International Biotechnology Trust plc

Investing in Biotechnology for a Healthier Future

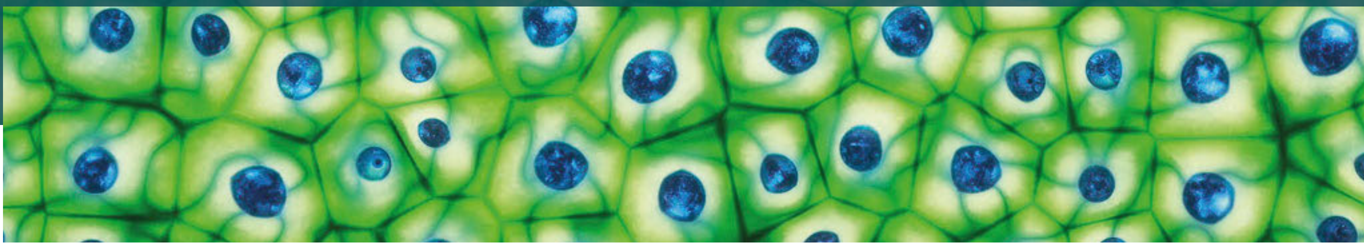
ANNUAL REPORT | 31 AUGUST 2021

International Biotechnology Trust

WELCOME TO

INTERNATIONAL BIOTECHNOLOGY TRUST PLC's

ANNUAL REPORT FOR THE YEAR ENDED 31 AUGUST 2021



WHO WE ARE

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

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

Strong fundamentals
Driven by the strong fundamentals of the Biotechnology sector

Diversified portfolio
Access to a broad spectrum of quoted and unquoted investments

Growth and yield
Provides investors exposure to both growth and an attractive yield

Active management
Bottom up stock selection with diversification overlay

Expert team
Medically, scientifically and financially experienced Investment Managers with access to specialists at SV Health Investors

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

FUND FACTS

FINANCIAL HIGHLIGHTS	31 August 2021	31 August 2020
Total equity/Net asset value (NAV) (£'000)	323,775	283,897
NAV per share	782.4p	738.6p
Share price†	729.5p	730.0p
Share price discount	(6.8)%	(1.2)%
Gearing	6.3%	6.3%
Ongoing charges*	1.2%**	1.3%**
Ongoing charges including performance fee	1.3%**	1.4%**

For detailed calculations on the discount/premium, gearing and ongoing charges, please refer to Alternative Performance Measures (APMs) on page 102.
*Calculated in accordance with the Association of Investment Companies (the AIC) guidance. Based on total expenses excluding finance costs and performance fee and expressed as a percentage of average daily net assets. The ratio including performance fee has also been provided, in line with the AIC recommendations. Research costs under MiFID II borne by the Company are included in the ongoing charges calculation.
**Includes Management fees paid to SV Health Managers LLP directly from investment in SV Fund VI of £377,000 (2020: £417,000).

FIVE YEAR PERFORMANCE (Cumulative Total Return)	12m (%)	3yr (%)	5yr (%)
Share price total return to 31 August	3.8	20.6	78.9
NAV per share total return to 31 August	9.8	24.6	63.5
NASDAQ Biotechnology Index (NBI) to 31 August	22.8	33.5	78.7
FTSE All-Share Index to 31 August	26.9	11.4	33.3

For detailed calculations on the Share price total return and the NAV per share total return, please refer to Alternative Performance Measures (APMs) on page 102.
Data for NBI and FTSE All-Share Index sourced from Bloomberg.
All sterling-adjusted and on a shareholder returns basis.

TOP TEN HOLDINGS			As at 31 August 2021		As at 31 August 2020	
Investment	Therapeutic split	Geographic location	£'000	% of NAV	£'000	% of NAV
Seagen (prev. Seattle Genetics)	Oncology	United States	21,875	6.8	6,554	2.3
SV Fund VI	Venture Fund	United States	21,803	6.3	21,626	7.6
Gilead Sciences	Infectious diseases	United States	21,295	6.6	15,115	5.3
Neurocrine Biosciences	Central nervous system	United States	20,022	6.2	9,198	3.2
Horizon Therapeutics	Rare diseases	United States	18,682	5.8	21,807	7.7
Biohaven Pharmaceuticals	Central nervous system	United States	16,819	5.2	3,948	1.4
PTC Therapeutics	Rare diseases	United States	14,218	4.4	11,036	3.9
Amgen Inc	Oncology	United States	13,765	4.3	8,317	2.9
Incyte Genomics	Oncology	United States	11,940	3.7	5,613	2.0
Alnylam Pharmaceuticals	Rare diseases	United States	10,958	3.4	3,596	1.3
			171,377	52.7	106,810	37.2

PORTFOLIO OVERVIEW	31 August 2021	31 August 2020
Number of total portfolio companies*	82	69
Number of quoted holdings	74	57
Number of unquoted holdings**	8	12
NAV (£'m)	323.8	283.9
Quoted investments (£'m)	314.4	266.9
Unquoted investments (£'m)	31.0	35.3
Net (debt)/cash (£'m)†	(20.3)	(17.8)

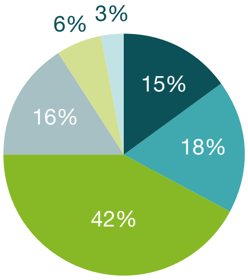
*Excluding unquoted companies fully written off (2021: 10; 2020: 9).
**Includes SV Fund VI as one unquoted holding. SV Fund VI has a further 21 companies in its portfolio.
† Debt as at 31 August is a result of the Investment Managers' investment strategy. Please refer to Glossary on pages 100 and 101 and APMs on page 102 for more information.

PORTFOLIO COMPOSITION

AS AT 31 AUGUST 2021

NAV% by Size*

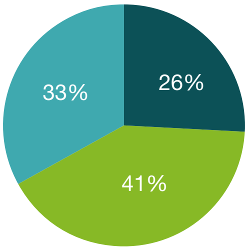
- Mega Cap > $30bn
- Large Cap =$10-30bn
- Mid cap = $2-10bn
- Small cap < $2bn
- SV Fund VI
- Directly-held unquoted



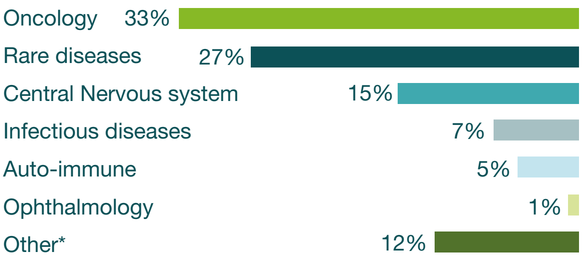
*Adjusted for cash/(debt) balance

NAV% by Development Stage

- Profitable
- Revenue Growth
- Early-stage



NAV% by Therapeutic Area



*Other includes SV Fund VI

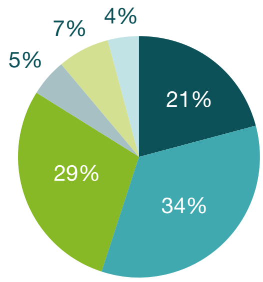
NAV% by Geography

92% US 5% Europe/UK 3% Rest of World

AS AT 31 AUGUST 2020

NAV% by Size*

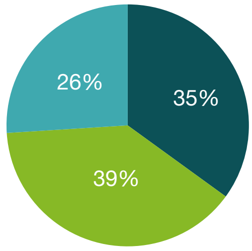
- Mega Cap > $30bn
- Large Cap =$10-30bn
- Mid cap = $2-10bn
- Small cap < $2bn
- SV Fund VI
- Directly-held unquoted



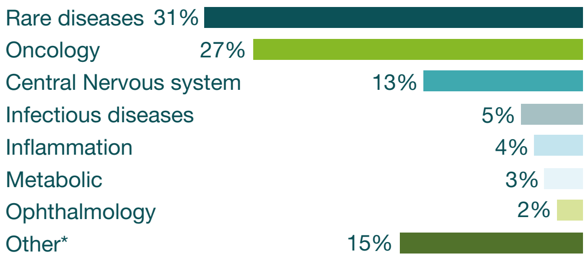
*Adjusted for cash/(debt) balance

NAV% by Development Stage

- Profitable
- Revenue Growth
- Early-stage

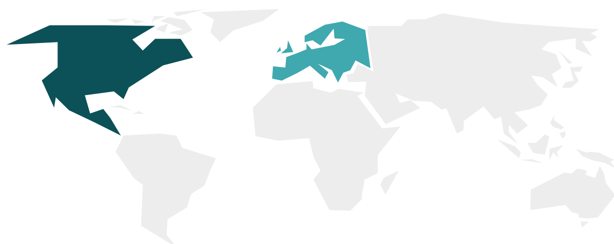


NAV% by Therapeutic Area



*Other includes SV Fund VI

NAV% by Geography



86% US 14% Europe/UK 0% Rest of World

LONG-TERM RECORD

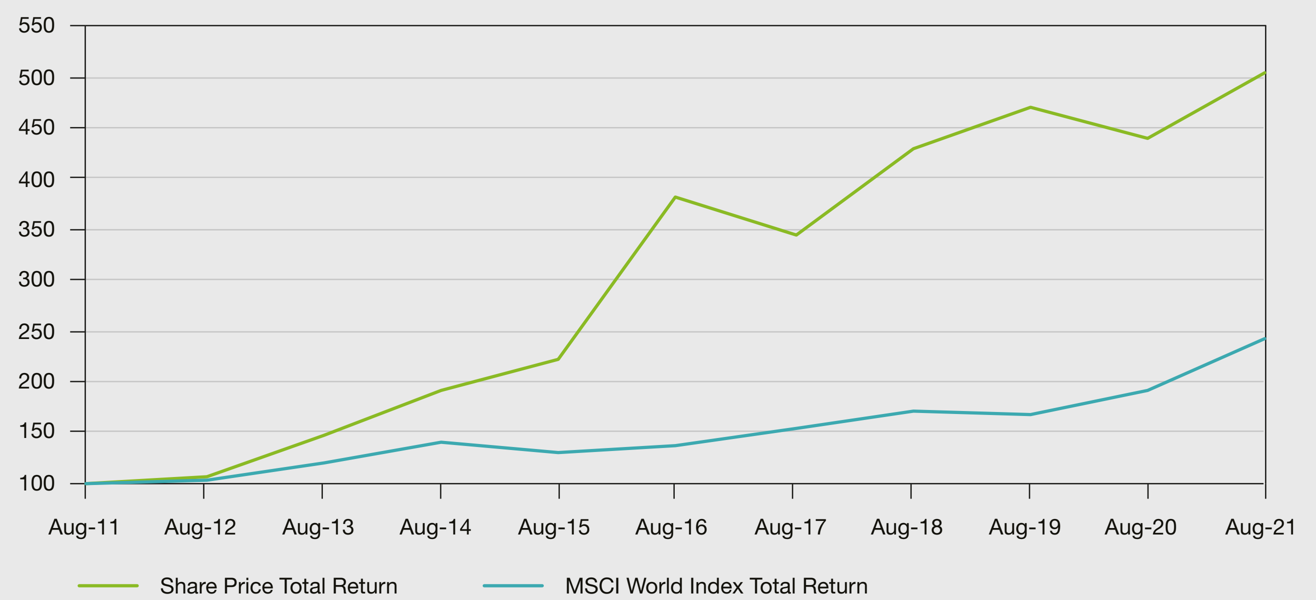
TEN YEAR PERFORMANCE as at 31 August

As at 31 August†	Total NAV £'000	Number of shares in issue*	NAV per share pence	NAV** total return %	Share price pence	Share price** total return %	(Discount)/ premium %	MSCI World Index Total Return %
2021	**323,775**	**41,383,817**	**782.4**	**9.8**	**729.5**	**3.8**	**(6.8)**	**30.4**
2020	283,897	38,436,817	738.6	22.4	730.0	18.7	(1.2)	17.5
2019	239,579	38,397,663	623.9	(6.8)	636.0	(2.1)	1.9	0.9
2018	262,473	37,547,663	699.0	8.6	680.0	13.7	(2.7)	13.7
2017	252,651	37,547,663	672.9	20.9	624.0	30.5	(7.3)	16.9
2016	216,651	37,672,663	575.1	(1.7)	497.5	(9.8)	(13.5)	7.4
2015	236,001	40,247,663	586.4	48.2	551.5	75.4	(6.0)	3.6
2014	214,970	54,332,663	395.7	26.4	314.5	16.9	(20.5)	21.8
2013	172,672	55,157,663	313.1	34.7	269.0	31.5	(14.1)	18.4
2012	128,922	55,457,663	232.5	41.9	204.5	43.0	(12.0)	8.8

* Excludes treasury shares.
** On a total return basis (with all dividends reinvested since 2017).
† Share price as at and total return to 28 August.

TEN YEAR PERFORMANCE

Share Price/MSCI World Index Total Return (%)



Source: Share Price Total Return from Morningstar. MSCI World Index Total Return from msci.com. (Data rebased to 100 at 31 August 2011.)

ANNUAL
REPORT

31 August 2021

International Biotechnology Trust

Further information on the Company may be found on the internet at:
www.ibtplc.com

CONTENTS

STRATEGIC REPORT

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

CHAIRMAN'S STATEMENT

SUMMARY

The twelve month period to the end of August 2021 has almost been as dramatic as the previous twelve months, with lockdowns giving way to double vaccinations as the prime means of controlling COVID-19. Over that period the Company's NAV per share and share price have returned 9.8% and 3.8% respectively whilst the Nasdaq Biotechnology Index (NBI) and the FTSE All-Share Index returned 22.8% and 26.9% respectively. All figures are on a total return basis*, including costs and assuming dividends reinvested, and are sterling-adjusted.

Whilst this is a disappointing outcome, as discussed below there has been a short-term factor impacting relative performance and the Board remains confident that the Investment Managers will outperform in the future. Longer term performance remains good in what has historically been a volatile sector with five year annualised returns of 10.3% and 12.3% on the NAV and share price respectively.

QUOTED PORTFOLIO – VACCINE STOCKS ON NBI (COVID-19)

The main reason for the 2020/21 underperformance was that the Company was prevented from investing in vaccine producing companies due to an agreement made between the Manager, SV Health Managers LLP and the UK Government when Kate Bingham was working as the Chair of the Vaccine Taskforce for the United Kingdom. This agreement was entered into to ensure that neither SV nor its clients were seen to benefit from Kate Bingham's privileged access to information contained in the government contracts with the named vaccine suppliers.

These COVID-19 vaccine stocks have performed extraordinarily well and have outperformed hugely the average of the other biotechnology stocks contained within the NBI. The overall performance of the Company's NAV on a like-for-like basis would have outperformed the NBI if we measured both returns excluding the COVID-19 vaccine producing companies. Further details on this can be found in the Fund Manager's Review.

The Board is very proud of the outstanding contribution of Kate Bingham in helping to secure a leading supply of vaccines for the UK.

*For more information on total returns, please refer to APMs on page 102.

CHAIRMAN'S STATEMENT | continued

QUOTED PORTFOLIO – RETURNS

For the year ended 31 August 2021, the quoted portfolio returned 11.2% (net of management and performance fees), underperforming both the NBI (the Company's benchmark index) and the FTSE All-Share which returned 22.8% and 26.9% respectively. All figures are on a sterling-adjusted total return basis*, with dividends reinvested.

The main drivers of the Company's and the biotechnology sector's performance are discussed in more detail in the Fund Manager's review.

UNQUOTED PORTFOLIO

In 2016, the Board took the decision that the Company would no longer make any new investment directly in unquoted investments, but instead would allow investors access to the unquoted market through a diversified venture capital fund, SV Fund VI. This decision to date has proved to be very beneficial. This is a unique differentiator for the Company, granting investors exposure to returns unavailable from quoted markets.

The Company's investment in SV Fund VI had a fair value gain of £10.8m (on a sterling-adjusted basis). The remainder of the unquoted portfolio, comprising those investments directly held, or whose carrying value comprises contingent milestones expected to be received, experienced a fair value loss of £3.3m.

SV Fund VI made six net distributions to the Company during the year ended 31 August 2021, totalling £8.1m. The Company also received distributions during the year from the directly held unquoted portfolio, amounting to £0.7m, as a result of milestones being achieved by Atopix, Archemix, Spinal Kinetics and Ikano Therapeutics. There was also a first liquidation distribution from Topivert Limited.

The Company sold KalVista Pharmaceuticals, a holding that is now quoted, but previously formed part of the unquoted portfolio for performance measurement purposes, realising a net gain of £3.7m.

As at 31 August 2021, the Company had invested £22.3m in SV Fund VI and had already received distributions totalling £20.1m. The investment in the Fund has a current remaining valuation of £21.8m, resulting in a gross multiple of 1.9x to date. The Company still has c.£4.8m of the original commitment remaining to be invested. The Board anticipates that the unquoted portfolio will remain within the guideline range of 5-15%.

ESG

The Board recognises the importance that our shareholders place on the Environmental, Social and Governance impact of the Company. Details of the ESG policy applied by the Company and the active engagement of the Fund Manager, SV Health Managers, are outlined on page 23.

PERFORMANCE FEE

As explained previously, due to the significant rise of the COVID-19 vaccine names contained within the NBI, the Company has not managed to outperform the quoted benchmark index, NBI, to 31 August 2021 and therefore there is no performance fee payable on this part of the portfolio.

Following a net gain of £1.1m from the unquoted portfolio due to realisations offsetting the fair value loss, a performance fee of £353,000 (2020: £nil) is payable.

DISCOUNT AND PREMIUM MANAGEMENT

As at 31 August 2021, the Company's shares were trading at a 6.8% discount to its NAV**. During the beginning of the financial year to August 2021 the Company issued 2,947,000 Ordinary shares which included all the shares which had been held in treasury and also allowed the Company to begin issuing new Ordinary shares for the first time in over eight years. The Board actively monitors the situation and is willing to step in and buy back shares if necessary. There were no shares bought back during the financial year, however the Company bought back 55,469 of its own Ordinary shares on 4 October 2021, which has assisted in narrowing the discount.

The Board views tap issuances as a key mechanism to grow the Company and intends to continue to issue shares at a premium to the NAV when there is demand.

DIVIDENDS

In September 2016, the Company announced its dividend policy to issue dividends equal to 4% of NAV as at the end of each preceding financial year, paid in two equal instalments in January and August each year. On 31 January 2021 and 28 August 2021, the Company paid dividends of 14.2 pence per share, an increase of 14.5% from the dividend paid in the previous year.

[1] For information on how the performance fee is calculated, please refer to the Directors' Report on page 30.
* For more information on total returns, please refer to APMs on page 102.
** For detailed calculation of the discount, please refer to APMs on page 102.

