RNS Number : 3241I
Intl. Biotechnology Trust PLC
13 May 2025

INTERNATIONAL BIOTECHNOLOGY TRUST PLC

HALF YEAR REPORT

International Biotechnology Trust plc (the "Company") hereby submits its Half Year Report for the six months ended 28 February 2025 as required by the Financial Conduct Authority's Disclosure Guidance and Transparency Rule 4.2.

Key Highlights

- Performance during the six-month period was strong, generating a positive return for shareholders. The NAV per share produced a total return of 2.9%, outperforming the Reference Index, which delivered a negative total return of -3.0%.
- The Company paid a first interim dividend for the year ending 31 August 2025 of 15.56 pence per share. As at 28 February 2025, the dividend yield for the Company was 4.4%.
- The Portfolio Managers continue to focus on identifying high-quality, innovative biotechnology companies that are attractively valued by the market, whether as future M&A targets, or as long-term success stories in their own right.

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

"There is no doubt that we are in a period of great uncertainty for equity investors. However, the Board believes, the long-term fundamentals for the biotechnology industry remain very much intact. Increasing demand for medicines to treat disease and help us live healthier, longer lives is inevitable as populations across the globe age. Combine this with the extraordinary progress in drug development in the last few years and the future for the sector looks very promising."

The Half Year Report is also being published in hard copy format and an electronic copy of that document will shortly be available to download from the Company's web pages www.ibtplc.com.

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

Enquiries:

Schroder Investment Management Limited

Charlotte Banks / Kirsty Preston (Press)	020 7658 6000
Kerry Higgins (Company Secretarial)	020 7658 6000

HALF YEAR REPORT FOR THE SIX MONTHS ENDED 28 FEBRUARY 2025

CHAIR'S STATEMENT

Dear Shareholders

I am pleased to report that the net asset value (NAV) of International Biotechnology Trust plc (the "Company") has again beaten the Nasdaq Biotechnology Index (NBI), (the "Reference Index"), during the six-month period under review. The NAV delivered a total return of 2.9% per share, while the NBI fell by 3.0% over the period. The share price total return per share was 3.2%[1].

The six-month period to the end of February 2025 included the election of a new US president, and the short lived euphoria of markets anticipating business friendly policies, followed by the reality check of the economic implications of global trade wars. A mixed picture on the probable direction of interest rates, expectations for slower growth and increasing confusion as to the likely course of conflicts in the Middle East and Ukraine have shaken investor confidence. This was reflected primarily in the share price falls of the dominant technology companies in the S&P 500, but the risk averse environment also impacted the biotechnology sector. The political appointment of Robert F Kennedy Jr, a renowned vaccine sceptic, as Health and Human Services (HHS) Secretary has further shaken confidence. Moreover, the administration's decision to cut funding for the National Institute of Health (NIH) and make staff cuts at the US Food and Drug Administration (FDA), could impact future drug approvals.

Your Portfolio Managers, Ailsa Craig and Marek Poszepczynski performed well in this volatile environment comfortably outperforming the Reference Index during the six-month period under review. Since taking over the management of the Company in March 2021, they have delivered a NAV return of 14.7%, substantially ahead of the NBI which rose by 2.9% (sterling adjusted with dividends reinvested) over the period.

In May last year the Company celebrated its 30th anniversary. At the end of February 2025, The Association of Investment Companies (AIC) released a list of 50 investment trusts which would have made investors more than £1 million if they had invested the full annual ISA allowance in the same investment trust each year from 1999, when ISAs were first introduced. We were delighted to see the Company on this list[2].

QUOTED PORTFOLIO
During the six months under review, the NAV per share of the quoted portfolio returned 4.3% (gross of management and performance fees) outperforming the Reference Index, which fell by 3.0%.

The biggest contributor to performance came from Uniqure, a Netherlands listed gene therapy company. The most significant therapy under development in Uniqure's pipeline is a potentially transformational treatment, AMT-130, which appears to slow the progression of the rare neurodegenerative Huntington's Disease. There is a high unmet medical need for patients and a lack of currently available treatment for people with this fatal disease. In December 2024, the company announced that they had reached agreement with the FDA on key elements of an accelerated approval pathway for AMT-130, which led to the share price doubling.

Once again, the successful identification of mergers and acquisitions (M&A) targets has also been a significant contributor to outperformance. US listed Intra-Cellular Therapies, a company focused on therapeutics for central nervous system (CNS) disorders, was the largest holding in the portfolio when Johnson & Johnson (J&J) made a conditional bid for the company in January of this year. Intra-Cellular's Caplyta is an FDA-approved treatment for depression and schizophrenia. The deal is subject to the usual regulatory approvals, but J&J has agreed to pay a 39% premium to the pre bid price.

The main detractor from performance to the end of February 2025 was the underweight position in the large capitalisation biotechnology anti-infectives company, Gilead. Gilead reported strong results from sales of its HIV medication but the Portfolio Managers believe market estimates of future sales are too high. Gilead also benefited from investors' flight to defensive cash generating companies which occurred towards the end of the period.

UNQUOTED PORTFOLIO
The unquoted portfolio, which comprised 7.6% of the Company's total investments at the period end, continued to be primarily invested in two venture capital funds managed by SV Health, SV Fund VI and SV Biotech Crossover Opportunities Fund LP (SV BCOF), as well as a small number of directly held unquoted companies, most of which have been exited with potential contingent milestone payments still remaining. We believe this diversified exposure to unquoted assets has proved lucrative for the Company's shareholders and the venture capital funds have performed well in spite of the difficult funding environment for very early-stage companies.

