages at www.ibtplc.com where up-to-date information on the Company, including daily NAV and share prices, factsheets and portfolio in formation can also be found.

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