CHAIRMAN'S STATEMENT | continued

The Board views this policy as the second key differentiating factor for the Company, offering investors access to a competitive yield as well as a capital growth.

The Board will be seeking shareholder approval to continue these dividend payments, in accordance with the above-mentioned policy, at the Annual General Meeting (AGM) in December 2021.

OUTLOOK

Over the last eighteen months, the biotechnology industry has received very high media attention and this has led to a significant re-rating of some of the quoted shares in the sector, most notably the aforementioned vaccine companies. However, a large number of biotech shares remain attractively priced and the outlook for the industry has rarely looked brighter as the public, investors, regulators and governments have been starkly reminded of the importance new drug discovery and delivery. As a consequence, the Board remains convinced that your Company will continue to offer attractive investment returns in the long term.

BOARD OF DIRECTORS

During the year, we said farewell to the former Chairman, John Aston, who retired following the 2020 AGM. On behalf of the Board and shareholders, I thank John for his valuable contribution to the success of the Company over the nine years that he served as a Director.

As part of our ongoing succession plan, the Board has embarked on a recruitment process to identify a new Non-Executive Director with specialist scientific expertise, to replace Dr Véronique Bouchet, who will retire following the 2021 AGM. On behalf of my Board colleagues, I would like to formally thank Véronique for her contribution to the Company. The Board and Investment Managers are in the process of meeting with potential candidates and hope to announce details of the appointment shortly. I am delighted that Kate Cornish-Bowden has agreed to take on the role of Senior Independent Director following Dr Bouchet's retirement from the Board.

ANNUAL GENERAL MEETING (AGM)

The Company's AGM is scheduled to be held on Wednesday, 8 December 2021 at 2.30pm at Doubletree by Hilton, 92 Southampton Row, London, WC1B 4BH. It is anticipated that this year's meeting will be held as planned, however we will continue to closely monitor government guidance on social distancing and take any appropriate measures the Board feel are necessary to ensure the safety and security of shareholders.

Our regular biennial continuation vote required by the Company's Articles of Association will be put to shareholders at the AGM. The Company has received positive feedback from major shareholders throughout the year and my fellow Directors and I strongly recommend that shareholders vote in favour.

There are two special resolutions at the AGM to which I would like to draw shareholders' attention. Resolutions 13 and 14 combined will allow the Board to issue new shares without first offering them to current shareholders. This provides the Board with flexibility to issue further shares in connection with the Company's corporate strategy and premium management policy. The benefit of these resolutions for shareholders is to allow the Company to continue to grow. Any share issues will only ever be made whilst trading at a premium.

In addition to the formal process of voting on various resolutions, the AGM is an opportunity for shareholders to meet the Board and representatives of the Fund Manager, SV Health Managers LLP, who will also present to shareholders.

For more information on the special resolutions that will be presented to the shareholders for approval, please refer to the Directors' Report on page 30.

I look forward to welcoming as many of you as possible to the meeting in my first year as Chairman.

Jim Horsburgh | Chairman

29 October 2021

FUND MANAGER'S REVIEW

Ailsa Craig

Marek Poszepczynski

SUMMARY

The Company's NAV was £323.8m on 31 August 2021, equivalent to a 14% increase on the previous financial year, and a new record high for the financial year end of the Company. The Company's share price returned 3.8% and the reference benchmark, the Nasdaq Biotechnology Index (NBI), rose by 22.8% over the period under review. All figures are based on sterling-adjusted total return*, which includes costs and assumes dividends are reinvested.

We were pleased and supportive that Kate Bingham, Managing Partner of SV Health Managers LLP, was appointed to the prestigious and important role of Chairman of the UK COVID-19 Vaccine Taskforce. In order to avoid any perceived conflicts of interest, IBT was precluded from investing in COVID-19 vaccine developing companies. The performance of the Company's benchmark, the NBI, was heavily influenced by these companies, most notably Moderna, and has had an impact on the relative performance of the Company.

For financial reporting purposes, the quoted portfolio was £314.4m and the unquoted £31.0m, representing 91.0% and 9.0% of the NAV on 31 August 2021 – excluding cash and other net assets the Company had a gearing ratio# of 6.3%. For performance assessment purposes, companies which were originally invested in as part of the unquoted portfolio and have subsequently become publicly listed stocks continue to be included in the unquoted portfolio except one, KalVista, which as reported in the interim report was sold with 45% being transferred at fair market value to the quoted portfolio.

EXITING THE PANDEMIC

The speed and success of the COVID-19 vaccination programme has had a profound impact on how the developed world was able to mitigate the impact of the pandemic and restore economic confidence. Equity markets, particularly in the US, have continued to perform strongly as both fiscal and monetary policies have supported the re-opening of the economies. Joe Biden's victory in the US elections in November 2020 translated into investor confidence in a rapid economic recovery driven by immunisation and trillion-dollar spending plans. This has since been tempered by concerns over waning vaccine protection, new vaccine resistant variants and patchy vaccination take-up in the US and the developing world, as well as the threat of inflation arising from monetary easing. Despite these concerns, US equity markets, as measured by the S&P 500 index, have risen by 26.8% since 31 August 2020.

SV HEALTH INVESTORS

* For more information on total returns, please refer to APMs on page 102.
\# For more information on gearing, please refer to APMs on page 102.

FUND MANAGER'S REVIEW | continued

As the threat of COVID-19 starts to recede across the globe, life is gradually returning to a new normal. While this progress is unlikely to be linear, clinical trials undertaken by biotechnology companies have resumed after being impacted by lockdown and patient concerns over virus transmission have reduced. Companies have adapted to the ongoing challenges and drug manufacturing is also back on track. After such a successful deployment in the developed world, the focus is likely to be on how vaccines can now be rolled out across the rest of the world to cement the global economic recovery.

The tremendous success of the vaccines has boosted the profile of biotechnology companies, making this sector more accessible and understandable for investors. The public now has a clearer understanding of the pace of innovation in the sector and the pathway from drug discovery to approval. While being in the spotlight is helpful for the whole sector, IBT continues to focus on the long-term growth prospects of those disease areas where there remains considerable unmet need, such as the treatment of cancer and rare diseases.

COMPANY PERFORMANCE

Quoted portfolio

As at 31 August 2021, the quoted portfolio returned 11.2% gross of management and performance fees. This underperformed both the NBI and the FTSE All-Share Index, which returned 22.8% and 26.9% respectively. All figures are based on sterling-adjusted total return*, which includes costs and assumes dividends are reinvested. There was no performance fee this year.

Vaccine companies

Due to the aforementioned appointment of Kate Bingham as the Chair to the UK Vaccine Taskforce and the restrictions to invest in COVID-19 vaccine producing companies placed on the wider funds under management by SV in 2020, the Company has been restricted from investing in vaccine companies since May 2020. This restriction will be lifted at the end of December 2021.

The exceptional efficacy of vaccines in reducing COVID-19 infection rates, hospitalisations and deaths turbo-boosted valuations of biotechnology companies successfully developing these vaccines. The mRNA platform technology has been shown to be successfully applicable to vaccines, alongside a myriad of other applications, some of which have already been developed and approved in recent years. As a result, Moderna, one of several companies focusing on mRNA (and, alongside Pfizer/BioNTech, one of two companies with an approved COVID-19 mRNA vaccine)has become the largest biotechnology company in the world. During the IBT fiscal year, the market capitalisation of Moderna rose by 493.8% from US$25.6bn to US$152.0bn, Moderna's stellar performance alone contributed to 12.3% of the 22.8% move in the index over this period and the remaining vaccine companies contributed 2.3% of the return. For comparison purposes, if the vaccine contributions to the index were excluded, the benchmark index would have returned 8.2%, which can be compared to the Company's performance of 9.9%.

Risk mitigation

We seek to reduce the Company's exposure to risks inherent in the biotech sector in a variety of ways. The core strategy in this respect is diversification. We remain committed to making investment decisions based on analysis of each potential portfolio company's fundamentals and allocating capital to those stocks capable of generating long-term capital growth. This approach is tempered with a top-down overlay to ensure diversification. A broad selection of stocks spreads the risk, and we aim to ensure that the holdings are well balanced across different market capitalisation size, therapeutic areas, stage of development and, where possible, geographical location. Furthermore, the Company's weighting in companies facing a binary event such as a clinical trial readout where the outcome would significantly impact the share price, is usually reduced.

We continue to focus particularly on companies which specialise in treating high unmet needs, like cancer and rare diseases. Our stock selection process favours these companies as drugs and treatment modalities which address these unmet needs really make a difference to patient outcomes – improving life spans and quality of life. This in turn has two benefits; firstly, the societal impact is greater, and secondly, the importance of developing therapeutics in these areas means that the regulatory regime tends to be more favourable and the pricing power greater. In time, these companies are likely to be able to deliver higher profit margins and cash-flows and higher market values for shareholders. We increased early-stage investment from 26% to 33% of the NAV and decreased profitable development stage investments from 35% to 26% during the year as valuations of the early-stage companies appeared undervalued.

Unquoted portfolio

The total unquoted performance including SV Fund VI returned 23.9%, of which SV Fund VI returned 42.3% with the remaining unquoted returning -4.3% gross of management and performance fees to 31 August 2021.

SV Fund VI has had another remarkable year building on the past year performance and delivering net distributions of £8.1m to the Company by exiting investments within the Fund. SV Fund VI investment period ceased and now the Fund is currently realising its investments.

* For more information on total returns, please refer to APMs on page 102.

FUND MANAGER'S REVIEW | continued

SUMMARY OF UNQUOTED INVESTMENTS

As at 31 August 2021	Fair value (£'m)	% of NAV	Number of investments
SV Fund VI	21.8	6.7	21*
Exited with contingent milestones	6.2	1.9	4
Directly-held unquoted	3.0	0.9	3
Total unquoted**	**31.0**	**9.5**	**28**
Previously unquoted, now quoted	2.2	0.7	2
Total unquoted for performance measurement	**33.2**	**10.2**	**30**

* The number of investments within SV Fund VI represents the number of investments into underlying individual portfolio companies. Four of these companies were quoted as at 31 August 2021.
** The Board expects the unquoted portfolio to remain within the guideline range of 5-15%.

During the year SV Fund VI exited a handful of investments, some partially and some in their entirety. Notable transactions include Bardy Diagnostics, Inc being acquired by Hill-Rom Holdings, Inc, WellSky acquiring Healthify, and AeroCare Holdings, Inc being acquired by AdaptHealth Corp.

Overall, the SV Fund VI has nearly drawn down on its full commitment of US$30.0m from the Company and has successfully distributed a similar amount back to the Company, with a further £21.8m in NAV at 31 August 2021 remaining. The current net IRR since inception in 2016 is 23.7%.

The Company held KalVista Pharmaceuticals, a holding that is now quoted, but previously formed part of the unquoted portfolio for performance measurement purposes. In February 2021, the Company sold its holding in KalVista realising a gain of £3.7m for the unquoted portfolio, with 55% being sold in the market and the remaining 45% being transferred to the Company's quoted portfolio at fair value.

The remaining unquoted investments had distributed £0.7m back to the Company and the Company has had to revalue downwards four investments to zero resulting in seven remaining unquoted investments in the portfolio as at 31 August 2021 (2020: 11).

The unquoted portfolio gave rise to a performance fee of £353,000 (2020: £nil). We are pleased to have had the unquoted portfolio perform well and realise significant cash distributions back to the Company.

Sector performance

The NBI yielded returns of 22.8% for the year ended 31 August 2021 while the FTSE All-Share rose by 26.9% for the same period. All figures are based on sterling-adjusted total return, which includes costs and assumes dividends are reinvested. After Joe Biden's election win, and the announcements surrounding vaccine efficacy, the share prices of small biotechnology companies rose rapidly as investors predicted a swift exit to the pandemic and economic recovery. The valuations of the XBI Index (in which the smaller capitalisation biotechnology companies have a greater weighting than they do in the NBI) rose c.100% from the nadir in March 2020 to the peak in February 2021 causing us to shift our portfolio into larger capitalisation stocks where the valuations were more easily justifiable. Many of these smaller company valuations have since corrected to a level more in line with their fundamentals and we saw this as an opportunity to increase exposure to some of these exciting earlier stage companies.

The Initial Public Offering (IPO) market for biotechnology companies remained robust with a flurry of new companies being listed. The success of the vaccines helped to bolster interest in biotech companies making flotations attractive both to companies and potential investors. While IPO volumes and investments remain healthy, deal flow and valuations have moderated, after an exceptionally active year.

The Chinese biotechnology market continues to be of interest, although we are reluctant to invest in companies that are not listed on NASDAQ, preferring to buy their shares in the more tightly regulated US market. In recent months, those US listed Chinese biotechnology stocks have been affected by broader Chinese equity regulation concerns, making their valuations look more attractive.

Mergers and acquisitions (M&A)

M&A activity remains a key driver of performance for the biotechnology sector as large pharmaceutical and biotechnology companies need to replenish their pipelines as more mature drugs go off patent. The pandemic had an impact on deal

FUND MANAGER'S REVIEW | continued

making last year, as early stage and complex mergers tend to favour face-to-face interaction and thorough due diligence of the underlying science, both of which were rendered difficult by COVID-19 lockdowns. This slowdown in deal-making is likely to result in a pent-up demand for deals since patents continue to expire despite the pandemic. Most of the innovation is undertaken outside large companies at universities, start-ups and smaller companies which forces larger companies to acquire or license in new technologies from these entities. Nonetheless, some deals, particularly those where the financial rationale was clear or the technology sufficiently advanced to reduce the need for detailed diligence, did go ahead and the Company was well-placed to take advantage of this activity to generate returns for its investors.

In October 2020, Gilead Sciences completed its acquisition of cancer therapies developer Immunomedics for approximately US$21bn after agreeing in September to acquire all the outstanding shares of Immunomedics at a price of US$88 per share. The completion of the acquisition means Immunomedics' drug, Trodelvy, will become part of Gilead's oncology portfolio. This drug is a TROP-2 directed antibody-drug conjugate and has the potential to treat many other forms of cancer as well as its currently approved application for triple negative breast cancer. At the time of the announcement, the Company had 1.1% of its NAV invested in Immunomedics.

In February 2021, Jazz Pharmaceuticals Plc agreed to buy GW Pharmaceuticals plc in a US$7.2bn cash-and-stock deal which will bolster its neuroscience business with the addition of a cannabis-based epilepsy treatment. GW Pharmaceuticals's Epidiolex, the first marijuana-derived drug to be approved in the United States, generated sales of over US$500 million for the UK based company last year. Analysts expect sales to breach US$1bn soon. At the time of the announcement, the Company had 0.35% of its NAV invested in GW Pharmaceuticals.

In July 2021, AstraZeneca completed its US$39bn takeover of Alexion Pharmaceuticals, delivering AstraZeneca a portfolio of immunology and rare disease medicines. The deal led to a potential US$6bn boost to AstraZeneca's revenues with the acquisition of two of Alexion's blockbuster C5 inhibitor franchises, Soliris and Ultomiris. At the time of the announcement, the Company had 3.5% of its NAV invested in Alexion Pharmaceuticals.

Since the year end, Merck Co has announced its intentions to acquire Acceleron Pharma Inc for US$180 per share, which is the equivalent of US$11.5bn in value. At the period end the Company had 3.7% of its NAV invested in Acceleron Pharma Inc.

CONTRIBUTORS TO THE NAV

BEST PERFORMING INVESTMENTS	Contributors to NAV (£'m)
Immunomedics	10.1
Biohaven Pharmaceutical	7.6
Horizon Therapeutics	7.3

Immunomedics was the largest contributor following its acquisition by Gilead after positive data and approval of its lead asset Trodelvy at a premium of 108%. During the previous financial year, the company halted its phase 3 confirmatory ASCENT trial early, based on strong efficacy in metastatic triple-negative breast cancer. Trodelvy was then approved by the FDA for the indication in April of 2020 and Gilead acquired them in September of 2020.

Biohaven was the second major contributor in the period under review due to the successful launch of its migraine drug Nurtec. Nurtec was initially approved for the treatment of acute migraine in February 2020 and is an oral anti-CGRP inhibitor. The drug competes against major pharmaceutical and biotech companies such as AbbVie, Amgen and Lilly with their anti-CGRP alternatives available on the market. However, AbbVie is the only competitor with oral options for both preventative and acute migraine whereas Amgen and Lilly only offer less convenient injectable treatments. During the period under review Nurtec received a second approval in migraine prevention with an advantage over AbbVie's two drug offering.

Horizon, a rare disease company, successfully launched its treatment Tepezza for thyroid eye disease (TED) during the peak of the COVID-19 pandemic. The launch has exceeded expectations with company guidance now above US$3bn for 2021 sales. During the period under review Horizon's manufacturing facility was used to generate COVID-19 vaccines to treat the US population and this caused a disruption in supply of Tepezza. However, the company has stated that manufacturing supply is now back to normal.

DETRACTORS FROM THE NAV

WORST PERFORMING INVESTMENTS	Detractors from NAV (£'m)
Chemocentryx	(7.2)
Vertex Pharmaceuticals	(4.8)
Ionis Pharmaceuticals	(4.3)

FUND MANAGER'S REVIEW | continued

Chemocentryx was the largest detractor from the NAV during the period under review. In May 2021, the FDA released a negative briefing document ahead of a meeting with the FDA's Arthritis Advisory Committee to discuss the company's avacopan for the treatment of Antineutrophil Cytoplasmic Autoantibody (ANCA)-associated vasculitis (AAV).

Vertex's shares were negatively affected by the news that their second attempt at treating the rare disease, Alpha-1 Antitrypsin Deficiency (AATD), had failed. Both projects were small molecules with the same mechanism of action, correcting the misfolding of the Alpha-1 Antitrypsin protein. The first attempt using VX-814 showed liver toxicity and the programme was therefore terminated. Vertex's second molecule, VX-864 was well tolerated but did not translate into a substantial clinical benefit.

Ionis' partner, Roche, announced the halting of their phase 3 Huntington's disease clinical trial after an interim review of the data. The pre-planned review found that the antisense drug tominersen did not show a clinical benefit to patients.

GEARING

The Company has authority to use gearing to a maximum of 30% of NAV and its current bank facility for around 15% of NAV reflects its conservative approach to gearing*. Over the fiscal year to 31 August 2021, the Company's gearing has fluctuated between 0% and 7%. This reflects the Investment Managers' tactical approach to gearing in which they add gearing after the market has retracted and reduce gearing when the market has been performing strongly. The Company is not expecting a change to its current strategy around gearing.