SV FUND VI
As at 28 February 2025, SV Fund VI represented 3.0% of total investments. Since the Company's initial investment in 2016, the fund has performed well, delivering a net currency adjusted internal rate of return (IRR) of 14.9% per annum. SV Fund VI, which includes a range of early-stage biotechnology, medical device and healthcare services companies, is now a mature portfolio with 90% of the capital committed drawn down.

SV BCOF
SV BCOF, the newer fund which invests in later stage and/or pre-initial public offering (IPO) opportunities, represented 3.0% of total investments at the period end. The 30 million commitment is only 49% drawn down. In February 2025, SV Health initiated a new investment in AdvanCell Therapeutics, an Australian company targeting cancer diagnosis and treatment. During the period under review, the share prices of the two listed companies in the SV BCOF portfolio have fallen. In December 2024, BioAge stopped the trial of its experimental obesity drug after reporting liver toxicity, leading to a significant fall in the share price. Bicycle Therapeutics has also fallen during the six-month period, but the company has recently announced positive results in its early-stage trials for ovarian and bladder cancers. In spite of these issues, as at 31 December 2024, SV BCOF has delivered a net IRR of over 100%, an excellent performance, albeit very early in the life of this venture capital fund.

Of the small number of directly held legacy assets, the most significant is the discounted value of the royalty streams from Ikano Therapeutics which was sold to Belgian listed UCB in 2006. This holding represents 1.4% of total investments as at 28 February 2025.

DIVIDENDS
The Company's dividend policy, which was last approved at the Annual General Meeting (AGM) held in December 2024, is to make dividend payments equivalent to 4% of the Company's NAV, as at the last day of the preceding financial year being 31 August, through two semi-annual distributions. The first dividend, for the year ending 31 August 2025 of 15.56 pence per share, was paid on 24 January 2025. As at 28 February 2025, the dividend yield for the Company was 4.4%. The Board intends to declare the second dividend for the year, in accordance with the above policy, in July 2025 for payment in August 2025.

DISCOUNT MANAGEMENT
The share price discount to NAV was 11.2% as at 28 February 2025, largely unchanged from the 11.3% discount at the end of the financial year. 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. The Board bought back 1,290,971 shares to be held in treasury during the period. The Board believes that buying back shares at a discount to NAV is not only accretive to our shareholders but demonstrates our confidence in the underlying fundamental value of our investments.

COSTS AND FEES
Outperformance of both the quoted and unquoted portfolios for the six-month period, led to a performance fee of £1,885,000 accruing. In respect of the quoted portfolio, a performance fee of £1,814,000 accrued to the Manager whilst a fee of £71,000 has also accrued to SV Health in respect of the performance of the unquoted portfolio. The ongoing cost ratio remained flat at 1.2%.

BOARD AND SUCCESSION
The Board was pleased to welcome Alexa Henderson on 1 January 2025 as Chair Designate of the Audit Committee, to succeed Caroline Gulliver. Alexa has a wealth of finance, accounting and audit experience whilst also having served as a non-executive Director on the Board of a number of investment companies.

As announced on 10 April 2025, Caroline Gulliver retired from the Board on 30 April 2025 and Alexa has now been appointed as Chair of the Audit Committee.

The Board and I would like to record our thanks to Caroline for her invaluable contribution and tireless efforts on behalf of the Company's shareholders; and to wish her well for the future.

OUTLOOK
There is no doubt that we are in a period of great uncertainty for equity investors. The aggressive implementation of global trade tariffs by the American administration has knocked confidence and will be highly likely to lead to inflation and slower economic growth worldwide. At the time of writing, the position regarding tariffs in the biotechnology and pharmaceutical sectors remains unresolved. The new US Health Secretary has recently announced plans to reduce the number of employees at the Food and Drug Administration (FDA) by 25% which includes many eminent scientists. This is likely to impact the pace of drug reviews and approval timelines for innovative new treatments.

However, we believe, the long-term fundamentals for the biotechnology industry remain very much intact. Increasing demand for medicines to treat disease and help us live healthier, longer lives is inevitable as populations across the globe age.

Combine this with the extraordinary progress in drug development in the last few years and the future for the sector looks very promising. Innovations such as messenger RNA molecule (mRNA) technology which is now being trialled to target cancer and autoimmune disease, and the recent historic approval of the first gene therapy using clustered regularly interspaced short palindromic repeats (CRISPR-Cas9) technology, Calgevy for sickle cell disease, are reshaping the industry. Rapid and cost-effective sequencing of DNA has led to targeted, more effective personalised therapies; and the application of artificial intelligence (AI) has revolutionised drug discovery allowing for faster analysis of data including genomic, clinical and lifestyle information to predict disease and optimise treatment strategies.

The Portfolio Managers and the Board believe that recent share prices falls have created an extraordinary valuation opportunity for investors who understand that these long term industry fundamentals should prevail.

KATE CORNISH-BOWDEN
Chair

12 May 2025

1 Source: Morningstar, on a sterling-adjusted total return basis, with dividends reinvested.
2 Source: AIC, https://www.theaic.co.uk/aic/news/press-releases/the-50-investment-trusts-that-would-have-made-you-an-isa-millionaire. Investors allocating their full ISA allowance to the Company and investing in its shares every year since 1999 would have amassed assets of nearly £1.4 million by the end of January 2025, a share price total return of 2,139% over the 25-year period.