OUTLOOK

Few sectors offer such long-term visibility on their core drivers. In biotech, the key drivers are the pace of innovation, and the growth of the patient universe. It is unquestionable that both the pace of innovation and demographic growth are accelerating, and so the fundamental outlook for the biotech sector is positive. Other drivers are the regulatory environment which is currently reasonably stable and supportive; the political backdrop, especially in the US where the bulk of biotech innovation is undertaken, which is currently relatively benign, albeit with an underlying risk of healthcare reform affecting pricing. The economic outlook is positive as recovery from the pandemic gains' momentum. This gives us cause to be optimistic about the long-term future of the sector, and consequently, the Company.

Investing in biotech companies is investing in the development of medicines that will improve health outcomes for humankind. This is a major driver for the Company in its approach to stock selection and will continue to be so. The world is focusing more on responsible investing and the economic, social and governance (ESG) impact of companies around the world. The Company has recently approved an ESG policy which will form a core part of the investment process and will, in turn, play a role in encouraging significant portfolio companies to focus on their own ESG impact.

As valuations of smaller companies have retracted to more justifiable levels, and lockdowns have eased thereby facilitating due diligence and face-to-face meetings, we expect to see a return to a steady flow of acquisitions in the sector. Larger companies have healthy balance sheets, expiring patents and a need to replenish their pipelines of therapeutics, and they are also ever more conscious of the societal impact of their investments. We hope that our portfolio of companies addressing unmet medical need with strong management, good science and fair valuations will prove to be attractive to acquirors.

CONCLUSION

We took over the role of Joint Lead Investment Managers from Carl Harald Janson in March 2021. Since then, we have continued his legacy with our detailed approach to stock selection and risk management, as well as taking our own approach in certain respects such as revisiting our trading and deepening our collaboration with our colleagues at SV Health Investors. With the restriction on investing in vaccine related stocks in the benchmark index colouring the overall picture of performance, it is important to note that the underlying performance of our portfolio against the index excluding vaccines has been strong. We are optimistic that our strategy will continue to deliver value to shareholders against the backdrop of accelerating innovation, a supportive regulatory environment, stabilising economies, and favourable demographics.

SV HEALTH MANAGERS LLP

29 October 2021

[#] For more information on gearing, please refer to APMs on page 102.

INVESTMENT MANAGERS

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

AILSA CRAIG

Investment Manager

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

MAREK POSZEPCZYNSKI

Investment Manager

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

KATE BINGHAM

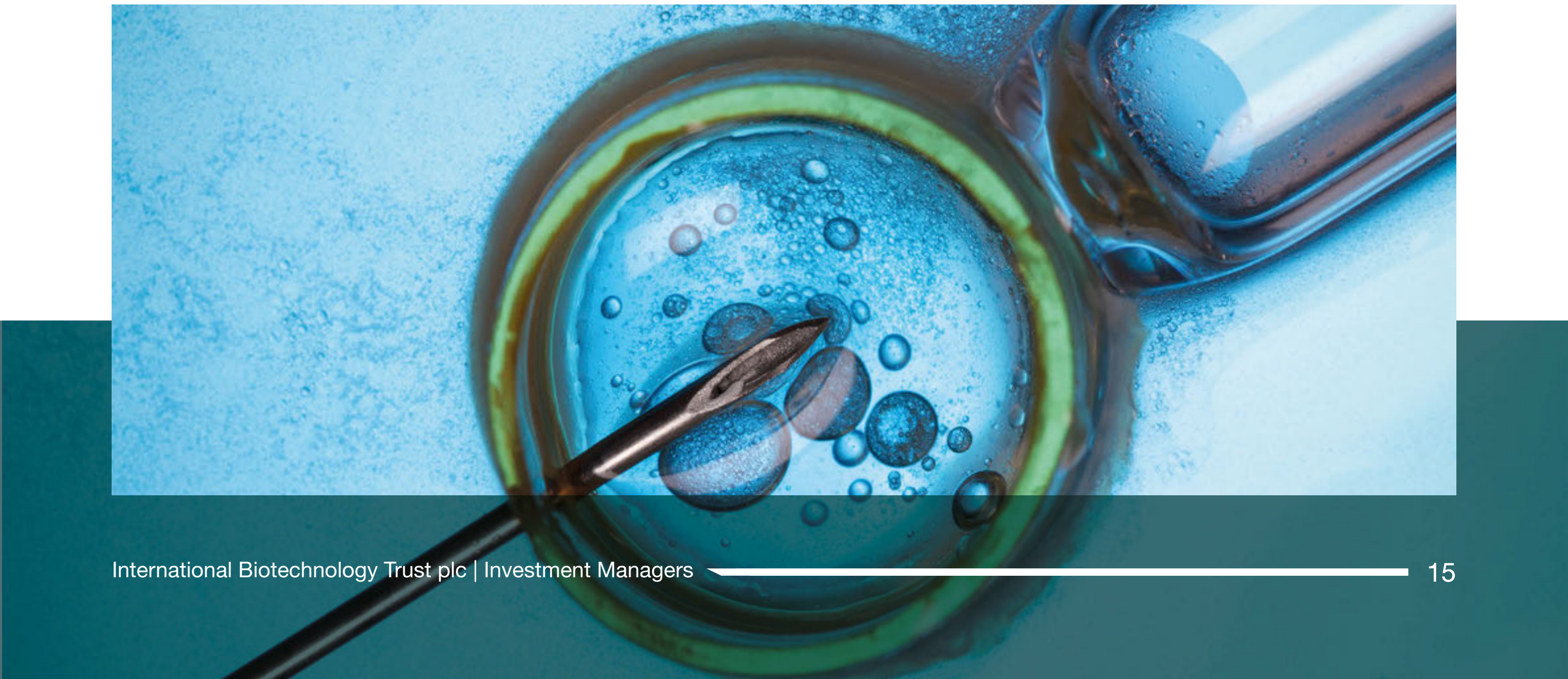
Managing Partner SV

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

HOUMAN ASHRAFIAN

Managing Partner SV

Houman joined SV in 2016 and represents the team of investment professionals managing the unquoted portfolio. Houman is currently Head of Experimental Therapeutics at the University of Oxford and an Honorary Consultant Cardiologist, John Radcliffe Hospital, Oxford.



QUOTED INVESTMENTS

QUOTED INVESTMENTS BY % OF NAV

			As at 31 August 2021	
Investment	**Therapeutic split**	**Geographic location**	**£'000**	**% of NAV**
Top Ten Investments				
Seagen (prev. Seattle Genetics)	Oncology	United States	**21,875**	**6.8**
Gilead Sciences	Infectious diseases	United States	**21,295**	**6.6**
Neurocrine Biosciences	Central nervous system	United States	**20,022**	**6.2**
Horizon Therapeutics	Rare diseases	United States	**18,682**	**5.8**
Biohaven Pharmaceuticals	Central nervous system	United States	**16,819**	**5.2**
PTC Therapeutics	Rare diseases	United States	**14,218**	**4.4**
Amgen Inc	Oncology	United States	**13,765**	**4.2**
Incyte Genomics	Oncology	United States	**11,940**	**3.7**
Alnylam Pharmaceuticals	Rare diseases	United States	**10,958**	**3.4**
Mirati Therapeutics	Oncology	United States	**9,212**	**2.8**
			158,786	**49.1**
Top Twenty Investments				
Turning Point Therapeutics	Oncology	United States	**7,755**	**2.4**
Acceleron Pharma	Oncology	United States	**7,403**	**2.3**
Ultragenyx Pharmaceutical	Rare diseases	United States	**7,213**	**2.2**
Vertex Pharmaceuticals	Rare diseases	United States	**6,669**	**2.1**
UniQure	Other	Europe	**6,634**	**2.0**
Biogen Inc	Central nervous system	United States	**6,280**	**1.9**
Supernus Pharmaceuticals	Central nervous system	United States	**5,951**	**1.8**
Travere Therapeutics	Rare diseases	United States	**5,830**	**1.8**
Protagonist Therapeutics	Oncology	United States	**5,346**	**1.7**
CRISPR Therapeutics	Other	United States	**5,283**	**1.6**
			64,364	**19.8**
Top Thirty Investments				
Guardant Health	Oncology	United States	**5,086**	**1.6**
Insmed Inc	Rare diseases	United States	**4,905**	**1.5**
KalVista Pharmaceuticals	Rare diseases	United States	**4,754**	**1.5**
Jazz Pharmaceuticals	Other	Europe	**4,230**	**1.3**
Zai Lab	Oncology	United States	**4,090**	**1.3**
Harmony Biosciences	Rare diseases	United States	**4,080**	**1.3**
Regeneron Pharmaceuticals	Ophthalmology	United States	**3,765**	**1.2**
Aurinia Pharmaceuticals	Inflammation	United States	**3,529**	**1.1**
BioMarin Pharmaceutical	Rare diseases	United States	**3,373**	**1.1**
BeiGene	Oncology	United States	**3,352**	**1.0**
			41,164	**12.9**
Other Remaining Investments				
Ascendis Pharma	Rare diseases	United States	**3,343**	**1.0**
Dyne Therapeutics	Rare diseases	United States	**2,533**	**0.8**
Nkarta	Other	United States	**2,472**	**0.8**
Chinook Therapeutics	Nephrology	United States	**2,315**	**0.7**
Deciphera Pharmaceuticals	Oncology	United States	**2,285**	**0.7**

QUOTED INVESTMENTS | continued

QUOTED INVESTMENTS BY % OF NAV | continued

			As at 31 August 2021	
Investment	**Therapeutic split**	**Geographic location**	**£'000**	**% of NAV**
Sutro Biopharma	Oncology	United States	**2,192**	**0.7**
Argenx	Rare diseases	Europe	**2,034**	**0.6**
Hutchmed China (ADR)	Other	United States	**1,993**	**0.6**
Intra Cellular Therapies	Central nervous system	United States	**1,917**	**0.6**
Ideaya Biosciences	Oncology	United States	**1,848**	**0.6**
Enanta Pharmaceuticals	Infectious diseases	United States	**1,660**	**0.5**
Beyondspring	Oncology	United States	**1,610**	**0.5**
Rocket Pharmaceuticals	Other	United States	**1,564**	**0.5**
Zogenix	Rare diseases	United States	**1,434**	**0.5**
Exelixis	Oncology	United States	**1,414**	**0.4**
Legend Biotech	Other	United States	**1,373**	**0.4**
SpringWorks Therapeutics	Rare diseases	United States	**1,364**	**0.4**
Blueprint Medicines	Oncology	United States	**1,320**	**0.4**
Ionis Pharmaceuticals	Rare diseases	United States	**1,294**	**0.4**
Apellis Pharmaceuticals	Other	United States	**1,119**	**0.3**
Kodiak Sciences	Ophthalmology	United States	**1,107**	**0.3**
Allakos	Inflammation	United States	**1,017**	**0.3**
Iovance Biotherapeutics	Oncology	United States	**1,014**	**0.3**
I Mab (ADR)	Oncology	United States	**919**	**0.3**
ORIC Pharmaceuticals	Oncology	United States	**848**	**0.3**
Exact Sciences	Oncology	United States	**812**	**0.3**
Arena Pharmaceuticals	Inflammation	United States	**807**	**0.2**
Amicus Therapeutics	Rare diseases	United States	**784**	**0.2**
Nektar Therapeutics	Oncology	United States	**754**	**0.2**
Agios Pharmaceuticals	Oncology	United States	**698**	**0.2**
Harpoon Therapeutics	Oncology	United States	**653**	**0.2**
Global Blood Therapeutics	Other	United States	**454**	**0.1**
Chemocentryx	Rare diseases	United States	**415**	**0.1**
Immunovant	Rare diseases	United States	**376**	**0.1**
Gamida Cell	Oncology	Israel	**351**	**0.1**
Xenon Pharmaceuticals	Central nervous system	United States	**326**	**0.1**
Black Diamond Therapeutics	Oncology	United States	**323**	**0.1**
Zealand Pharma	Other	Europe	**288**	**0.1**
Axsome Therapeutics	Central nervous system	United States	**261**	**0.1**
AnaptysBio	Inflammation	United States	**185**	**0.1**
Relmada Therapeutics	Central nervous system	United States	**173**	**0.1**
Fibrogen Inc	Other	United States	**166**	**0.1**
Bluebird Bio	Rare diseases	United States	**146**	**0.1**
Esperion Therapeutics	Other	United States	**90**	**0.0**
Reshape Lifesciences	Other	United States	**0**	**0.0**
			50,051	**15.4**
Total			**314,365**	**97.3**

UNQUOTED INVESTMENTS

INVESTMENTS HELD THROUGH A VENTURE FUND

			As at 31 August 2021		As at 31 August 2020	
Investment	Sector classification	Geographic location	Fair value £'000	% of NAV	Fair value £'000	% of NAV
SV Fund VI	**Venture Fund**	**United States**	**21,803**	**6.7**	21,626	7.6

An investment in a venture capital fund, SV Fund VI, which invests in portfolio companies across three sectors; biotechnology (42%), healthcare services (43%) and medical devices (15%). SV Fund VI's portfolio consists of 21 underlying investments, 4 of which are listed as at 31 August 2021. The Company made a commitment of $30m to the fund on 19 October 2016, equivalent to 7.5% of the total commitments, which will be drawn down over the term of the fund. As at 31 August the Company has invested £22.3m ($28.8m, excluding recallable distributions) with total distributions received of £20.1m ($26.8m) resulting in a net IRR of 23.7% and a TVPI of 1.9x.

EXITED INVESTMENTS WITH CONTINGENT MILESTONES

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

				As at 31 August 2021		As at 31 August 2020	
	Investment	Sector classification	Geographic location	Fair value £'000	% of NAV	Fair value £'000	% of NAV
1	**Ikano Therapeutics**	**Biotechnology**	**United States**	**4,964**	**1.5**	7,097	2.5
	A company focused on nasally delivered pharmaceutical products that sold its assets to Upsher Smith Laboratories in 2010. The terms of the deal provide for an upfront payment and a series of milestones and royalties. Through a series of transactions, the Ikano contingent payouts have now been assumed by UCB.						
2	**Convergence**	**Biotechnology**	**United States**	**730**	**0.2**	1,815	0.6
	A company, spun out from GSK, focused on developing novel analgesic/pain relieving drugs that was sold to Biogen in 2015. The terms of the deal provide for an upfront payment and a series of milestones.						
3	**Spinal Kinetics**	**Medical Devices**	**United States**	**244**	**0.1**	335	0.1
	A company pioneering a new generation of artificial discs for treating degenerative disc disease in the cervical and lumbar spine that was acquired by Orthofix International N.V. (NASDAQ: OFIX). The terms of the deal provide upfront proceeds additional amounts based on certain contingent milestones and amounts held in escrow.						
4	**Archemix**	**Biotechnology**	**United States**	**239**	**0.1**	351	0.1
	Formerly a small biotechnology company discovering, developing, and commercialising aptamer therapeutics, which was liquidated in 2011. The former shareholders of Archemix may be entitled to future proceeds upon achievement of contingent milestones under a licensing agreement entered into between Archemix and IVERIC bio, Inc. (NASDAQ: ISEE).						
5	**Atopix**	**Biotechnology**	**Europe**	**0**	**0.0**	275	0.1
	An early-stage biotechnology company previously developing a pipeline of novel drugs to treat inflammatory diseases. The parent company who had previously acquired Atopix have terminated the program and as a result we have written down the value from August 2020.						
	Total exited investments with contingent milestones			**6,177**	**1.9**	9,873	3.4

UNQUOTED INVESTMENTS | continued

DIRECTLY-HELD UNQUOTED INVESTMENTS

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

				As at 31 August 2021		As at 31 August 2020	
	Investment	Sector classification	Geographic location	Fair value £'000	% of NAV	Fair value £'000	% of NAV
1	**NCP Holdings**	**Healthcare Services**	**United States**	**2,519**	**0.8**	1,358	0.5
	Trading as Nordic Consultancy Partners. A company focused on providing Epic-only consulting within the US - implementation support and optimisation. Epic makes software for mid-size and large medical groups, hospitals and integrated healthcare organisations - working with customers that include community hospitals, academic facilities, children's organisations, safety net providers and multi-hospital systems.						
2	**Autifony Therapeutics**	**Biotechnology**	**United Kingdom**	**341**	**0.1**	773	0.2
	An early-stage company focused on delivering drugs for hearing disorders by targeting specific ion channel modulators in the field of hearing and sensory disorders, including schizophrenia.						
3	**TopiVert**	**Biotechnology**	**United Kingdom**	**131**	**0.0**	143	0.1
	A Company developing small, novel molecules as topical treatments for inflammatory diseases of the gut and eye. Founded in 2011 as spin out of RespiVert, following its acquisition of Centocor Ortho Biotech (now Janssen Bioech).						
4	**Karus Therapeutics**	**Biotechnology**	**United Kingdom**	**0**	**0.0**	1,401	0.5
	A drug discovery and development company focused on the delivery of novel compounds for the treatment of cancer.						
5	**EBR Systems**	**Medical Devices**	**United States**	**0**	**0.0**	69	0.0
	An early-stage company developing the first wireless cardiac stimulation device. The Company has undergone various stages of refinancing with IBT electing not to participate and therefore the valuation has been reduced accordingly.						
6	**Kuur Therapeutics**	**Biotechnology**	**United Kingdom**	**0**	**0.0**	33	0.0
	A company which applies innovative technologies with the aim of improving the treatment of cancer and immune reconstitution following hematopoietic stem cell transplant. The company is developing a pipeline of naturally occurring and gene-modified immune cell products. Cell Medica acquired Delenex AG, an International Biotechnology Trust investment, in July 2016 in a share-for-share exchange. In March 2020 Cell Medica rebranded as Kuur Therapeutics.						
	Total directly-held unquoted investments			**2,991**	**0.9**	3,777	1.3
	Total exited investments with contingent milestones			**6,177**	**1.9**	9,873	3.4
	Investments held through a venture fund			**21,803**	**6.7**	21,626	7.6
	Total unquoted investments			**30,971**	**9.5**	35,276	12.3

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, 2021: 10 companies (2020: 9 companies).

STRATEGIC REVIEW

The Board presents its Strategic Review for the Company for the year ended 31 August 2021.

BUSINESS MODEL

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

LIFE OF THE COMPANY

The Company's Articles of Association provide for the Directors to put forward a proposal for the continuation of the Company at the AGM at two-yearly intervals. The last continuation vote was held at the AGM on 11 December 2019 and was passed on a show of hands. Proxy votes cast in respect of the vote were 11,971,837 (100%) in favour, none against and 681 withheld. The next continuation vote will be put to shareholders at the AGM to be held in December 2021.

INVESTMENT OBJECTIVE AND POLICY

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

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

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

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

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

INVESTMENT RESTRICTIONS

The Company observes the following investment restrictions:

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

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

INVESTMENT STRATEGY

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

STRATEGIC REVIEW | continued

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

The Company has a £55.0m overdraft facility in place with HSBC Bank plc which provides the Company with funds to take advantage of investment opportunities that occur from time to time on occasions when the portfolio is otherwise fully invested. As at 31 August 2021, £20.3m was drawn down against this facility.

PERFORMANCE

An outline of performance, market background, investment activity and portfolio strategy during the year under review, as well as the outlook, is provided in the Chairman's Statement on pages 7 to 9 and the Fund Manager's Review on pages 10 to 14.

KEY PERFORMANCE INDICATORS (KPIs)

The Board meets regularly to review the performance of the Company and its shares. The Board uses the following KPIs to help assess the Company's progress and its success at meeting its investment objective. For detailed calculations, please refer to the APMs on pages 102 and 103.

KPIs	Year ended 31 August 2021	Year ended 31 August 2020
NAV (£'000)	**323,775**	283,897
Share price	**729.5**	730.0
NAV per share	**782.4**	738.6
Share price total return*	**3.8%**	18.7%
NAV total return*	**9.8%**	22.4%
(Discount)/Premium	**(6.8%)**	(1.2%)
Gearing	**6.3%**	6.3%
Ongoing charges	**1.2%**	1.3%

For detailed calculations on the Share price total return, NAV per share total return, discount/premium, gearing and ongoing charges, please refer to Alternative Performance Measures (APMs) on page 102.
* Total return assumes all dividend is reinvested

PRINCIPAL AND EMERGING RISKS

The Board uses a framework of key risks which affect its business and related internal controls designed to enable the Directors to take steps to mitigate these risks as appropriate. The Directors have carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model and its future performance. The Board conducts this robust assessment by reviewing a detailed Risk Map on a six-monthly basis. A summary of the Directors' review of internal controls, including the review of the Risk Map, is set out in the Corporate Governance Statement on page 38.

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

Strategic/Performance risk, including political risks

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 Fund Manager provides the Board with the latest market information at each Board Meeting and the Board discusses appropriate strategies to manage the impact of any significant change in circumstances. The biotechnology sector has its own specific risks leading to higher volatility than the broader equity market indices. While the Company seeks to maintain a diversified portfolio within the confines of the current investment policy, biotechnology sector-specific or equity market risks cannot be eliminated by a diversified exposure to global biotechnology.

The Financial Statements and performance of the Company are denominated in Great British Pounds 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. It is not the Board's policy to hedge against foreign currency movements.

Failure to meet the Company's investment objectives and/or poor sentiment towards the general or biotechnology sector-specific equity market can affect the Company's share price, which could result in the Company's shares trading at a relatively large discount to its underlying NAV.

The Board continually reviews the Company's investment performance, taking into account changes in the market, and regularly reviews the position of the NAV per share compared to the share price. Further information on the Company's discount is provided in the Chairman's Statement on page 8.

STRATEGIC REVIEW | continued

Political risk

Political developments are closely monitored and considered by the Board. The Board continues to assess the potential consequences for the Company's investment portfolio and future business activities. The Board understands that any legislation on drug pricing in the United States will remain an overriding issue and could potentially have a negative impact on the healthcare sector.

Investment related risks

Alignment of the Company's investment strategy with its investment objective is essential and an inappropriate approach by the Fund Manager towards stock selection and asset allocation may lead to loss and/or underperformance and failure to achieve the Company's objective of long-term capital growth, resulting in a widening of the discount. The Board manages these risks through its framework of investment restrictions and regular monitoring of the Fund Manager's adherence to the agreed investment strategy.

The Fund Manager provides regular reports to the Board on portfolio activity, strategy and performance, as well as risk monitoring. The reports are discussed in detail at Board Meetings, which are all attended by the Fund Manager, to allow the Board to monitor the implementation of investment strategy and process.

Operational and service provider risks

In common with most other investment trusts, the Company has a Board of non-executive Directors and has no executive Directors, executive management or employees. Its main functions are delegated to third party service providers which are specialists in their fields. Operational risk arises from insufficient processes of internal control which would include compliance with statutes and regulations governing the functions of the Company. The Board reviews the performance of these third party service providers and their risk control procedures, on a regular basis, as well as the terms on which they provide services to the Company.

For the year ended 31 August 2021, COVID-19 has continued to be the most significant operational risk to the business activities of the Company and its third party service providers. However, the Fund Manager and other third party service providers were quick to react to the global pandemic with limited impact on their day-to-day business operations. The Board is confident that the Company's third party service providers' business continuity plans are sufficient to mitigate the risk posed by COVID-19.

Tax, legal and regulatory risks

To qualify as an investment trust, the Company must comply with Section 1158 of the Corporation Tax Act 2010 (CTA). HM Revenue & Customs (HMRC) has approved the Company as an investment trust and the Directors expect the affairs of the Company to continue to satisfy the conditions for Capital Gains Tax exemption.

A breach of Section 1158 of the CTA could result in the Company being subject to Capital Gains Tax on the sale of investments. Consequently, pre-trade compliance checks are embedded into the investment procedures of the Fund Manager. Reports confirming the Company's compliance with the provisions of Section 1158 of the CTA are submitted by the Fund Manager to each Board Meeting together with relevant portfolio and financial information.

The Company is also subject to other laws and regulations, including the Act, Financial Conduct Authority (FCA) Listing, Prospectus and Disclosure Guidance and Transparency Rules and the Alternative Investment Fund Manager's Directive (AIFMD). Breaches of these laws and regulations could lead to criminal action being taken against Directors or suspension of the Company's shares from trading. The Fund Manager and the Company Secretary provide regular reports to the Board on compliance with relevant provisions and report breaches without delay. The Board also relies on the services of its other professional advisers to minimise these risks.

VIABILITY STATEMENT

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

In its assessment of the viability of the Company, the Audit Committee has considered each of the Company's principal risks and uncertainties and how these are managed. These risks and uncertainties are detailed in this Strategic Review on pages 21 and 22 and the effectiveness of the Company's risk management and internal control systems are detailed on page 38. The Audit Committee has also considered the following assumptions in relation to the longer-term viability of the Company:

- The Articles of Association require the Company to seek approval from shareholders on the continuation of the Company at every second AGM. In December 2019, 100% of the votes cast were in favour of the continuation of the Company. The next continuation vote will be put to shareholders at this year's AGM and it is assumed that it will be approved.

STRATEGIC REVIEW | continued

- Healthcare will continue to be an investable sector of the international stock markets and that investors will still wish to have an exposure to such investments.
- Closed-ended investment trusts will continue to be desirable by investors.
- Regulation will not increase to a level that makes the running of the Company uneconomical in comparison to other competitive products.
- The performance of the Company will continue to be satisfactory and should performance be less than the Board deems acceptable it has the appropriate powers to replace the Fund Manager.
- There are no material or significant changes in the principal risks.

The Audit Committee has reviewed the potential impact of emerging risks such as the changing political environment and the global pandemic and are comfortable that any potential risk is suitably mitigated.

The Audit Committee has considered the income and expenditure projections. Included within these projections are key assumptions such as expected NAV growth and expenses to be incurred by the Company. In order to test the reliability of the income and expenditure projections, the key assumptions were stressed to include scenarios of 0% growth in NAV and a 10% year on year increase in expenses. The Audit Committee is satisfied that the income and expenditure projections appear reasonable.

The Audit Committee has also considered the impact of the year end gearing position. As at 31 August 2021, the Company had a £20.3m drawn overdraft facility as a result of the Fund Manager's gearing strategy. The Audit Committee is satisfied that the Company's investments comprise readily realisable securities which can be sold to meet funding requirements if necessary. Additionally, the overdraft balance was reduced to £12.2m directly before the publication of this Report.

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

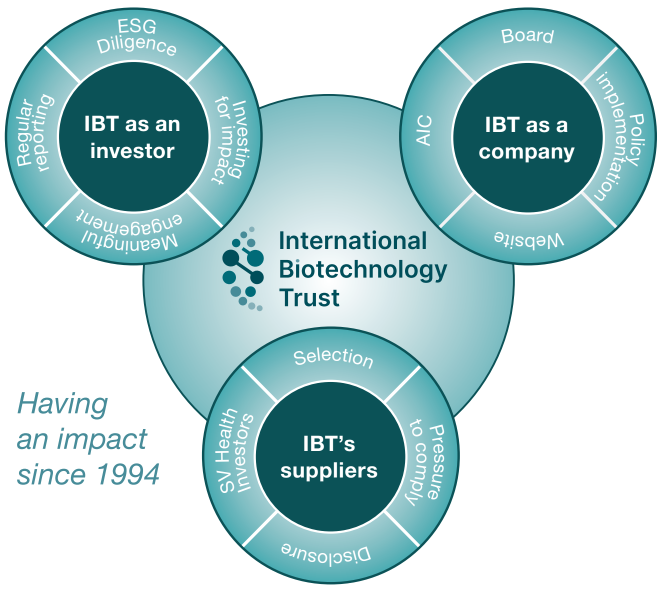
ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

International Biotechnology Trust ("IBT" or "the Company") has been delivering financial value to shareholders since 1994 whilst simultaneously creating a positive social impact by investing in companies that develop innovative treatments for patients suffering with unmet medical needs. The products developed by the companies we invest in can radically change the way diseases are treated, bringing positive impact to patients and healthcare systems globally.

The Board of International Biotechnology Trust ("the Board") recognises that a responsible and proactive approach to Environmental, Social and Governance ("ESG") related factors can positively impact the performance and success of its portfolio companies, and the Company.

In October 2021, the Board adopted a new ESG Policy for IBT. The policy aims to integrate consideration for ESG factors into the investment process, governance and choice of suppliers for IBT and to exert influence on portfolio companies and suppliers to consider ESG factors in their respective activities. The Fund Manager, SV Health Managers, will implement a policy which integrates consideration for ESG factors into the investment process. SV Health Managers, has developed a proprietary screening system for ranking the ESG compliance of the top ten portfolio companies, which will be used to influence portfolio companies and encourage adherence to high standards of governance. The Board will also consider ESG factors in its choice of suppliers.

The policy focuses on three key areas.



STRATEGIC REVIEW | continued

IBT as an investor

The Board considers that focusing on the ESG adherence of its investments and engaging with the management of key portfolio companies has the potential to bring about positive change in its investment universe. In particular, IBT believes its potential for the greatest impact will generally be on its top ten quoted holdings and its private holdings where its larger investment size gives it greater influence. The Board believes that through IBT's focus on ESG as an investor, it can help maximise its portfolio companies' positive impact whilst generating attractive investor returns. IBT's ESG policy has three key areas in as far as it relates to investments.

1. Thorough ESG diligence and investing for impact;
2. Meaningful engagement with portfolio companies; and
3. Reporting to shareholders.

As a shareholder, IBT will exert its influence over the most significant companies in its portfolio through a proprietary questionnaire developed by SV Health Investors. This questionnaire will focus on a broad spectrum of areas from environmental (carbon emissions, animal welfare, chemical disposal etc), social (meeting unmet medical need, healthcare pricing, diversity and inclusion), to governance (quality of management, shareholder structure and rights, business policies etc.). The aggregate findings of the survey will be reported to shareholders and will provide an important tool for the Investment Managers' decision making process. IBT, through SV Health Managers, will engage with portfolio companies who provide disappointing responses to the survey.

IBT as a company

IBT is a plc, listed on the London Stock Exchange. It has no office of its own, and its only employees are its Directors. IBT is committed to the principles of ESG compliance and endeavours to implement positive changes in all areas. The Board adheres to the highest standards in terms of its reporting and governance.

IBT's suppliers' sustainability policies

Other than the oversight role played by the Board, all the key functions of the Company are undertaken by external suppliers. The Board recognises the opportunity which that creates to influence and improve the ESG policies of a range of different financial services providers and other related companies.

The Board will request all the key suppliers to the Company to supply details of their own ESG policies and efforts made to enhance their ESG profile annually. Where permitted, links to these will be added to IBT's website. In the event of a supplier consistently failing to supply such credentials, and/or failing to implement suitable ESG measures in their business, the Board will engage with them on this matter and ultimately, in the case of continued non-compliance, will consider changing suppliers.

All of IBT's investments and activities are aligned with UN's Sustainable Development Goal number 3: "Good Health and Well-being. Ensure healthy lives and promote well-being for all at all ages."

Full details of IBT's ESG Policy can be found at www.ibtplc.com.

DIVERSITY AND GENDER REPRESENTATION ON THE BOARD

The Company has no employees and as at the date of this Report, there were two male and three female Directors on the Board.

Towards the end of the year the Board initiated a recruitment process as part of its ongoing succession efforts. The process remains underway, however, the Board, whilst preferring not to set specific targets, has considered throughout the benefits of diversity, including in respect of gender and ethnicity. The Board's position is to appoint candidates based on merit and therefore the new Non-Executive Director will be selected as the most appropriate candidate for the Board based on their experience and complementary skillsets, ensuring that the Board continues to have an appropriate balance of skills.

MODERN SLAVERY ACT 2015

As an investment trust, the Company does not provide goods or services in the normal course of business and does not have any customers or employees. All the Company's activities are outsourced to third parties and the Board considers the Company's supply chain to be low risk, in terms of engaging in activities which could be deemed modern slavery, as its suppliers are typically professional advisers and regulated entities. The Company does not fall within the scope of the Modern Slavery Act 2015 and therefore is not required to make a slavery and human trafficking statement and has not been required to adopt a policy of Human Rights. The investment portfolio companies that the Company invest in are high profile listed companies who have their own governing bodies to comply with the Modern Slavery Act 2015.

ANTI-BRIBERY, CORRUPTION & TAX EVASION

The Company is committed to the practice of responsible behaviour and to complying with all laws, regulations and other requirements which govern the conduct of its activity. The Company is fully committed to instilling a strong anti-corruption culture and complying with anti-bribery legislation including, but not limited to, the Bribery Act 2014. Further, the Company

STRATEGIC REVIEW | continued

has adopted a zero-tolerance approach to tax evasion and is committed to compliance with anti-tax evasion legislation, including but not limited to, the Criminal Finances Act 2017. This is consistent with the policies implemented by the Fund Manager and the Company expects its third party service providers to adopt the same standard of zero-tolerance.

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

GREENHOUSE GAS EMISSIONS

The Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 require companies listed on the Main Market of the London Stock Exchange to report on the greenhouse gas emissions for which they are responsible. All of the Company's activities are outsourced to the Fund Manager and other third party providers and as such the Company does not have any employees or premises at which it conducts its business. Further, for the same reason, the Company considers that it is a 'low energy user' under the Streamlined Energy & Carbon Reporting regulations and therefore a disclosure on energy and carbon emissions is not required.

SECTION 172 STATEMENT

The Board is required to disclose how the Directors have discharged their duties and responsibilities under section 172 (1) of the Companies Act 2006 (the "Section 172 Statement") during the year ended 31 August 2021. This statement describes how the Directors have promoted the success of the Company for the benefit of its members as a whole, having regard to the likely long-term consequences of decisions, the need to foster relationships with all stakeholders and the impact of the Company's operations on the environment.

The following table sets out the Company's key stakeholders and how the Company engages with each of them.

Stakeholder Group	Why it is important to engage?	How Management and/or Directors engaged?
Investors	To allow investors to make investment decisions.	• Annual/Interim Financial Reports. • Monthly factsheets and Fund Manager commentary. • Quarterly videos. • Advertorials and marketing campaigns. • Webinars. • AGM. • RNS announcements. • Website. • Shareholder feedback from its corporate broker and the Fund Manager. • Meetings with shareholders by the Board and Fund Manager when requested.
AIFM	To ensure the portfolio is run in adherence to the Company's strategy.	• The Chairman and Board regularly meet with the Investment Managers. • Representatives of the AIFM attend Board Meetings.
Service Providers	To keep service providers updated with regards to the Company's strategy in order to ensure they can provide the required services.	• The Fund Manager has annual service review sessions with HSBC and regularly meets with Numis, Kepler and Lansons. • The Company Secretary liaises with the Registrar on a regular basis. • The depositary, administrator, Company Secretary and Registrar submit copies of their annual audited internal control reports to the Audit Committee.
Portfolio Investee Companies	The Investment Managers hold shares in biotechnology companies with excellent management teams and innovative products which have the potential to cure disease. Closely monitoring the performance and research data from investee companies helps the Investment Managers identify investment opportunities which have strong potential for outperformance.	• The Investment Managers regularly meet with the investee companies in which the Company invests. • The Investment Managers also participate in voting at shareholder meetings in order to encourage the highest standards of governance.

STRATEGIC REVIEW | continued

Stakeholder Group	Why it is important to engage?	How Management and/or Directors engaged?
Wider community and the environment	Production of new drugs for an ageing population with unmet medical needs.	• The Investment Managers consider social, community and environmental factors when making investment decisions. • The Fund Manager takes these factors into account when voting at investee company meetings. • Further explanation around the Company's approach to ESG is provided on page 23.

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

AGM

All resolutions proposed at the 2020 AGM were passed. However, the Board noted that 22.7% of votes were cast against Resolution 15 concerning the authority to dis-apply statutory pre-emption rights for 10% of issued share capital in addition to the 10% sought under Resolution 14. In accordance with Provision 4 of the AIC Corporate Governance Code 2019 and the guidance issued by the Investment Association in the cases of votes against any resolution exceeding 20%, the Board has through the Company's corporate broker consulted certain shareholders since that AGM to explain the benefits of the Company's share issuance policy. In light of the supportive feedback received, the Board is again proposing the dis-application of pre-emption rights for an aggregate 20% of issued share capital.

Portfolio

The Chairman's Statement on pages 7 to 9 and the Fund Manager's Review on pages 10 to 14 includes details of the Company's performance and portfolio activity during the year under review. The Strategic Report on page 20 describes the investment strategy undertaken by the Fund Manager. Additional meetings were also held with the AIFM this year in order to assess the impact of COVID-19 on the Company's portfolio and operations.

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

Dividend

In accordance with the Dividend Policy approved by shareholders at the AGM held on Tuesday, 15 December 2020, two interim dividends of 14.2p per share were paid on 31 January and 28 August 2021.

Discount and Premium Management

During the year the Company issued 2,947,000 shares of which 2,905,846 were from treasury and 41,154 were newly issued Ordinary shares. Buying back shares can help to narrow the share price to NAV discount. Issuing shares helps to provide liquidity in the Company's shares where there is sufficient demand. The Board keeps the discount management under review, and it continues to be the Board's view that this policy is in the interest of all shareholders. The Company bought back 55,469 of its own Ordinary shares on 4 October 2021, which has assisted in narrowing the discount.

Succession Planning

In accordance with the Board's previous disclosure in respect of succession planning, Dr Véronique Bouchet will retire at the conclusion of the AGM to be held on 8 December 2021. Her replacement is in the process of being recruited. Further details are provided in the Chairman's Statement on page 9.