PORTFOLIO MANAGERS' REVIEW

We are pleased to present the Portfolio Managers' Review for the six months ended 28 February 2025. Despite a challenging period for the biotechnology sector, the Company's NAV total return was 2.9% and the share price total return was 3.2% over the period[1]. In contrast, the Reference Index[2] delivered a negative total return of -3.0%, while small-capitalisation biotechnology stocks[3] experienced a sharper fall.

MARKET OVERVIEW
In the early weeks of the period, stocks traded broadly flat as the market held its breath awaiting the US presidential election. In early November 2024, the sector rallied on expectations of a more pro-business stance under the new US administration, echoing the strong performance seen during the previous Trump Presidency. However, this momentum subsequently waned following the nomination of Robert F Kennedy Jr as Secretary of Health and Human Services, which introduced uncertainty due to his views on vaccines. Further declines occurred in February 2025 after the announcement of new tariffs on imports from a range of countries, leading to an increasing risk aversion among investors, a broader market sell-off and recession fears.

M&A activity in the biotechnology sector was subdued during the period, reflecting regulatory uncertainty and a cautious approach from pharmaceutical companies towards large-scale acquisitions. This followed a challenge by the US Federal Trade Commission (FTC) of two major deals, Amgen's acquisition of Horizon Therapeutics in 2022 and Merck's bid for Seagen in 2023, creating an uncertain environment that has since kept many potential buyers on the sidelines. However, both deals did eventually gain approval and close successfully. The appointment of Andrew Ferguson as FTC Chairman in January 2025, potentially signals a shift towards a more business-friendly regulatory environment, and we expect the re-emergence of deal activity to be a feature of 2025 and beyond.

Towards the end of the period under review, the Company benefited from the biggest biotechnology deal since 2023, when the portfolio's largest holding, **Intra-Cellular Therapies**, was acquired by Johnson & Johnson for 14.6 billion[4]. It is the third time that the Company's largest holding has been acquired since we took over as lead Portfolio Managers in March 2021. Twenty six companies within the portfolio have been acquired by major pharmaceutical companies since 2020. These transactions underscore pharmaceutical companies' enduring search for innovative biotechnology companies and highlight the Company's ability to identify value-creating opportunities.

The structural forces underpinning biotechnology M&A are stronger than ever. Large pharmaceutical companies have progressively scaled back their in-house research and development (R&D) efforts in recent years, shifting their focus from early-stage drug discovery to late-stage commercialisation and distribution. This has left the bulk of medical innovation in the hands of biotechnology firms - the proportion of new drug approvals originating from biotechnology companies has risen from 24% in 2013 to 73% in 2024[5]. Yet, pharmaceutical companies continue to face a pressing need to replace lost revenues from upcoming patent expirations. The obvious solution is to acquire, or in-license, assets from biotechnology as they approach the point of commercialisation. What results is a symbiotic relationship within the healthcare industry, in which biotechnology serves as the engine of innovation while pharmaceutical provides the infrastructure to bring new therapies to market. This represents a strong, natural, and enduring rationale for continued M&A.

Meanwhile, innovation in the biotechnology industry has continued at a rapid pace, as reflected in another strong year of new drug approvals by the FDA.

Additionally, there are signs that the biotechnology funding environment is gradually improving with optimism about the initial public offering (IPO) pipeline and established companies readily accessing additional equity financing.

2024 saw an improvement in the number of IPOs making it to market but was still significantly behind the boom years of 2020 and 2021 which saw many early stage companies[6] whose products had not yet started testing for efficacy coming to market. The slowdown in IPOs that followed has resulted in many businesses staying private for longer, suggesting they should represent lower-risk, higher-quality investment opportunities as and when they do seek to list.

From the perspective of valuations, there is now a striking divergence across the market capitalisation spectrum. At the start of 2025, larger-capitalisation biotechnology companies rallied as investors, seeking safety amid market weakness especially in the technology sector, rotated into the biotechnology sector but favoured more liquid, established, profitable names. This we believe has left many small and mid-capitalisation biotechnology stocks trading at very attractive valuations. Despite significant fundamental progress, the Russell 2000 Biotechnology Index is revisiting the levels seen five years ago. Not only are smaller biotechnology stocks trading at much better value than their larger peers, we believe they also offer significantly higher growth rates. With this dynamic in place, the opportunity ahead looks clear for investors willing to look beyond short-term market trends.

PERFORMANCE REVIEW

The Company delivered a solid performance during the six-month period, generating a positive return for shareholders, despite the broader declines seen by the biotechnology sector. The NAV per share produced a total return of 2.9%, outperforming the Reference Index, which delivered a total return of -3.0%. The share price also posted a positive total return of 3.2%. The discount to NAV at which the Company's shares traded narrowed marginally from 11.3% at the beginning of the period to 11.2% on 28 February 2025.

QUOTED PORTFOLIO

The NAV of the quoted portfolio produced a total return of 4.3% (gross of management and performance fees), for the six-month period, outperforming the Reference Index, which delivered a total return of -3.0%, and the small-capitalisation-focused Russell 2000 Biotechnology Index, which declined by 9.8%[7].

M&A

The Company benefited from two acquisition deals during the period under review, despite the lull in M&A activity seen across the biotechnology sector as a whole. By far the most impactful was the acquisition of **Intra-Cellular Therapies**, the Company's largest holding representing 7.1% of NAV at the time, by Johnson & Johnson for approximately 14.6 billion[8]. Announced in January 2025, the deal valued Intra-Cellular at 132 per share, representing a 39% premium to its previous share price. The acquisition was driven by the strength of Caplyta (lumateperone), Intra-Cellular's fast-growing treatment for schizophrenia and bipolar depression, which has been gaining significant market traction. With further pipeline assets in development for neuropsychiatric and neurodegenerative disorders, Intra-Cellular was a prime target for large capitalisation pharmaceutical businesses looking to expand in this area.

Meanwhile, the Company also benefited from the acquisition of **Marinus Pharmaceuticals** by the Swedish company Immedica for approximately 151 million[9]. Announced in December 2024, the deal came at a 48% premium to the closing share price prior to the announcement. The acquisition was driven by the strategic value of Ztalmy (ganaxolone), Marinus' FDA-approved treatment for a rare and severe form of childhood epilepsy.

Other positive contributors to NAV

Uniqure is a gene therapy company from the Netherlands focused on developing one-time treatments for severe genetic disorders. Its most advanced program, AMT-130, is a potential first-in-class gene therapy for Huntington's disease. Its share price rose sharply after securing FDA alignment in December 2024 on the key elements of an accelerated approval pathway for this asset, which represents a major step towards its potential commercialisation. In our view, the valuation uplift was justified as even before this news, Uniqure had a very low enterprise value (market capitalisation less cash).

SpringWorks Therapeutics is a biopharmaceutical company developing treatments for rare diseases and cancer. In February 2025, the company received a major boost when the FDA approved mirdametinib, its lead drug, for the treatment of a type of neurofibromatosis, a rare genetic condition that causes painful, tumour-like growths in nerves. This long-awaited approval provides strong validation of SpringWorks' approach and significantly enhances its commercial prospects. Shortly after, reports emerged that Merck was in advanced discussions to acquire the company, driving further interest in the stock. The combination of regulatory success and takeover speculation led to a sharp re-rating, reflecting renewed and fundamentally justified investor confidence in SpringWorks' potential.

Relative negative detractors to NAV

Gilead Sciences is not held in the portfolio, but its strong performance during the period was a source of relative underperformance. Investors have become increasingly enthusiastic about the anticipated launch of Gilead's new HIV prevention drug, lenacapavir, which has prompted a significant rise in its share price and valuation. Moreover, we have concerns on the new administration's stance regarding funding HIV infection prevention as, shortly after the period under review, dozens of grants to study how to prevent new HIV infections were cancelled. Gilead hopes to launch a new, more convenient version of pre-exposure prophylaxis (PrEP) this year which may struggle with market adoption when a cheaper, less convenient option is already available. Additionally, as a large, liquid defensive stock, Gilead benefited from the 'flight to safety' towards the end of the period. We remain underweight in Gilead as we continue to believe that the current valuation is driven more by investor enthusiasm than the potential value in the company, even taking into account its prospects for growth.

Rocket Pharmaceuticals is a clinical-stage company developing gene therapies for rare childhood disorders. During the period, its share price faced pressure due to slower-than-expected patient enrolment in trials for RP-A501, its gene therapy for Danon Disease, a rare genetic disorder affecting the heart. This also reflects the therapy's relatively small target market, which may ultimately limit its potential commercial value. While market sentiment has largely focused on this programme, we continue to see broader value in Rocket's pipeline, which includes multiple gene therapy candidates for other rare diseases. In combination, the potential commercial value of this pipeline is ultimately much greater.

Olema Pharmaceuticals is focused on developing targeted therapies for women's cancers, particularly breast cancer. A relatively small position within the portfolio's emerging oncology basket, its stock declined during the period amid scepticism over whether its lead candidate, palazestrant (OP-1250), an oral therapy designed to block and degrade the estrogen receptor, will prove more effective than existing treatments. The company continues to advance clinical trials to validate its approach.

UNQUOTED PORTFOLIO
The Company's unquoted portfolio which represented 7.6% of total investments as at the end of February 2025, comprises principally investments in two venture funds run by SV Health.

SV FUND VI
SV Fund VI, launched in 2016 is now in run-off mode, and gradually returning capital to shareholders. During the period under review, SV Health has continued to support the SV Fund VI portfolio with follow-on investments made to **JetHealth**, **Ribometrix**, **Enara** and **TrexBio**. Despite the continued uncertainty in the funding environment for unquoted companies and pressure on valuations, SV Fund VI has performed well, delivering a net IRR of 14.9% since inception.

SV BCOF
The more recent investment is in a crossover fund, SV BCOF, which is designed to include investments in companies which have therapeutics in the clinic, and/or are closer to valuation realisation through either strategic deals, acquisition or listing. Since we initially invested in BCOF in 2021, the fund has delivered a net IRR of 100%, an excellent performance, albeit still early in the life of this venture capital fund.

In February 2025, SV Health led the Series C funding round for **AdvanCell**, an innovative radiopharmaceuticals company based in Australia, as it aims to establish its operations in the US and expand its international investor base. AdvanCell is focused on developing novel targeted alpha therapies for cancer diagnosis and treatment. The financing will support AdvanCell in generating meaningful clinical data for its lead programme while also facilitating the scaling up of manufacturing capabilities in the US. In September 2024 SV Health successfully closed the Seed round for **Draig Therapeutics**, built around a portfolio of clinical and pre-clinical assets in the field of precision psychiatry. Draig's lead programme is already in the clinic making it a suitable investment for SV BCOF, with its late-stage investment focus. The Company continues to advance well. **BioAge** (NASDAQ: BIOA), which is centred on next-generation obesity therapeutics, faced a significant decline in share price following the discontinuation of its lead programme due to liver-related side effects in certain trial participants. Nevertheless, after its IPO in September 2024, BioAge maintains a solid cash reserve of over 350 million, positioning it well to navigate these challenges and continue its research efforts. Similarly, **Bicycle Therapeutics** (NASDAQ: BCYC) has experienced a considerable drop in share price over the past quarter, despite holding cash balances of 880 million as of December 2024. The company continues to show promising efficacy signals in its Phase 2 studies for patients with heavily pre-treated ovarian and bladder cancer, indicating that market perceptions may not accurately reflect the underlying value and potential of the company.