Opportunities provided by 'remote-working'

The 'remote-working' measures implemented to combat the spreading of COVID-19 has provided the Company with a unique opportunity to expand its shareholder interactions. In addition to the usual one-on-one meetings with existing and potential shareholders, which have now been conducted by video and audio calls, the Company has taken part in numerous webinars and podcast interviews and has released more online educational content. The Company has also recently rebranded and launched its new website to improve the investor experience.

CURRENT AND FUTURE DEVELOPMENTS

Details of the Company's developments during the year ended 31 August 2021, along with its prospects for the future are set out in the Chairman's Statement on pages 7 to 9 and the Fund Manager's Review on pages 10 to 14.

By order of the Board

Link Company Matters Limited
Company Secretary

29 October 2021

International Biotechnology Trust

Further information on the Company may be found on the internet at:

www.ibtplc.com

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

DIRECTORS' BIOGRAPHIES

JIM HORSBURGH
Chairman

Jim Horsburgh was appointed as a non-executive Director of the Company on 1 February 2013 and was subsequently appointed as Chairman of the Company on 15 December 2020. He commenced his career in 1977, joining Hill Samuel Investment Management as a graduate trainee. He moved to the ICI Pension Fund in 1979 and Abbey Life Assurance Company in 1982, where he managed the company's flagship life and pension equity funds. In 1984 he joined Schroder Investment Management as a UK pension fund manager, subsequently becoming an account director, a director and in 1998, the UK managing director. He left Schroders in 2001 and, following a career break, was chief executive of Witan Investment Trust plc from February 2004 to October 2008.

DR VÉRONIQUE BOUCHET
Senior Independent Director

Véronique Bouchet was appointed as a non-executive Director of the Company on 1 September 2009. She is the chief medical officer of PrecisionLife Ltd (previously RowAnalytics Ltd), an AI enabled precision medicine company. Véronique has over 30 years' experience in the healthcare industry. She has held a variety of senior international roles across several therapeutic areas and functions, including drug development, corporate and venture strategy, business development, and mergers and acquisitions, at AstraZeneca in the UK and Gruenenthal GmbH in Germany. She has also worked in venture capital, as an Investment Manager with the Rothschild Bioscience Unit in London. She is a non-executive director of Stevenage Bioscience Catalyst, and is on the advisory board of the School of Business Management of Queen Mary University of London. She has an MB BS from St Bartholomew's Hospital Medical School and holds a BSc in Psychology from University College London. She has an MBA from INSEAD, and has been awarded the Institute of Directors' Diploma in Company Direction (Distinction).

KATE CORNISH-BOWDEN

Kate Cornish-Bowden was appointed as a non-executive Director of the Company on 19 May 2020. Kate worked for Morgan Stanley Investment Management for twelve years where she was a managing director, head of MSIM's global core equity business and head of the pharmaceuticals research team. Prior to joining Morgan Stanley, she worked for M&G Investment Management as a research analyst. Kate is currently a non-executive director of Finsbury Growth & Income Trust plc, non-executive director and senior independent director at Schroder Oriental Income Fund Ltd, and a non-executive audit committee chair of CC Japan Income & Growth Trust plc. She has previously held directorships of Scancell Holdings plc, Calculus VCT plc and Arcis Biotechnology Limited. Kate is a member of the Chartered Financial Analyst Institute (formerly AIIMR), holds an MBA and has completed the Financial Times Non-Executive Director Diploma.

Jim Horsburgh is Chairman of the Management Engagement and Nomination Committees as well as the main Board.
All Directors are independent. | All Directors are Members of the Audit, Management Engagement and Nomination Committees.

DIRECTORS' BIOGRAPHIES | continued

CAROLINE GULLIVER
Chair of the Audit Committee

Caroline Gulliver was appointed as a non-executive Director of the Company on 1 April 2015 and as Chair of the Audit Committee on 13 July 2016. She spent a 25 year career with Ernst & Young LLP, from where she retired in 2012 to pursue other interests including non-executive directorship positions. She is a Chartered Accountant with a background in the provision of audit and advisory services to the asset management industry, with a particular focus on investment trusts. She is also a non-executive director of JPMorgan Global Emerging Markets Income Trust plc, Civitas Social Housing PLC and Aberdeen Standard European Logistics Income PLC.

PATRICK MAGEE

Patrick Magee was appointed as a non-executive Director of the Company on 19 May 2020. He is Chief Commercial Officer at the British Business Bank plc and is an executive director on the Bank's Board. Before joining the British Business Bank in 2014, Patrick worked at the Shareholder Executive from June 2012 to October 2014, where his responsibilities included working on the establishment of the British Business Bank. Prior to joining the Shareholder Executive, Patrick was a managing director of corporate finance at JP Morgan Cazenove, having worked at the predecessor firms for almost 18 years. In his career Patrick has advised on a broad range of M&A, Capital Markets and Corporate Broking assignments for clients in various industries. Patrick also spent two years on secondment to the Panel for Takeovers and Mergers. Patrick has an MBA from Georgetown University, Washington DC and an LLB from Queen's University Belfast. He is a member of the Investment Committee at Queen's University, Belfast.

DIRECTORS' REPORT | Incorporating the Corporate Governance Statement

The Directors present their Report and the audited Financial Statements of the Company for the year ended 31 August 2021.

INFORMATION DISCLOSED IN THE STRATEGIC REPORT

The following matters required to be disclosed in this Report under the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 are covered in the Strategic Report on pages 20 to 27: the Company's status, investment objective and policy, investment strategy, investment restrictions, financial risk management, the Company's exposure to risks, a statement regarding the Company's greenhouse gas emissions and the current and future developments as well as important events effecting the Company since the year end.

PRINCIPAL ACTIVITIES AND PURPOSE

The principal activity and therefore the purpose of the Company is the making of investments in accordance with the investment objective and policy set out on page 20. The Board delegates investment management of the Company's portfolio to the Fund Manager. A description of the Company's activities and strategy during the year, as well as the outlook, is given in the Chairman's Statement on pages 7 to 9; and the Fund Manager's Review on pages 10 to 14.

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

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

RESULTS AND DIVIDENDS

The results for the year are shown in the Statement of Comprehensive Income on page 58. At the AGM held on 15 December 2020, shareholders approved the Company's dividend policy to pay an annual dividend, equivalent to 4% of the Company's NAV. This was calculated using the published NAV on the last day of the Company's preceding financial year, being 31 August 2020. Dividends are paid through two equal distributions in January and August of each year, and are paid out of capital reserves. Accordingly, the Board declared and paid two interim dividends during the year, each totaling 14.2 pence per Ordinary share (2020: 12.4 pence per Ordinary share). These were paid on 31 January 2021 and 28 August 2021. Further, the Directors intend to pay Interim Dividends for the year ended 31 August 2021 in two tranches in January and August 2022.

In accordance with the Board's decision to seek shareholder approval of the Company's dividend policy at each AGM, a resolution to this effect has been included in the Notice of Meeting on page 95.

SHARE CAPITAL

At the AGM on 15 December 2020, shareholders gave approval for the Company to purchase up to 5,940,209 Ordinary shares of its own capital for cash, being 14.99% of the share capital in issue as at the date of the Notice of Meeting. During the year under review, no shares were repurchased by the Company, however 55,469 shares were bought back following the year end. The Board considers that conducting share buybacks can help to manage the discount of its share price to NAV, therefore enhancing share price performance for existing shareholders. The effect of share buybacks on the Company during the year has been explained in the Chairman's Statement on page 8. The Board regularly reviews the methods for managing the discount and these include the use of share buybacks, payment of dividends and marketing the Company to prospective investors.

Shareholders also provided approval for the Company to issue 3,962,781 Ordinary shares (including those from treasury) with pre-emption rights disapplied. During the year, the Company re-issued 2,905,846 Ordinary shares from treasury representing 7.56% of the issued share capital at the start of the year (excluding shares held in treasury). The issued share capital of the Company is detailed in note 15 to the Financial Statements. The total number of Ordinary shares as at 28 October 2021 is 41,383,817.

DIRECTORS

The biographies of the Directors of the Company are set out on pages 28 and 29, all of whom were in office for the full financial year and up to the date of the signing of this Annual Report.

As indicated on page 36, all Directors are deemed by the Board to be independent in both character and judgement, and have performed their duties in an independent manner at all times. The independence of Directors will continue to be assessed on a case by case basis.

DIRECTORS' REPORT | continued

As disclosed by the Chairman on page 9, Véronique Bouchet will be retiring from the Board at the conclusion of the Company's forthcoming AGM in accordance with the Board's succession plan. Details of her replacement will be announced in the coming weeks.

The Board recognises corporate governance best practice is for all Directors to be submitted for annual re-election. Accordingly, all Directors will be standing for re-election at the forthcoming AGM with the exception of Véronique Bouchet.

The Board has considered the position of each of the Directors as part of the performance evaluation, the process for which is explained in more detail on pages 36 and 37. The Board has a broad range of relevant experience to contribute towards the Company's strategic priorities, including specialist understanding of the biotechnology and healthcare sectors, investment trust companies, fund management and accounting and auditing, as detailed in the Directors' biographies on pages 28 and 29. Further, the Board has concluded that each Director continues to demonstrate commitment to their roles and provides a valuable contribution to the deliberations of the Board. The Board therefore recommends that shareholders vote in favour of the re-elections of Caroline Gulliver, Jim Horsburgh, Kate Cornish-Bowden and Patrick Magee at the forthcoming AGM.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND DIRECTORS' INDEMNITIES

Directors' and Officers' Liability Insurance cover was purchased by the Company and was in force during the year and up to the date of the signing of this Annual Report and will be due for renewal in April 2022.

The Company had a Deed Poll in place during the financial year to indemnify the Directors against any liability suffered or incurred in his or her capacity as a Director of the Company.

FUND MANAGER'S PERFORMANCE AND CONTRACTUAL ARRANGEMENTS

The Fund Manager is SV Health Managers LLP. The performance of the Fund Manager is reviewed continuously by the Board with a formal evaluation being undertaken by the Management Engagement Committee at least annually. As part of this process, the Committee reviewed the key terms of the Company's Agreement with SV Health Managers LLP, the terms of their remuneration as set out below and a comparison with their peers. The Committee reviewed the appropriateness of the appointment of the AIFM in February 2021 with a recommendation for continued appointment being made to the Board.

The Board believes the continued appointment of SV Health Managers LLP is in the interests of shareholders as a whole. In coming to this decision, the Board also took into consideration the quality and depth of experience allocated to the management of the portfolio and the level of performance of the portfolio in absolute terms and also by reference to the benchmark index.

The Fund Manager is entitled to a management fee payable monthly at the rate of 0.9% per annum of the Company's NAV and to an annual performance fee which is calculated as follows:

- The portfolio consists of two pools: quoted and unquoted
- The fee on the quoted pool is 10% of relative outperformance above the sterling-adjusted NBI plus a 0.5% hurdle
- The fee on the unquoted pool, excluding SV Fund VI, is 20% of net realised gains, taking into account any unrealised losses but not unrealised gains
- There is no performance fee calculated on SV Fund VI as the Fund Manager has carried interest in the fund
- The payment of the performance fee is subject to the following limits:
  - The maximum performance fee in any one year is 2% of average net assets
  - Any underperformance of the quoted portfolio against the benchmark is carried forward for the current financial period plus two succeeding periods. Performance fees in excess of the performance fee cap are carried forward for the current financial period plus two succeeding periods and being offset against any subsequent underperformance before being paid out

Under normal circumstances the Investment Management Agreement is terminable by either party on 12 months' written notice.

A performance fee of £353,000 is payable for the unquoted portfolio in respect of the year ended 31 August 2021 (31 August 2020: £243,039, in respect of the quoted portfolio). Please see the Chairman's Statement on page 8 for further information.

The Board has made a commitment of $30m into SV Fund VI, enabling the Company to achieve the benefits of diversification,

DIRECTORS' REPORT | continued

access to a wider range of unquoted companies and increased liquidity as outlined above. There is no double charging of investment management fees in relation to this commitment.

ADMINISTRATION, DEPOSITARY AND COMPANY SECRETARIAL SERVICES

Fund accounting, administration, depositary and custody services are provided to the Company by HSBC Bank plc. The Administration Agreement with HSBC Bank plc continues until terminated by either party on giving not less than 12 months' written notice. The Depositary Agreement with HSBC Bank plc continues until terminated by either party on giving not less than 90 days' written notice. The Depositary also retains the right to serve notice on the Company requiring it, at the expiry of a period of not less than 270 calendar days, to give notice to the FCA of a proposal to wind-up the affairs of the Company unless a replacement Depositary has been appointed before the end of that period. With effect from 1 March 2022, delegation for performing fund administration and depositary services will move from HSBC Securities Services (UK) Limited to The Northern Trust Company, London branch.

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

COMPANIES ACT 2006 DISCLOSURES

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

The Company's capital structure is summarised on page 74, voting rights are summarised on page 74 and there are no restrictions on voting rights nor any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights.

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

The Company does not have an employees' share scheme.

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

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

GOING CONCERN

The Company has reviewed the guidance issued by the FRC in order to determine whether the going concern basis should be used in preparing the Financial Statements for the year ended 31 August 2021. In doing so, the Directors have considered the Company's borrowing requirements and covenants on existing borrowings; liquidity risk (see note 23.3 on page 83); the business environment and its impact on financial risk; the nature of the portfolio; the impact of the COVID-19 pandemic (which is explained in further detail in the Chairman's Statement on pages 7 to 9 and the Fund Manager's Review on pages 10 to 14) and expenditure projections for the next 12 months. The Company's assets consist mainly of equity shares in companies listed on the NASDAQ stock exchange and in most circumstances are realisable within a short timescale. As discussed in the Chairman's Statement, the Company's Articles of Association require the Board to put a proposal for the continuation of the Company to shareholders on a biennial basis. The relevant resolution has therefore been included in the Notice of Annual General Meeting set out on page 95.

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

INDEPENDENT AUDITORS

Following a recommendation by the Audit Committee to the Board, resolutions to re-appoint PricewaterhouseCoopers LLP as Auditors and to authorise the Directors to determine their remuneration will be proposed at the forthcoming AGM. The Board considers that the Auditors remain independent and PricewaterhouseCoopers LLP have expressed their willingness to continue in office. For information relating to the effectiveness of the external audit process including information regarding the full external tender of audit services which took place in 2016, please see the Audit Committee Report on pages 44 to 46.

SUBSTANTIAL SHARE INTERESTS

As at the year ended 31 August 2021, the interests of 3% or more of the voting rights attaching to the Company's issued share capital,

DIRECTORS' REPORT | continued

as notified to the Company in accordance with Chapter 5 of the FCA's Disclosure Guidance and Transparency Rules or ascertained by the Company were as follows:

	As at 31 August 2021	
Shareholder	Number of Ordinary shares held	% of voting rights
Hargreaves Lansdown Asset Management	**5,084,126**	**12.29**
Interactive Investor	**4,800,091**	**11.6**
Charles Stanley	**3,234,316**	**7.82**
Border to Coast Pensions Partnership Limited	**2,559,623**	**6.19**
South Yorkshire Pensions Authority	**1,700,000**	**4.11**
A J Bell Securities	**1,643,168**	**3.97**
Brewin Dolphin	**1,582,796**	**3.82**
M&G Investment Management	**1,526,150**	**3.69**
West Yorkshire Pension Fund	**1,245,599**	**3.01**

The Company has not been informed of any changes to the above interests between 31 August 2021 and up to the date of this Report.

DISCLOSURE OF INFORMATION TO AUDITORS

In accordance with Section 418 of the Act, the Directors at the date of approval of this Report, as listed on pages 28 and 29, confirm that:

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

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

AGM

The AGM will be held on Wednesday, 8 December 2021 at 2.30pm. Details of the business of the Meeting are set out in the Notice of Meeting on pages 95 and 96, amongst which the Board is seeking shareholders' approval of the following five items.

Authority to allot shares

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

Resolution 11 seeks authority for Directors to allot shares for cash up to a nominal amount of £1,033,208.50, equivalent to 4,132,834 Ordinary shares (being 10% of the issued Ordinary share capital of the Company (excluding treasury shares) in issue on 28 October 2021 (being the latest practicable date prior to the publication of the Notice of Meeting)).

In addition, resolution 12 seeks authority for Directors to allot further shares for cash up to a nominal amount of £1,033,208.50, equivalent to 4,132,834 Ordinary shares (being 10% of the issued Ordinary share capital of the Company (excluding treasury shares) in issue on 28 October 2021 (being the latest practicable date prior to the publication of the Notice of Meeting)).

The Directors intend to use these authorities to issue new shares only if they believe it is in the best interests of the Company and is advantageous both to new investors and to the Company's existing shareholders to do so. New shares will only be issued at a price not less than the most recent published NAV per

DIRECTORS' REPORT | continued

Ordinary share prior to such issue. Both authorities will expire at the conclusion of next year's AGM or 15 months from the date of passing of the resolutions, whichever is earlier, unless revoked, varied or renewed prior to that date.

Authority to disapply pre-emption rights

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

Therefore, resolution 13 will be proposed at the AGM which, if passed, will give the Directors power to disapply the statutory pre-emption rights of existing shareholders in relation to the issue of Ordinary shares for cash or the sale of Ordinary shares for cash out of treasury up to an aggregate nominal amount of £1,033,208.50 equivalent to 4,132,834 Ordinary shares (being 10% of the Company's existing issued Ordinary share capital (excluding treasury shares) on 28 October 2021 (being the latest practicable date prior to the publication of the Notice of Meeting)) such Ordinary shares to be allotted or sold at a price not less than the most recent published NAV per Ordinary share prior to such allotment or sale.

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

Resolution 14 is being proposed at the AGM in addition to resolution 13 which, if passed, will give Directors power to disapply the statutory pre-emption rights of existing shareholders in relation to the issue of Ordinary shares for cash or the sale of Ordinary shares for cash out of treasury up to an aggregate nominal amount of £1,033,208.50 equivalent to 4,132,834 Ordinary shares (being 10% of the Company's existing issued Ordinary share capital (excluding treasury shares) on 28 October 2021 (being the latest practicable date prior to the publication of the Notice of Meeting)) such Ordinary shares to be allotted or sold at a price not less than the most recent published NAV per Ordinary share prior to such allotment or sale. This authority will expire at the conclusion of next year's AGM or 15 months from the date of passing of the resolution, whichever is earlier, unless revoked, varied or renewed prior to that date provided that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer or agreement as if this authority had not expired.