The Company retains an exposure to potential income from previous portfolio companies which have been acquired but have milestone payment agreements with previous shareholders including SV Health. The most significant of these is Ikano, a company focused on developing nasal drug delivery systems. Ikano was sold to Belgian pharmaceutical company UCB in 2007; the current valuation represents the discounted cash flows of future royalty streams based on achieving certain milestones. During the period under review the Company received a further £334,183 from Ikano in royalty streams from this investment.

PORTFOLIO POSITIONING
Our investment strategy remains focused on identifying companies with innovative technologies addressing unmet medical need, strong intellectual property and solid growth potential. Stock selection is informed by a clear top-down view of the biotechnology opportunity set, which evolves over time, as does our appetite for risk.

When we took over the lead Portfolio Manager role for the portfolio in 2021, our initial strategy focused on larger, more liquid biotechnology stocks to manage risk and volatility. This approach reflected the backdrop of rising interest rates and the potential for a pullback after a period of strong gains from the biotechnology sector, while ensuring exposure to high-quality, cashflow-generating companies with strong fundamentals.

However, since late 2023, we have become increasingly confident in the improving risk-reward balance in the sector and have elected to progressively shift down the market capitalisation spectrum by increasing exposure to small and mid-capitalisation biotechnology stocks. With valuations in this segment at historically low levels, we see a compelling opportunity to invest in companies with strong fundamentals that should be the key beneficiaries of improving investor sentiment and a recovering M&A environment.

Importantly, this shift has not come at the expense of revenue-generating businesses. Approximately half of the portfolio remains invested in companies with approved products and commercial traction, ensuring a finely tuned balance between innovation, clinically validated assets and significant future potential. Yet, many of these businesses are trading at valuations that, in our view, significantly undervalue the long-term commercial potential of their technology. Meanwhile, this segment is a sweet spot for M&A activity, as larger pharmaceutical companies look to replenish their pipelines with proven assets.

We also take a 'basket approach' to therapeutic areas where the ultimate winners are still somewhat harder to predict, such as emerging oncology, central nervous system (CNS) and obesity. 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, with the aim of refining our selection as their relative prospects become clearer.

These changes result in a less concentrated portfolio with more holdings, where the top ten positions account for a lower percentage of the overall portfolio. We strongly believe this is an appropriate strategy for the current opportunity set, which should allow the portfolio to generate significant value as the sector moves through the more rewarding phases of the biotechnology investment cycle.

OUTLOOK
The structural growth drivers underpinning biotechnology remain firmly intact. As populations become older, richer and sicker, demand for healthcare innovation continues to rise. Against this backdrop, it is clear that biotechnology must continue to play a central role in delivering both significant societal benefits and attractive investment opportunities.

Despite these long-term tailwinds, biotechnology valuations remain at compellingly low levels, particularly among small and mid capitalisation companies where we believe the opportunity for future growth looks significant. We believe 2025 is shaping up to be a major year for product launches, with several portfolio companies bringing their therapies to market independently without additional marketing and distribution muscle from a pharmaceutical partner. This is perhaps a reflection of the recent M&A lull, but these businesses are obvious bid targets for large pharmaceutical companies looking to replace revenues that are under threat from patent expiries, should the industry's appetite for deals return.

Biotechnology remains the engine of healthcare innovation, with 70% of new drug approvals now originating from the sector. Ten years ago, the inverse was true, with 70% of new drug approvals emanating from big pharmaceutical R&D. One of the few missing ingredients in an otherwise attractive backdrop has been IPO activity, which has remained subdued since the speculative wave of 2021. The return of IPO activity would be a welcome development, but we do not view it as essential for the sector to perform well.

Ironically, the paucity of IPOs has contributed to a steady decline in the number of constituents in the Reference Index. This should not be mistaken for a lack of opportunity - on the contrary, it reflects a 'survival of the fittest' dynamic which results in a stronger set of businesses that are better positioned for long-term success.

Although healthcare did not feature prominently in the US election campaign last year, President Trump's victory has introduced elements of uncertainty for the biotechnology sector. This has been exacerbated by the new tariff framework, where the pharmaceutical sector was not included in the first wave of announced tariffs. The sector's complexity means that more analysis is required and the expectation is that it will be a few months before any clarity on pharmaceutical tariffs emerges.

As mentioned previously, the appointment of Robert F Kennedy Jr unsettled the market due to his history of vaccine scepticism. More broadly, other key appointments for the sector, such as Dr Martin Makary for Commissioner of the FDA and Dr Jayanta Bhattacharya for Director of the NIH, initially appeared relatively benign. However, recent changes to senior management at the FDA alongside widespread staffing cuts, have caused some market turbulence and, in combination with the prospect of tariff impositions, may continue to do so. In addition, NIH funding cuts are already being implemented, with grant terminations and budget reductions affecting some early-stage research and academic institutions. While this could create near-term challenges for companies reliant on early-stage funding, we believe the strongest and most innovative biotechnology businesses will continue to attract capital and advance new treatments.

The Inflation Reduction Act (IRA), introduced by the Biden administration, is expected to remain in place, though discussions about possible modifications are ongoing. These could ease pressure on the healthcare sector, but legislative changes would take time and remain uncertain. It is worth noting that during President Trump's previous term, the biotechnology sector experienced a 40% increase, suggesting that political uncertainty does not necessarily prevent the sector from outperforming.

CONCLUSION
At the time of writing, the sector is experiencing renewed pressure, with concerns over tariffs and broader political uncertainty driving market-wide risk aversion. As capital rotates into perceived safe havens, large-capitalisation biotechnology stocks, where we are underweight, have outperformed, pushing their valuations to levels that now look even more stretched and imply successful execution of their strategies. While the precise timing of a rebound is difficult to predict, we do not expect this dislocation to persist for long. In the meantime, the most compelling valuation opportunities are found further down the market capitalisation spectrum. Where share prices have weakened due to external factors and not by fundamentals, we are taking the opportunity to add to holdings at these levels.

Indeed, we believe the current biotechnology investment environment presents a significant opportunity. Our investment approach remains unchanged, we continue to focus on identifying high-quality, innovative biotechnology companies that are attractively valued by the market, whether as future M&A targets, or as long-term success stories in their own right.

Over the past three years, we have delivered solid outperformance versus the Reference Index through a range of market conditions. Looking ahead, we are confident that biotechnology is now in a protractedly positive phase of its investment cycle, one that should benefit the sector as a whole, but where experienced, active, specialist investors are especially well-placed to create additional value.

We appreciate your continued support and look to the future with great confidence.

AILSA CRAIG AND MAREK POSZEPCZYNSKI
Portfolio Managers

12 May 2025

1 The Investment Manager invests on a discretionary basis and there are no restrictions on the extent to which the Company's portfolio and performance may deviate from the Reference Index. The Investment Manager will invest in companies or sectors not included in the Reference Index in order to take advantage of specific investment opportunities.
2 Reference Index is the measure against which the Company compares its performance. It is the NASDAQ Biotechnology Index (with dividends reinvested) sterling adjusted.
3 Source: Russell 2000 Biotech Index, Bloomberg.
4 Source: J&J Company Announcement 13/01/2025.
5 Source: Bank of America global research. FDA.gov (novel NDA/BLA approvals). Company reports.
6 Companies which are in Phase 1 of clinical trials or earlier. Phase 1 is the first time a potential drug is tested in humans and focuses predominantly on safety.
7 Source: Bloomberg.
8 Source: J&J Company Announcement 13/01/2025.
9 Source: Immedica Company Announcement 30/12/2024.

INVESTMENT PORTFOLIO AS AT 28 FEBRUARY 2025

QUOTED INVESTMENTS
Equities

Equities

Investment
SpringWorks Therapeutics
Ascendis Pharma
Cytokinetics
Uniqure
BioMarin
Travere Therapeutics
KalVista Pharmaceuticals
Vera Therapeutics
Insmed
Madrigal Pharmaceuticals
Biogen
Supernus Pharmaceuticals
Structure Therapeutics
Apellis
Sarepta Therapeutics
Regeneron
Legend Biotech
Acadia Pharmaceuticals
Vir Biotechnology
Xenon Pharmaceuticals
Viking Therapeutics
Edgewise Therapeutics
Summit Therapeutics
Denali Therapeutics
Alnylam Pharmaceuticals
Incyte
Indivior
BioCryst
Biohaven
Rocket Pharmaceuticals
Altimmune
Arricus Therapeutics
Viatris
Avidity Biosciences
Ionis
Dyne Therapeutics
Vanda Pharmaceuticals
Zai Lab
Neurocrine Biosciences
Axsome Therapeutics
Avadel
UroGen Pharma
AstraZeneca
CG oncology
Crinetics Pharmaceuticals
Silence Therapeutics
Vaxcyte
Ideaya Biosciences
Zealand Pharma
Alkermes
Immunome
Novo Nordisk
Scholar Rock
Olema Pharmaceuticals
Janux
Krystal
Akero Therapeutics
Iovance Biotherapeutics
Autolus
Immunocore
Immatics
Apogee Therapeutics
Aurinia Pharmaceuticals
Merus
Tango Therapeutics
Kymera
BridgeBio
Arvinas
Celldex Therapeutics
Blueprint Medicines
Rhythm Pharmaceuticals
Syndax
Solid Biosciences
Beam Therapeutics
Kura Oncology
Terns Pharmaceuticals
Skye Bioscience
Intellia Therapeutics
Corbus Pharmaceuticals

Total equities

UNQUOTED INVESTMENTS
Investments held through a venture fund

Investment
SV Fund VI
SV BCOF

Total investments held through a venture fund

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

Investment
Ikano Therapeutics
Convergence
Total exited investments with contingent milestones

Exited investments in liquidation

Investment
Topivert
Total exited investments in liquidation

Directly-held unquoted investments

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

Investment
Autifony Therapeutics
Total directly-held unquoted investments

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

SUMMARY OF INVESTMENTS

Investment
Equities
Investments held through a venture fund
Exited investments with contingent milestones
Exited investments in liquidation
Directly-held unquoted investments
Total investments