The Board is aware that when combined the authorities sought under resolutions 13 and 14 to disapply statutory pre-emption rights amount to 20% of the Company's issued Ordinary share capital is higher than the level recommended by best practice in accordance with The Investment Association Share Capital Management Guidelines and the Pre-emption Group's Statement of Principles on Disapplying Pre-emption Rights. However, the Board notes that the Prospectus Regulation allows for issuance for up to 20% of the Company's issued Ordinary share capital without the need for a prospectus and therefore, believes that the increased authority is justified and it would be in the best interest of shareholders to provide the extra flexibility to issue further shares in connection with the Company's corporate strategy and premium management policy.

The increased authority:

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

During the year ended 31 August 2021, the Company re-issued 2,905,846 shares from treasury at a premium to the prevailing NAV per share and a further 41,154 under a tap issuance programme.

Share buybacks and treasury share authority

Shareholders approved authorities for the Company to repurchase up to 14.99% of its issued share capital (of which up to 10% of the issued share capital may be retained in treasury for potential re-issue at any time) at the AGM held on Wednesday, 15 December 2020.

DIRECTORS' REPORT | continued

During the year ended 31 August 2021, the Company did not buy back any of its issued shares to be held in treasury, but did buy back 55,469 shares following the year end. The Directors continue to believe it is in the best interests of the Company and its shareholders to have a general authority for the Company to buyback its shares in the market for cancellation or holding in treasury for potential subsequent re-issue. No shares held in treasury will be re-issued at a discount to NAV. The authority to hold shares in treasury is in addition to the power to buyback shares for immediate cancellation.

Accordingly, a special resolution, resolution 15, to authorise the Company to purchase up to 14.99% of the share capital in issue at the date of this Report for cancellation or for holding in treasury (up to a maximum of 10% of the share capital in issue at the date of this Report) will be proposed at the forthcoming AGM. Purchases will only be made if the Directors consider them to be for the benefit of the Company and its shareholders, taking into account relevant factors and circumstances at the time. The Company can confirm that purchases of Ordinary shares under the authority will only be made in the market for cash at prices below the prevailing NAV per share.

Notice of General Meetings

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

Recommendation

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

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

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE

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

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

STATEMENT OF COMPLIANCE

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

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

This Corporate Governance Statement, together with the Management Report and Directors' Responsibilities Statement set out on page 47, indicate how the Company has applied the principles of good governance and meets internal control requirements.

DIRECTORS' REPORT | continued

ROLE OF THE CHAIRMAN

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

ROLE OF THE BOARD

The Board determines and monitors the Company's investment objective and policy, and considers its future strategic direction, ensuring itself that these and its culture is aligned; being collectively responsible for the long-term success of the Company. A schedule of matters specifically reserved for consideration and decision by the Board has been adopted. The Board is responsible for presenting a fair, balanced and understandable assessment of the Company's position and, where appropriate, future prospects in Annual and Half Yearly Financial Reports and other forms of public reporting. It monitors and reviews the shareholder base of the Company, marketing and shareholder communication strategies, and evaluates the performance of all service providers, with input from its Committees where appropriate. A procedure has been adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company, where appropriate. The Directors have access to the advice and services of the corporate Company Secretary through its appointed representative, who is responsible to the Board for, inter alia, ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter for the whole Board.

CONFLICTS OF INTEREST

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

BOARD COMPOSITION

The Board currently consists of five non-executive Directors. The biographical details of each Director, including his/her length of service, are set out on pages 28 and 29.

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

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

The Board has set a policy on tenure that, in normal circumstances, Directors will retire at the AGM in their 10th year of service. The Board is of the opinion that long service does not necessarily compromise the independence or contribution of Directors of investment trusts where continuity and experience can significantly benefit a board, a view supported by the AIC. Taking this policy into account, and in accordance with the Company's succession plan, Véronique Bouchet will retire following this year's AGM.

INDUCTION AND TRAINING

When a Director is appointed, he or she receives a full, formal and tailored induction, which is administered by the Company Secretary. Directors are provided, on a regular basis, with key information on the Board's policies, regulatory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise and the Chairman regularly reviews and agrees with each Director his or her training and development needs. Other advisers to the Company also prepare reports for the Board from time to time. In addition, Directors attend ad-hoc seminars, conferences and other forums covering issues and developments relevant to both the investment trust and biotechnology industries.

BOARD EVALUATION

The Board has adopted an annual evaluation of its own performance and that of its Committees and individual Directors using a questionnaire as the basis for this formal and rigorous annual evaluation. Each Director is requested to complete the questionnaire before the Chairman holds individual meetings with each Director to discuss both individual performance and the performance of the Board as a whole and of Board Committees. The evaluation of the Chairman's performance is led by the Senior Independent Director.

The Board evaluation considers attendance, the balance of skills, experience, independence and knowledge of the Board, its diversity (including gender), how the Board works together as a unit, and other factors relevant to its effectiveness including the Board's ability to challenge the Fund Manager's performance.

DIRECTORS' REPORT | continued

Directors who have served for more than six years are subject to a more rigorous performance review. The Chairman uses the feedback from the discussion to make recommendations to improve performance where necessary. The Board considers annually, in the absence of the Chairman, matters pertaining to his performance. Following the evaluation carried out during the year, it was concluded that the performance of the Directors, including the Chairman, was satisfactory in all areas and they were confident in their ability to make effective contributions and to demonstrate commitment to their roles.

MEETINGS AND ATTENDANCE

The Board meets at least five times each year. Additional meetings are arranged as required and regular contact between the Directors, the Fund Manager and the Company Secretary is maintained throughout the year. Representatives of the Fund Manager and the Company Secretary attend each Meeting and other advisers also attend when requested to do so by the Board.

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

In addition, a number of unscheduled Board Meetings took place during the year under review to discuss matters separate from normal agenda matters. The matters covered the impact of COVID-19 on the Company as well as portfolio company valuations, and a change of Investment Manager. Parts of these Meetings were attended by external advisers. The whole Board also met twice to discuss strategic matters separate from the normal agenda matters including: the Board's objectives, fundraising and marketing opportunities, discount control, dividend policy, the unquoted portfolio strategy, ESG and hedging.

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

INFORMATION FLOWS

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

	BOARD		AUDIT COMMITTEE		NOMINATION COMMITTEE		MANAGEMENT ENGAGEMENT COMMITTEE	
	Number entitled to attend	Number attended	Number entitled to attend	Number attended	Number entitled to attend	Number attended	Number entitled to attend	Number attended
John Aston*	3	3	1	1	1	1	0	0
Véronique Bouchet	7	7	3	3	2	2	1	1
Kate Cornish-Bowden	7	7	3	3	2	2	1	1
Caroline Gulliver	7	7	3	3	2	2	1	1
Jim Horsburgh	7	7	3	3	2	2	1	1
Patrick Magee	7	7	3	3	2	2	1	1

* Retired 15 December 2020.

DIRECTORS' REPORT | continued

COMMITTEES

The Board has delegated certain responsibilities and functions to three Board Committees, all of which operate under written terms of reference. Copies of the terms of reference for the Board Committees have been published on the Company's website. Committee Membership is detailed on page 37. Please refer to page 44 for the report on the work of the Audit Committee.

Nomination Committee

The Chairman of the Board acts as Chairman to the Nomination Committee which met twice during the year ended 31 August 2021 and intends to meet at least annually in the future. The function of the Committee is to consider and make recommendations to the Board on its composition and balance, including identifying and nominating to the Board new Directors and proposing that existing Directors be re-elected.

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

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

Management Engagement Committee

The Chairman of the Board acts as Chairman to the Management Engagement Committee which met once during the year ended 31 August 2021 and intends to meet annually in the future to review matters relating to the performance of the Company's third party service providers, including the Fund Manager, and to review the terms of their contractual arrangements with the Company, ensuring their continued competitiveness for shareholders.

ACCOUNTABILITY AND AUDIT

The Management Report and Directors' Responsibilities Statement in respect of the Financial Statements are on page 47 and a statement of going concern is set out in the Directors' Report on page 32. The Independent Auditors' Report can be found on pages 49 to 57 and the Audit Committee Report on pages 44 to 46.

INTERNAL CONTROL

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

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

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

DIRECTORS' REPORT | continued

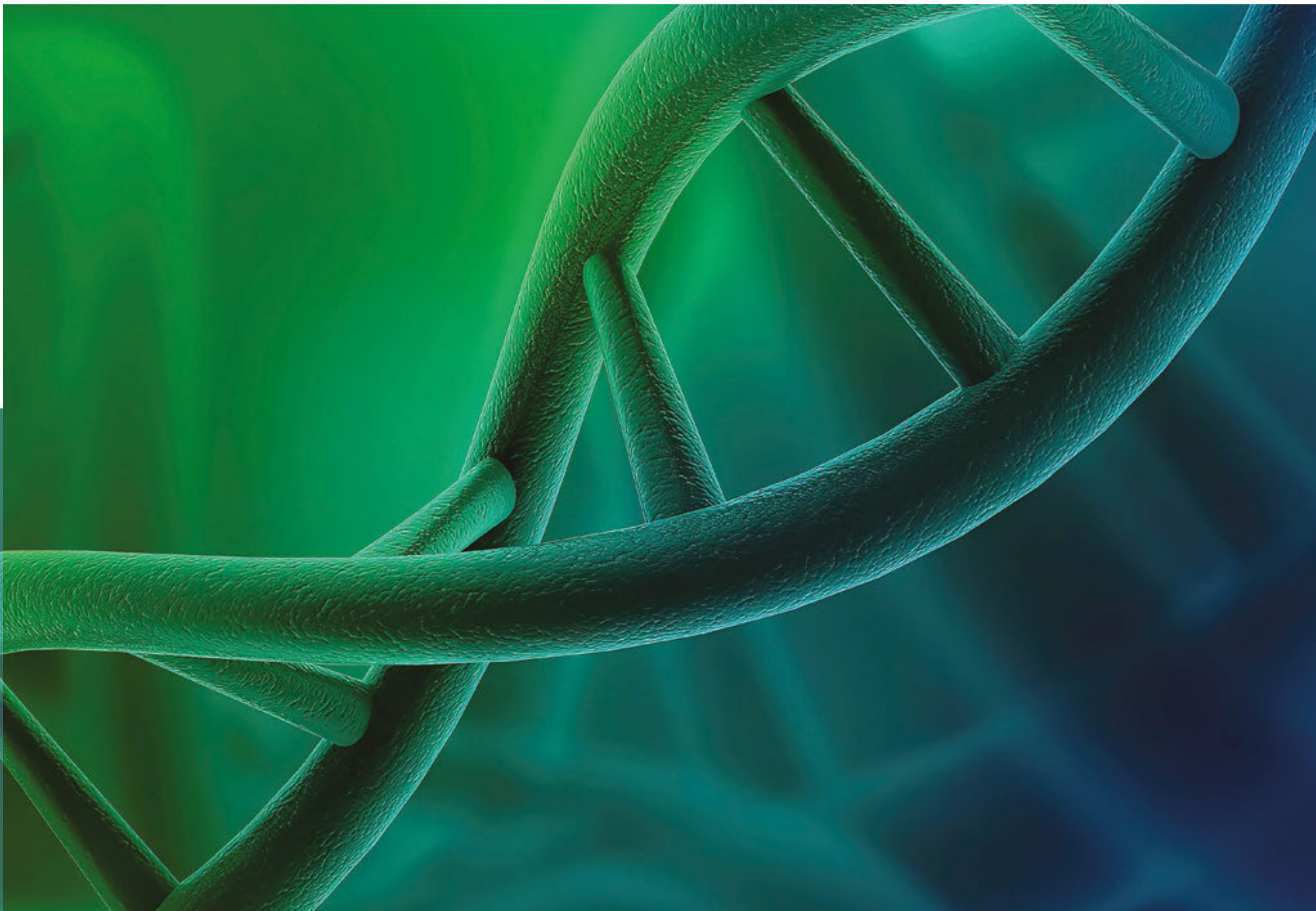
DIRECTOR DUTIES

The Board believes that it has acted in the way that they consider in good faith would be most likely to promote the success of the Company for the benefit of its Members (having regard to the matters set out in Section 172(1)(a)-(f) of the Act) in the principal decisions taken by the Board during the year. The Strategic Report on page 25 sets out further details on how the Directors had regard to its stakeholders in its principal decisions during the year.

On behalf of the Board

INTERNATIONAL BIOTECHNOLOGY TRUST PLC
JIM HORSBURGH | Chairman

29 October 2021



REPORT ON DIRECTORS' REMUNERATION

INTRODUCTION

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

The Company's Auditors are required to report on certain information contained within this Report. Where information set out below has been audited, it is indicated as such. The Auditors' opinion is included within the Independent Auditors' Report on pages 49 to 57.

DIRECTORS' REMUNERATION POLICY

The determination of the Directors' fees is a matter dealt with by the Board. A separate remuneration committee has not been appointed.

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

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

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

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

The Chairman meets with each Director before he or she is proposed for re-election and, subject to the performance evaluation carried out each year, the Board agrees whether it is appropriate for such Director to seek re-election. When recommending whether an individual Director should seek re-election, the Board will take into account the ongoing recommendations of the AIC Code, including the need to refresh the Board and its Committees.

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

Component parts of the Directors' remuneration

	Year ended 31 August 2021	Year ended 31 August 2020
Chairman's base fee	**£42,500**	£42,500
Non-executive Director base fee	**£28,000**	£28,000
Additional fee for the Chair of the Audit Committee	**£4,500**	£4,500
Additional fee for the Senior Independent Director	**£2,000**	£2,000

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

ANNUAL REPORT ON DIRECTORS' REMUNERATION

This Report sets out how the Directors' Remuneration Policy was implemented during the year ended 31 August 2021. Directors' fees are reviewed annually by the Board and, following the last review in July 2021, it was agreed that Directors' fees would remain unchanged.

Previous changes to Directors' remuneration were made in 2012 and 2016 and the additional fee for the Senior Independent Director was introduced with effect from 1 September 2017. These adjustments to Directors' fees have been at rates below general inflation levels.

REPORT ON DIRECTORS' REMUNERATION | continued

The amounts, set out in the following table, were paid by the Company to the Directors for services in respect of the year ended 31 August 2021 and the previous financial year.

Single total figure of remuneration for each Director (audited)

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

TOTAL FEES* Remuneration for Qualifying Services	Year ended 31 August 2021 £	Year ended 31 August 2020 £
John Aston**	**10,031**	42,500
Véronique Bouchet	**30,000**	30,000
Kate Cornish-Bowden	**28,056**	7,913
Caroline Gulliver	**32,500**	32,500
Jim Horsburgh (Chairman)***	**39,600**	28,000
Patrick Magee	**28,056**	7,913
Total	**168,243**	148,826

There were no taxable benefits claimed during the years ended 31 August 2021 or 31 August 2020.

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

** Retired from Board on 15 December 2020.

*** Jim Horsburgh replaced John Aston as Chairman of the Board on 15 December 2020, resulting in a 41.4% increase in overall renumeration.

Consideration of Matters Relating to Directors' Remuneration

The Board as a whole reviewed the level of fees paid to Directors during the year and no Director was responsible for setting their own remuneration. No external advice was sought in considering the level of Directors' fees. However, the Company Secretary provided an analysis of fees payable to other investment trust companies with comparable investment objectives, of a similar size and also self-managed trusts which was taken into consideration. The Board recognised that, whilst no increase was proposed during the year, the current level of remuneration had remained constant for a number of years and therefore was likely to be subject to an inflationary rise in future.

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

The table below compares the remuneration paid to Directors and distributions to shareholders by way of share buybacks and dividends for the year under review and the prior financial year. Directors' fees have increased during the year due to two Directors appointed in May 2020 receiving fees for the full financial year. Dividends paid to shareholders during the year increased compared to the level paid in 2020.

		Year ended 31 August 2021 £'000	Year ended 31 August 2020 £'000	% change compared to previous year
Aggregate spend on Directors' fees *		**168**	149	12.8
Distributions to shareholders	– dividends	**11,564**	9,547	21.1
	– share buybacks	**—**	1,131	—
		11,732	10,827	8.3

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

REPORT ON DIRECTORS' REMUNERATION | continued

Directors' beneficial and family interests (audited)

Directors	Ordinary shares of 25p each as at 31 August 2021	Ordinary shares of 25p each as at 31 August 2020
John Aston	**n/a***	10,000
Véronique Bouchet	**8,572**	8,385
Kate Cornish-Bowden	**8,000**	8,000
Caroline Gulliver	**9,500**	7,500
Jim Horsburgh	**30,000**	15,000
Patrick Magee	**3,500**	–

* Retired at AGM held on 15 December 2020.

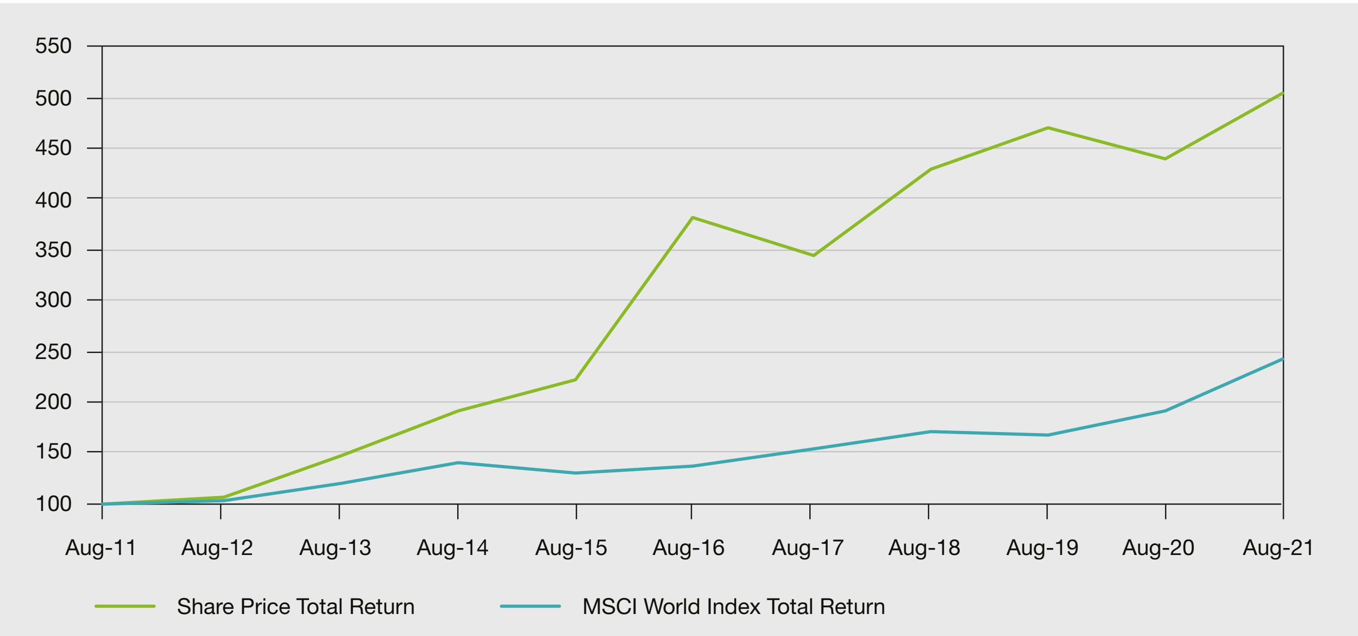
No Director has any material interest in any contract that is significant to the Company's business.