PORTFOLIO COMPOSITION

Therapeutic area	
Rare Diseases	23.5%
Oncology	16.1%
CNS	14.9%
Other	13.2%
Metabolic	8.1%
Endocrinology	5.7%
Cardiology	5.3%
Cell Therapy	4.1%
Auto-Immune	2.8%
Pulmonary	2.7%
Infectious Diseases	2.0%
Ophthalmology	1.6%

Geography	
US and Canada	85.5%
EU and UK	13.7%
Rest of world	0.8%

Development stage	
Development	49.8%
Revenue Growth	32.2%
Profitable	13.8%
Other	4.2%

Size	
Mid Cap USD 2bn-10bn	41.2%
Small Cap < USD 2bn	35.8%
Large Cap USD 10bn-30bn	12.0%
Unquoted Funds	6.0%
Mega Cap >USD 30bn	2.9%
Directly-held Unquoted	1.6%
Other	0.5%

INTERIM MANAGEMENT STATEMENT

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks associated with the Company's business fall into the following risk categories: strategic; performance/investment; operational/service provider and emerging. A detailed explanation of the risks in each of these categories can be found on pages 32 to 34 and in note 19 on pages 77 to 85 of the Company's published Annual Report and Financial Statements for the year ended 31 August 2024.

In the view of the Board, the Company's principal risks and uncertainties have not changed during the six months ended 28 February 2025. However, the severity of some of the risks has increased. The Board undertook a review of the principal and emerging risks for the Company while reviewing these financial statements and noted that, following the election of President Trump, geopolitical and economic risks have heightened for a number of reasons, most notably the global trade wars unfolding due to the evolving tariff regime of the Trump administration and the ongoing conflict in Ukraine, where initial hopes that a resolution to the conflict may be brokered by the incoming US administration seemed to diminish. These matters will be closely monitored and reported on in the next Annual Report, as appropriate.

GOING CONCERN

Having assessed the principal and emerging risks and uncertainties, and the other matters discussed in connection with the viability statement as set out on page 35 of the published Annual Report and Financial Statements for the year ended 31 August 2024, the Directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

RELATED PARTY TRANSACTIONS

There have been no transactions with related parties that have materially affected the financial position or the performance of

There have been no transactions with related parties that have materially affected the financial position or the performance of the Company during the six months ended 28 February 2025.

DIRECTORS' RESPONSIBILITY STATEMENT
The Directors confirm that, to the best of their knowledge:

- the condensed set of financial statements contained within the Half Year Report has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting; and

- the Interim Management Report, together with the Chair's Statement and Portfolio Managers' Review includes a fair review of the information required by Disclosure Guidance and Transparency Rules 4.2.7R and 4.2.8R.

The Half Year Report has not been reviewed or audited by the Company's auditors.

The Half Year Report for the six months ended 28 February 2025 was approved by the Board on 12 May 2025 and the above responsibility statement was signed on its behalf by the Chair.

KATE CORNISH-BOWDEN
Chair

12 May 2025

STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2025 (UNAUDITED)

			(Unaudited) For the six months ended 28 February 2025	
	Note	Revenue £'000	Capital £'000	Tota £'00
Gains on investments held at fair value through profit or loss		-	12,404	12,40
Net foreign currency gains/(losses)		-	(1,457)	(1,45
Income	4	291	-	29
Total income		**291**	**10,947**	**11,23**
Expenses				
Management fee	10	(885)	-	(88
Performance fee	10	-	(1,885)	(1,88
Administrative expenses		(499)	-	(49
Profit/(loss) before finance costs and taxation		**(1,093)**	**9,062**	**7,96**
Finance costs		(917)	-	(91
Profit/(loss) before taxation		**(2,010)**	**9,062**	**7,05**
Taxation		(18)	-	(1
Net profit/(loss) for the period/year		**(2,028)**	**9,062**	**7,03**
Earnings/(loss) per share (pence)	**5**	**(5.60)**	**25.00**	**19.4**

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 period/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 derive from continuing operations.

STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2025 (UNAUDITED)

	Note	Share capital £'000
At 31 August 2024		10,346
Net profit/(loss) for the period		-
Dividend paid in the period	7	-
Repurchase of ordinary shares into treasury		-
At 28 February 2025		**10,346**

FOR THE SIX MONTHS ENDED 29 FEBRUARY 2024 (UNAUDITED)

	Note	Share capital £'000
At 31 August 2023		10,346
Net profit/(loss) for the period		-
Dividend paid in the period	7	-
Repurchase of ordinary shares into treasury		-
At 29 February 2024		**10,346**

FOR THE YEAR ENDED 31 AUGUST 2024 (AUDITED)

FOR THE YEAR ENDED 31 AUGUST 2024 (AUDITED)

	Note	Share capital £'000
At 31 August 2023		10,346
Net profit/(loss) for the year		-
Dividends paid in the year	7	-
Repurchase of ordinary shares into treasury		-
At 31 August 2024		**10,346**

STATEMENT OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2025 (UNAUDITED)

Non-current assets
Investments held at fair value through profit or loss

Current assets
Receivables
Cash and cash equivalents

Total assets

Current liabilities
Loan
Payables

Net assets

Equity attributable to shareholders
Share capital
Share premium
Capital redemption reserve
Capital reserves
Revenue reserve

Total equity attributable to shareholders

Net asset value per share (pence)

International Biotechnology Trust plc

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

Company registration number: 02892872

CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2025 (UNAUDITED)

Operating activities
Profit before finance costs and taxation
Adjustments for:
Net foreign currency losses/(gains)
Gains on investments at fair value through profit or loss
Net (purchases)/sales of investments at fair value through profit or loss
Dividend income
Interest income
Decrease/(increase) in receivables
Increase/(decrease) in payables
Overseas taxation paid

Net cash (outflow)/inflow from operating activities before dividends and interest

Dividends received
Interest received
Interest paid

Net cash (outflow)/inflow from operating activities

Financing activities
Bank loan draw down
Bank loan repaid
Repurchase of ordinary shares into treasury
Dividends paid

Net cash (outflow)/inflow from financing activities

Net cash (outflow)/inflow from financing activities

Increase in cash and cash equivalents

Cash and cash equivalents at the start of the period/year
Effect of foreign exchange rates on cash and cash equivalents

Cash and cash equivalents at the end of the period/year

NOTES TO THE FINANCIAL STATEMENTS

1. FINANCIAL STATEMENTS

The information contained within the financial statements in this Half Year Report has not been audited or reviewed by the Company's independent auditors.

The figures and financial information for the year ended 31 August 2024 are extracted from the latest published financial statements of the Company and do not constitute statutory financial statements for that year. Those financial statements have been delivered to the Registrar of Companies, and included the report of the auditors which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

2. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and the accounting policies set out in the statutory financial statements of the Company for the year ended 31 August 2024. Where presentational guidance set out in the Statement of Recommended Practice (the "SORP") for investment trusts issued by The Association of Investment Companies in July 2022, is consistent with the requirements of International Financial Reporting Standards, the financial statements have been prepared on a basis compliant with the recommendations of the SORP.

All of the Company's operations are of a continuing nature.

The accounting policies applied to these financial statements are consistent with those applied in the financial statements for the year ended 31 August 2024.

(b) 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 the current period'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 half year report.

In addition, prior period 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.

3. TAXATION

The tax charge comprises irrecoverable overseas withholding tax.

4. INCOME

Income from investments held at fair value through profit or loss:
Overseas dividends
UK dividends

Other income:
Deposit interest

5. EARNINGS/(LOSS) PER SHARE

Net revenue loss
Net capital profit

Total profit

Weighted average number of shares in issue*
Revenue loss per share (pence)
Capital profit per share (pence)

Total earnings per share (pence)

* Excluding those held in treasury (28 February 2025: 5,839,878; 29 February 2024: 3,126,410; 31 August 2024: 4,548,907).

6. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company's portfolio of investments, comprising investments in companies and any derivatives, 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 and drawings on the secured revolving credit facility. For these instruments, the Statement of Financial Position amount is a reasonable approximation of fair value. The recognition and measurement policies for financial instruments measured at fair value have not changed from those set out in the statutory financial statements of the Company for the year ended 31 August 2024.

The investments in the Company's portfolio 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 market 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 input that is significant to the fair value measurement of the relevant asset.

At 28 February 2025, the Company's investment portfolio was categorised as follows:

Level 1
Level 2
Level 3
Total

There have been no transfers between Levels 1, 2 or 3 during the period (period ended 29 February 2024 and year ended 31 August 2024: nil).

7. DIVIDENDS PAID

First interim dividend of 15.56p (2024: 13.90p)
Second interim dividend of 14.50p
Total dividends paid in the period/year

8. SHARE CAPITAL

Changes in the number of shares in issue during the period/year were as follows:

Ordinary shares of 25p each, allotted, called-up and fully paid:
Opening balance of shares in issue, excluding shares held in treasury
Repurchase of shares into treasury
Closing balance of shares in issue, excluding shares held in treasury
Shares held in treasury
Closing balance of shares in issue

9. NET ASSET VALUE PER SHARE

Net assets attributable to shareholders (£'000)
Ordinary shares in issue at end of period/year*
Net asset value per share (pence)

* Excludes those held in treasury (28 February 2025: 5,839,878; 29 February 2024: 3,126,410; 31 August 2024: 4,548,907.

10. RELATED PARTY TRANSACTIONS

There have been no related party transactions that have materially affected the financial position or the performance of the Company during the six month period to 28 February 2025.

a) Transactions with the AIFM/Investment Manager

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

Fees paid to the investment manager/adviser
Management fee paid by the Company directly to SUTL
Management fee paid through unquoted funds to SV Health
Adviser fee paid through unquoted funds to SV Health
Management fee paid by the Company directly to SV Health
Accounting and administration fee payable by the Company directly to SUTL

Total

* 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 £1,885,000 accrued for the six month period ended 28 February 2025 (29 February 2024: £1,859,000; 31 August 2024: £904,000). Of the £1,885,000 accrued, £71,000 was outstanding to SV Health and £1,814,000 was outstanding to SUTL.

Under the terms of the AIFM agreement, SUTL is entitled to receive an annual fee of £100,000 in respect of the accounting and administration services it provides to the Company. As at period end 28 February 2025, £17,000 (29 February 2024: £28,000; 31 August 2024: £17,000) was outstanding to SUTL.

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.

b) Directors' remuneration

The Directors of the Company are key management personnel. The total remuneration payable to Directors in respect of the six months ended 28 February 2025 was £92,000 (29 February 2024: £132,000*; 31 August 2024: £218,000), of which £31,000 (29 February 2024: £132,000*; 31 August 2024: £27,000), was outstanding at the period end.

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

11. EVENTS AFTER THE REPORTING PERIOD

The Directors have evaluated the period since the half year date and have not noted any significant events requiring disclosure after the end of the reporting period to the date of this Half Year Report.