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

PERFORMANCE GRAPH

The performance graph below charts the cumulative share price total return to shareholders since 31 August 2011 compared to that of a broad equity market index. The MSCI World Index Total Return has been used for this purpose as the NBI has a lack of diversity within its constituents. A graph showing the Company's share price total return, compared with the MSCI World Index Total Return, over the last ten years, is shown below. The data have been rebased to 100 at 31 August 2011 (the start of the period covered by the graph).

Share Price/MSCI World Index Total Return (%)



Source: Share Price Total Return from Morningstar. MSCI World Index Total Return from msci.com. (Data rebased to 100 at 31 August 2011.)

REPORT ON DIRECTORS' REMUNERATION | continued

STATEMENT OF IMPLEMENTATION OF DIRECTORS' REMUNERATION POLICY

The Board does not envisage that there will be any significant changes to the implementation of the Directors' Remuneration Policy during the current financial year compared to how it was implemented during the year ended 31 August 2021.

ANNUAL STATEMENT

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulation 2013, I, as Chairman of the Board, confirm that the above Directors' Remuneration Annual Report summarises, as applicable, for the year ended 31 August 2021:

(a) the major decisions on Directors' remuneration;

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

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

SHAREHOLDER APPROVAL

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

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

At the AGM held on 15 December 2020, votes cast (including the votes cast at the Chairman's discretion) in respect of the Annual Report on Directors' Remuneration were 10,506,494 (99.77%) in favour, 24,375 (0.23%) against and 34,426 votes withheld.

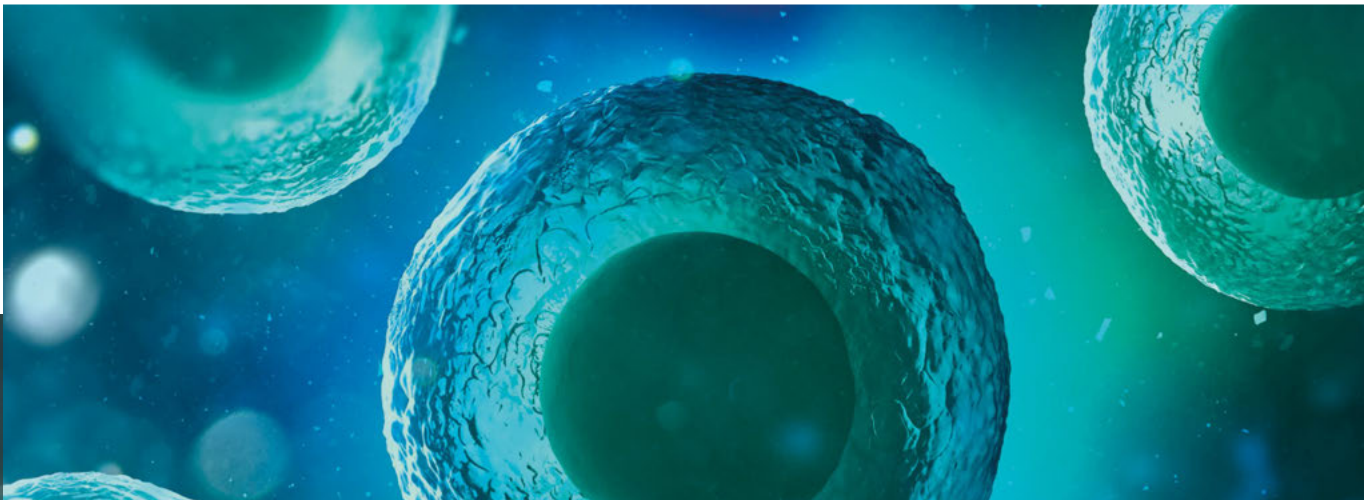
RECOMMENDATION

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

On behalf of the Board

JIM HORSBURGH | Chairman

29 October 2021



AUDIT COMMITTEE REPORT

COMPOSITION AND MEETINGS OF THE AUDIT COMMITTEE

The Audit Committee is chaired by Caroline Gulliver. Given the size of the Board, it is considered both proportionate and practical for all Directors, including the Chairman of the Company (who was independent on appointment), to be members. All members of the Committee are independent and have competence relevant to the sector as a result of their current or recent employment in financial services and other industries. As the Chairman of the Committee, Caroline Gulliver has relevant and recent financial experience in financial services as a Chartered Accountant with a background in the provision of audit and advisory services to the asset management industry, with a particular focus on investment trusts. Both Kate Cornish-Bowden and Patrick Magee have extensive experience working in financial services. Jim Horsburgh has spent his career working for a number of leading financial institutions and Véronique Bouchet has extensive experience working in the healthcare sector across several therapeutic areas and functions. The biographies of each of the Committee Members are shown on pages 28 and 29.

The Audit Committee met three times during the year ended 31 August 2021 and reported its findings to the Board on the matters described below after each Meeting. The Company's Auditors are invited to attend Meetings as necessary as well as representatives of the Fund Manager.

THE ROLE OF THE COMMITTEE

The Audit Committee operates under written terms of reference which are reviewed annually and are available on the Company's website. The process in respect of the evaluation of the Audit Committee's performance is disclosed on page 36.

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

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

AUDIT COMMITTEE REPORT | continued

- Making recommendations to the Board regarding the appointment of the external Auditors, their independence and the objectivity and effectiveness of the audit process.
- Monitoring any non-audit services being provided to the Company by its external Auditors.

EFFECTIVENESS OF THE EXTERNAL AUDIT PROCESS

The Audit Committee annually reviews the performance of PricewaterhouseCoopers LLP, the Company's external Auditors and discusses their effectiveness with representatives of the Fund Manager, who work closely with the Auditors during the annual audit process. As part of this review, the Audit Committee takes into consideration the qualifications, expertise and resources, and independence of the external Auditors and the effectiveness of the external audit process, which includes a report from the external auditors on their own internal quality procedures. The Auditors attend the Audit Committee Meeting at which the Annual Report is considered in order to present their report and have the opportunity to meet privately with the Audit Committee Members without representatives of the Fund Manager present. The Auditors are required to rotate the audit partner every five years. Rotation last took place in 2018 but following the departure of the previous audit partner, Colleen Local has been appointed as the engagement lead to oversee the audit for the first time in 2021. All other members of the audit team remain unchanged.

Details of the amounts paid to the external Auditors during the financial year under review, for their audit services, are set out in note 5 to the Financial Statements on page 68. The Audit Committee annually monitors the non-audit services provided to the Company and has developed a formal policy to ensure that such services do not impair the independence or objectivity of the Auditors. No non-audit services were provided during the year under review. Following its review, the Audit Committee remains satisfied with the effectiveness of the audit provided and that the Auditors remain independent.

AUDIT TENDER AND RE-APPOINTMENT OF THE AUDITORS

The EU Audit Directive requires companies to tender audit services once every 10 years and change Auditors every 20 years. PricewaterhouseCoopers LLP was initially appointed in 2007 and accordingly, the Company conducted a tender of audit services in 2016 in respect of the ongoing audits. Following recommendation by the Audit Committee, the Board decided to retain PricewaterhouseCoopers LLP as Auditors for the Company, as permitted by the EU Audit Directive. Following a review of the Auditors performance, as described above, the Audit Committee recommends the re-appointment of the Auditors at the forthcoming AGM.

SIGNIFICANT ISSUES CONSIDERED WITH RESPECT TO THE ANNUAL REPORT

Issue considered	How the issue was addressed
Valuation and existence of investments and gains and losses from those investments	Consideration and review of valuation processes and methodology at SV Health Managers LLP and HSBC Bank plc to establish the existence of and the accuracy and completeness over the valuations being recommended for approval to the Board.
Performance Fee	Review of the accuracy of the calculation and completeness of disclosure.
Going Concern	Review of risk map, impact to Going Concern and the viability of the Company including the impact to operations and stress testing certain key assumptions regarding income and expenditure and the Company's gearing strategy. Consideration of the likely outcome of the continuation vote.
Internal controls	Review of internal control reports from outsourced service providers.

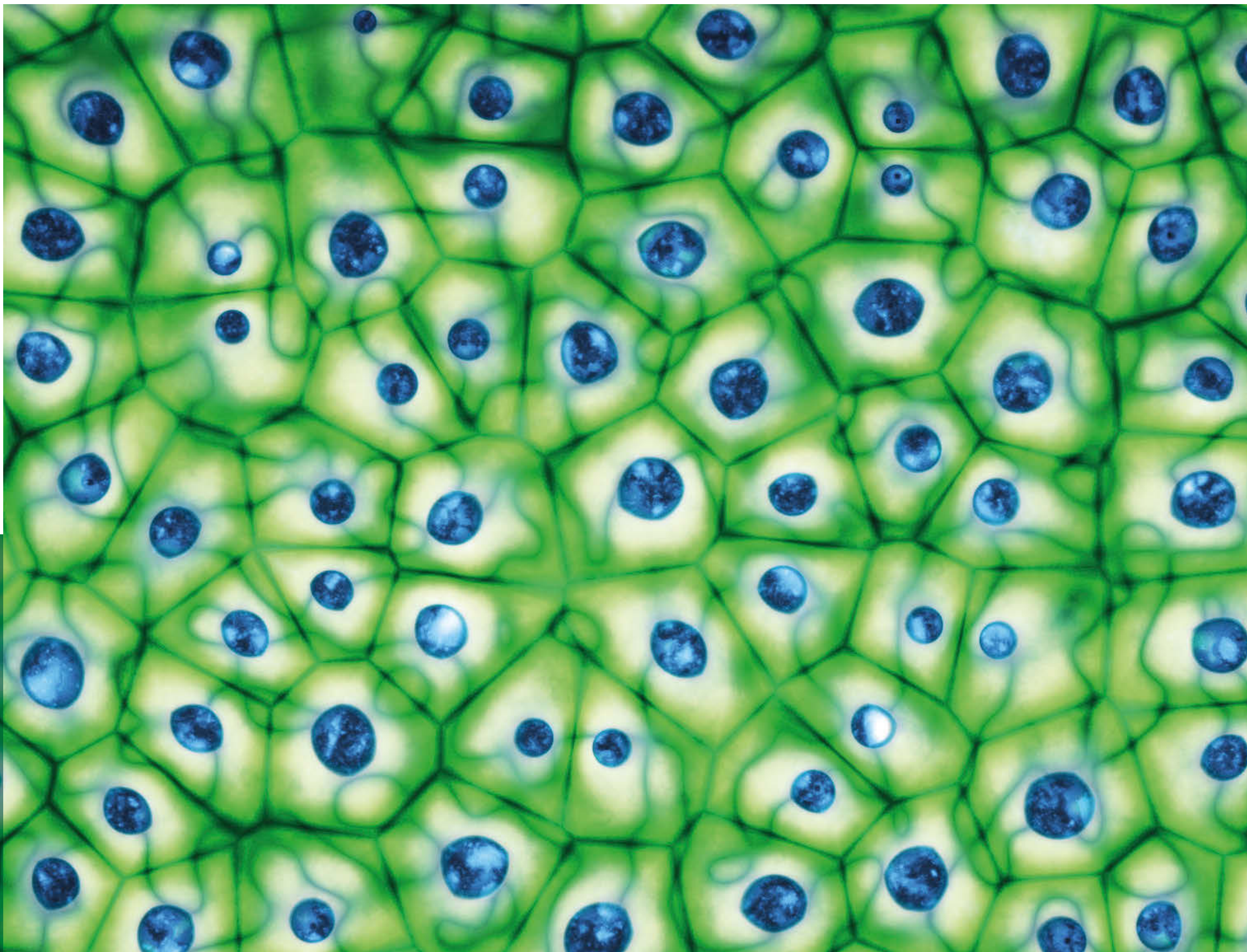
AUDIT COMMITTEE REPORT | continued

CONCLUSIONS WITH RESPECT TO THE ANNUAL REPORT

The production and the external audit of the Company's Annual Report is an intricate process, involving a number of parties. The Audit Committee has reviewed the internal controls in place at each of the third party service providers in order to gain comfort over the accuracy of the Company's financial records. Having received the Auditor's Report on the results of the annual audit and having taken all available information into consideration and having discussed the content of the Annual Report with the AIFM, Fund Manager, Company Secretary and other third party service providers, the Audit Committee has concluded that the Annual Report for the year ended 31 August 2021, taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy and has reported these findings to the Board. The Board's conclusions in this respect are set out on page 47. The Board was made fully aware of any significant financial reporting issues and judgements made in connection with the preparation of the Financial Statements.

CAROLINE GULLIVER | Chairman of the Audit Committee

29 October 2021



MANAGEMENT REPORT AND DIRECTORS' RESPONSIBILITIES STATEMENT

MANAGEMENT REPORT

Listed companies are required by the FCA's Disclosure Guidance and Transparency Rules (the Rules) to include a management report in their Financial Statements. The information required to be included in the management report for the purposes of the Rules is included in the Strategic Report on pages 20 to 27 inclusive (together with the sections of the Annual Report incorporated by reference) and the Directors' Report on pages 30 to 39. Therefore, a separate management report has not been included.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Financial Statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law, Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements and the Directors' Remuneration Report comply with the Companies Act 2006.

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

DIRECTORS' CONFIRMATIONS

The Directors consider that the Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

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

- the Company Financial Statements, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and result of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

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

Having taken advice from the Audit Committee, the Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides information necessary for shareholders to assess the Company's position, performance, business model and strategy.

MANAGEMENT REPORT AND DIRECTORS' RESPONSIBILITIES STATEMENT | continued

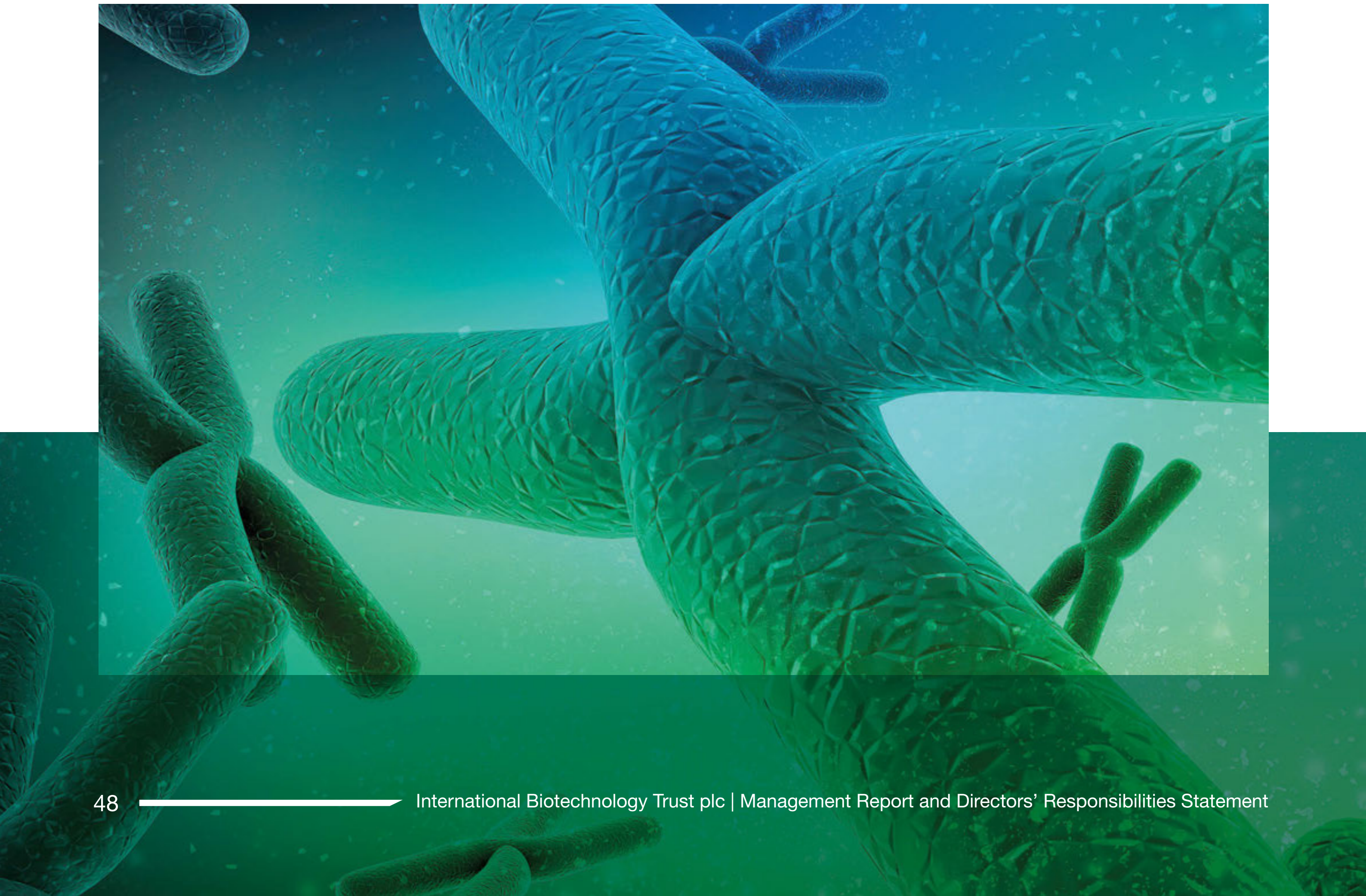
Pursuant to Rule 4.1.12 of the Rules, each of the Directors, whose names and functions are listed on pages 28 and 29 of this Report, confirms that, to the best of his or her knowledge:

- The Financial Statements, which have been prepared in accordance with IFRS, 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
- As outlined on page 32 of this Report, the Directors have undertaken all necessary reviews to provide a going concern recommendation.

On behalf of the Board

JIM HORSBURGH | Chairman

29 October 2021



INDEPENDENT AUDITORS' REPORT

to the members of International Biotechnology Trust plc

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

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

- give a true and fair view of the state of the Company's affairs as at 31 August 2021 and of its result and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance Sheet as at 31 August 2021; the Statement of Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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

BASIS FOR OPINION

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

Independence

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

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

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

INDEPENDENT AUDITORS' REPORT | continued

OUR AUDIT APPROACH

Overview

Audit scope

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

- We conducted our audit of the financial statements using information from HSBC Bank plc (the Administrator) to whom the Fund Manager has, with the consent of the Directors, delegated the provision of certain administrative functions.

- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.

- We obtained an understanding of the control environment in place at both the Fund Manager and the Administrator, and adopted a fully substantive testing approach using reports obtained from the Fund Manager and Administrator.

Key Audit Matters

- Valuation and existence of unquoted investments

- Valuation and existence of quoted investments

- Income from investments

- Ability to continue as a going concern

Materiality

- Overall materiality: £3,200,000 (2020: £2,800,000) based on approximately 1% of net assets.

- Performance materiality: £2,400,000.

The scope of our audit

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

Key audit matters

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

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

Ability to continue as a going concern is a new key audit matter this year. Consideration of impacts of COVID-19, which was a key audit matter last year, is no longer included because of the reduced uncertainty of the impact of COVID-19 in the current year as markets and economies continue to recover. Otherwise, the key audit matters below are consistent with last year.

INDEPENDENT AUDITORS’ REPORT | continued

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of unquoted investments Refer to page 44 (Audit Committee Report), page 62 (Accounting Policies) and page 71 (Note 10). The investment portfolio at 31 August 2021 included unquoted investments. We focused on the valuation and existence of the unquoted investments as these investments represented a material balance in the financial statements (£31.0m) and the valuation requires significant estimates and judgements to be applied by the Directors and the Fund Manager such that changes to key inputs to the estimates and/or the judgements made can result in a material change to the valuation of unquoted investments.	**Valuation of unquoted investments** We have understood and evaluated the valuation methodology applied, by reference to IFRS and the International Private Equity and Venture Capital Valuation guidelines (IPEV), and tested the techniques used by the Directors in determining the fair value of unquoted investments. Our testing, performed on a sample basis, included: - Assessing the appropriateness of the valuation models used, - Assessing the reasonableness of assumptions and estimates used, and - Testing the inputs through validation to appropriate third party sources. We also read the Board papers and meeting minutes where the valuations of the unquoted investments were discussed by the Directors. This, together with the work outlined above and our knowledge of the investee entities, IFRS, the AIC SORP and the IPEV guidelines, enabled us to discuss with and challenge the Directors and the Fund Manager as to the appropriateness of the methodology, key inputs used and the valuations themselves. We found that the Fund Manager’s valuations of unquoted investments were consistent with IFRS and that the assumptions used to derive the valuations within the financial statements were reasonable based on the investee’s circumstances or consistent with appropriate third party sources. **Existence of unquoted investments** We tested the existence of the unquoted investment portfolio by agreeing a sample of the holdings to an independently obtained confirmation from the custodian, HSBC Bank plc, as at 31 August 2021. No material misstatements were identified from this testing.
Valuation and existence of quoted investments Refer to page 44 (Audit Committee Report), page 62 (Accounting Policies) and page 71 (Note 10). The investment portfolio at the year-end comprised quoted equity investments valued at £314.4m. We focused on the valuation and existence of quoted investments because investments represent the principal element of the net asset value as disclosed on the Balance Sheet.	We tested the valuation of the quoted equity investments by agreeing 100% of prices used in the valuation to independent third party sources. We tested the existence of the quoted investment portfolio by agreeing 100% of the holdings of quoted investments to an independently obtained confirmation from the custodian, HSBC Bank plc, as at 31 August 2021. No material misstatements were identified from this testing.

INDEPENDENT AUDITORS' REPORT | continued

Key audit matter	How our audit addressed the key audit matter
Income from investments Refer to page 44 (Audit Committee Report), page 62 (Accounting Policies) and page 67 (Note 3). ISAs (UK) presume there is a risk of fraud in income recognition because of the pressure management may feel to achieve a certain objective. In this instance, we consider that 'income' refers to all the Company's income streams, both revenue and capital (including gains and losses on investments). We focussed this risk on the accuracy and occurrence of gains/losses on investments and completeness of dividend income and its presentation in the Income Statement as set out in the requirements of The Association of Investment Companies' Statement of Recommended Practice (the "AIC SORP").	We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to confirm that income had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income (revenue and capital gains and losses on investments) has been accounted for in accordance with the stated accounting policy. We understood and assessed the design and implementation of key controls surrounding income recognition. **Capital gains/losses on investments** The gains/losses on investments held at fair value comprise realised and unrealised gains/losses. For unrealised gains and losses, we sample tested the valuation of the portfolio at the year-end (see above), together with testing the reconciliation of opening and closing investments. For realised gains/losses, we tested a sample of disposal proceeds by agreeing the proceeds to bank statements and we re-performed the calculation of a sample of realised gains/losses. **Revenue (or dividend income)** To test the accuracy of dividend income, we tested a sample of dividend receipts by agreeing the dividend rates from all investments to independent third party sources. To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared for all listed investments during the year. Our testing did not identify any unrecorded dividends. We tested the occurrence assertion by testing that all dividends recorded in the year had been declared in the market by investment holdings, and we traced a sample of dividends received to bank statements. We also tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP by determining reasons behind dividend distributions. No material misstatements were identified from this testing.

INDEPENDENT AUDITORS' REPORT | continued

Key audit matter	How our audit addressed the key audit matter
Ability to continue as a going concern Refer to the Chairman's Statement (page 7), Strategic Review (page 20), Viability Statement (page 22), the Going Concern Statement (page 32), and Note 1(a) (page 62). A continuation vote is due to take place at the 2021 AGM, which, if passed, will allow the Company to continue as an investment trust for a further two years. As such, the Directors have considered and assessed the potential impact on the ability of the Company to continue as a going concern.	Our audit procedures and findings in respect of going concern are set out in the "Conclusions relating to Going Concern" section below.

How we tailored the audit scope

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

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

Materiality

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

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

Overall materiality	£3,200,000 (2020: £2,800,000).
How we determined it	Approximately 1% of net assets
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year-on-year basis for our audit.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £2,400,000 for the Company financial statements.

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

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £160,000 (2020: £140,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

INDEPENDENT AUDITORS' REPORT | continued

CONCLUSIONS RELATING TO GOING CONCERN

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

- Obtaining evidence to support the key assumptions and forecasts driving the Directors' assessment. This included reviewing the Directors' assessment of the Company's financial position and forecasts, their assessment of liquidity and loan covenant compliance as well as their review of the operational resilience of the Company and oversight of key third party service providers.

- Reviewed the Directors' assessment of going concern in relation to the expected approval of the continuation vote. We challenged the Directors on their assessment of the expected approval of the continuation vote which included the following considerations:

  - The stability of the Company's shareholder register and the type of shareholder on the register;

  - The feedback that the Manager has received from a sample of shareholders in relation to their voting intention;

  - The performance of the Company when compared to its stated performance comparator;

  - The premium/discount the Company's share price trades at compared to its net asset value per share; and

  - The results and circumstances related to previous continuation votes.

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

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

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

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

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

REPORTING ON OTHER INFORMATION

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

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

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

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

INDEPENDENT AUDITORS' REPORT | continued

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 August 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

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

CORPORATE GOVERNANCE STATEMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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INDEPENDENT AUDITORS' REPORT | continued

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a

INDEPENDENT AUDITORS' REPORT | continued

limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this Report

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

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the Directors on 12 July 2007 to audit the financial statements for the year ended 31 August 2007 and subsequent financial periods. The period of total uninterrupted engagement is 15 years, covering the years ended 31 August 2007 to 31 August 2021.

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

29 October 2021

STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 31 August 2021			For the year ended 31 August 2020		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value	2	—	30,925	30,925	—	54,127	54,127
Exchange gains on currency balances		—	65	65	—	1,765	1,765
Income	3	1,105	—	1,105	1,134	—	1,134
Expenses							
Management fee	4	(2,402)	—	(2,402)	(1,878)	—	(1,878)
Performance fee	4	—	(353)	(353)	—	(243)	(243)
Administrative expenses	5	(1,075)	—	(1,075)	(1,051)	—	(1,051)
(Loss)/profit before finance costs and tax		(2,372)	30,637	28,265	(1,795)	55,649	53,854
Finance costs							
Interest payable	6	(218)	—	(218)	(260)	—	(260)
(Loss)/profit before tax		(2,590)	30,637	28,047	(2,055)	55,649	53,594
Taxation	7	(162)	—	(162)	(170)	—	(170)
(Loss)/profit for the year attributable to shareholders		(2,752)	30,637	27,885	(2,225)	55,649	53,424
Basic and diluted (loss)/earnings per Ordinary share	8	(6.80)p	75.66p	68.86p	(5.79)p	144.70p	138.91p

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

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

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

The notes on pages 62 to 89 form part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 August 2021	Notes	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Balance at 1 September 2020		**10,335**	**20,434**	**31,482**	**262,627**	**(40,981)**	**283,897**
Total Comprehensive Income:							
Profit/(loss) for the year		**–**	**–**	**–**	**30,637**	**(2,752)**	**27,885**
Transactions with owners, recorded directly to equity:							
Dividends paid in the year	9	**–**	**–**	**–**	**(11,564)**	**–**	**(11,564)**
Ordinary shares issued from treasury		**–**	**9,158**	**–**	**14,107**	**–**	**23,265**
New Ordinary shares issued		**11**	**281**	**–**	**–**	**–**	**292**
Balance at 31 August 2021		**10,346**	**29,873**	**31,482**	**295,807**	**(43,733)**	**323,775**

For the year ended 31 August 2020	Notes	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Balance at 1 September 2019		10,335	19,993	31,482	216,525	(38,756)	239,579
Total Comprehensive Income:							
Profit/(loss) for the year		–	–	–	55,649	(2,225)	53,424
Transactions with owners, recorded directly to equity:							
Dividends paid in the year	9	–	–	–	(9,547)	–	(9,547)
Ordinary shares bought back into treasury		–	–	–	(1,131)	–	(1,131)
Ordinary shares issued from treasury		–	441	–	1,131	–	1,572
Balance at 31 August 2020		10,335	20,434	31,482	262,627	(40,981)	283,897

The notes on pages 62 to 89 form part of these Financial Statements.

BALANCE SHEET

	Notes	At 31 August 2021 £'000	At 31 August 2020 £'000
Non-current assets			
Investments held at fair value through profit or loss	10	**345,336**	302,223
		345,336	302,223
Current assets			
Receivables	11	**942**	161
Cash and cash equivalents and Borrowings	12	**1,557**	324
		2,499	485
Total assets		**347,835**	302,708
Current liabilities			
Borrowings	12	**(21,869)**	(18,096)
Payables	13	**(2,191)**	(715)
		(24,060)	(18,811)
Net assets		**323,775**	283,897
Equity attributable to equity holders			
Called up share capital	15	**10,346**	10,335
Share premium account	16	**29,873**	20,434
Capital redemption reserve	17	**31,482**	31,482
Capital reserves	18	**295,807**	262,627
Revenue reserve	19	**(43,733)**	(40,981)
Total equity		**323,775**	283,897
NAV per Ordinary share	20	**782.37p**	738.61p

The Financial Statements on pages 58 to 61 were approved by the Board on 29 October 2021 and signed on its behalf by:

JIM HORSBURGH | Chairman **CAROLINE GULLIVER | Chair of the Audit Committee**

The notes on pages 62 to 89 form part of these Financial Statements.

International Biotechnology Trust plc Company Number 2892872

CASH FLOW STATEMENT

	Notes	For the year ended 31 August 2021 £'000	For the year ended 31 August 2020 £'000
Cash flows from operating activities			
Profit before tax		**28,047**	53,594
Adjustments for:			
Increase in investments		**(43,113)**	(64,863)
(Increase)/decrease in receivables		**(781)**	2,455
Increase/(decrease) in payables		**1,476**	(568)
Taxation		**(162)**	(170)
Net cash flows used in operating activities	21	**(14,533)**	(9,552)
Cash flows from financing activities			
Issue of Ordinary shares from treasury		**23,265**	1,572
Issue of New Ordinary shares		**292**	—
Buyback of Ordinary shares into treasury		**—**	(1,131)
Dividends paid		**(11,564)**	(9,547)
Net cash generated from/(used in) financing activities		**11,993**	(9,106)
Net decrease in cash and cash equivalents		**(2,540)**	(18,658)
Cash and cash equivalents at 1 September		**(17,772)**	886
Cash and cash equivalents at 31 August	12	**(20,312)**	(17,772)

The notes on pages 62 to 89 form part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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

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

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

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

(a) Basis of preparation

The Company's Financial Statements have been prepared on a going concern basis (as set out on page 32) 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 October 2019 is consistent with the requirements of IFRS, the Directors have sought to prepare the Financial Statements on a basis compliant with the recommendations of the SORP.

The financial position of the Company as at 31 August 2021 is shown in the Balance Sheet on page 60. As at 31 August 2021 the Company's total assets exceeded its total liabilities by a multiple of almost 14. The assets of the Company consist mainly of securities that are held in accordance with the Company's Investment Policy, as set out on page 20. 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, including for the impact of COVID-19, which used a variety of falling parameters to demonstrate the effects in the Company's share prices and NAV. In light of the results of these tests, the Company's cash balances, and the liquidity position, the Directors consider that the Company has adequate financial resources to enable it to continue in operational existence. The Directors expect shareholders to vote in favour of continuation at the 2021 AGM. Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Company's accounts.

(b) Presentation of Statement of Comprehensive Income

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

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

(c) Income

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

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

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

NOTES TO THE FINANCIAL STATEMENTS | continued

(d) Expenses and interest payable

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

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

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

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

(e) Taxation

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

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

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

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

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

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

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

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

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

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

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

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

The valuations of the unquoted investments are assessed to ensure that the fair value is fairly reflected and will be revalued accordingly driven by the underlying assumptions deriving the value, including: the ability of portfolio company management to keep cash and operating budgets; investor milestone targets;

NOTES TO THE FINANCIAL STATEMENTS | continued

clinical trial data; progress of competitor products; performance of the investment and quality of the management team; the market for the product being developed; and the broad climate of the economies of the countries in which they will likely be sold by reference to public stock market performance.

Investment in Funds

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

During the period between quarterly reports, the Company may be advised of a sale of a portfolio company (or its securities) held within one of the funds at a different price from the last reported value in that quarterly report. As soon as the Company is informed of the completion of any such transaction establishing a new value for the investment, the new NAV of that investment to SV Fund VI is reflected in the NAV on the next NAV date. With respect to any investments within SV Fund VI for which there is a listed price, the Company revalues its investment in SV Fund VI to take account of market movements in the underlying security. The listed price of these underlying secuities is monitored on a daily basis. Any price move in SV Fund VI's underlying investments that materially impacts the Company's holding in SV Fund VI 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 Company does not change the valuation of fund investments solely based on anticipated transactions that are not yet completed, changes in company performance or any other factors unless and until such changes are reflected in a quarterly report received from the manager of the fund.

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

(g) Foreign currencies

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

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

(h) Critical accounting estimates and judgements

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

Judgements

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

(i) The fair value of the unquoted investments.

The key judgements in the fair valuation process are:

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

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

(iii) The selection of appropriate comparable companies in order to derive revenue multiples and meaningful relationships between enterprise value, revenue and earnings growth.

NOTES TO THE FINANCIAL STATEMENTS | continued

Comparable companies are chosen on the basis of their business characteristics, such as the industry sector in which they operate and the geographic location of the company's operations, and revenue earnings and growth rates.

Estimates

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

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

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

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

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

Fair value estimates are cross-checked to alternative estimation methods where possible to improve the robustness of the estimate. As the valuation outcomes may differ from the fair value estimates a price sensitivity analysis is provided in Level 3 investments at fair value through profit and loss – price risk sensitivity in note 23(7)(iii) on page 86 to illustrate the effect on the Financial Statements of an over or under estimation of the significant observable inputs.

(i) Cash and cash equivalents

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

(j) Receivables

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

(k) Other payables

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

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

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

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

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

(m) Dividend distributions

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

(n) Reserves

(i) Capital redemption reserve:

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

NOTES TO THE FINANCIAL STATEMENTS | continued

(ii) Share premium account:
A non-distributable reserve, represents the amount by which the fair value of the consideration received exceeds the nominal value of shares issued.

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

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

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

Note: Unrealised unquoted holding gains are not distributable.

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

(o) New and revised accounting standards

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

The following standards became effective for periods comencing on or after on 1 January 2020 and the adoption of the standards and interpretations have not had a material impact on the Financial Statements of the Company.

IFRS 3 Business Combinations (amended)
Amendments to improve the definition of a business in order to help companies determine whether an acquisition made is of a business or a group of assets.

IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (amended)

Amendments that provide certain reliefs which relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate.

IAS 1 and IAS 8 Definition of Material (amended)
Amendments to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the Standards themselves.

References to the Conceptual Framework in IFRS Standards (amended)
The Amendments to References to the Conceptual Framework in IFRS Standards was issued to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

Effective for periods commencing on or after 1 January 2021:

IFRS 4 Insurance Contracts – temporary exemption from IFRS 9 (amended)
The temporary exemption permits companies whose activities are predominantly connected with insurance to defer the application of IFRS 9 to annual periods beginning on or after 1 January 2023.

IFRS 9, IAS 39, IFRS 7, IFRS 16 and IFRS 4: Interest Rate Benchmark Reform – phase 2 (amended)
IBOR Reform - Phase 2 address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate.

NOTES TO THE FINANCIAL STATEMENTS | continued

2. GAINS ON INVESTMENTS HELD AT FAIR VALUE

	For the year ended 31 August 2021 £'000	For the year ended 31 August 2020 £'000
Net gains on disposal of investments at historic cost	**46,873**	16,281
Less fair value adjustments in earlier years	**(31,976)**	(1,031)
Gains based on carrying value at previous Balance Sheet date	**14,897**	15,250
Investment holding gains during the year	**16,028**	38,877
	30,925	54,127
Attributable to:		
Quoted investments	**29,059**	49,841
Unquoted investments	**1,866**	4,286
	30,925	54,127

3. INCOME

	For the year ended 31 August 2021 £'000	For the year ended 31 August 2020 £'000
Income from investments held at fair value through profit or loss:		
Unfranked dividends	**1,105**	1,128
Other income:		
Bank interest	**–**	6
	1,105	1,134

NOTES TO THE FINANCIAL STATEMENTS | continued

4. MANAGEMENT AND PERFORMANCE FEES

	For the year ended 31 August 2021 £'000	For the year ended 31 August 2020 £'000
Fees payable to the Fund Manager are as follows:		
Management fees paid by Company (allocated to revenue)	**2,402**	1,878
	2,402	1,878
Performance fee (allocated to capital)	**353**	243
	353	243

Details of the management and performance fee arrangements are included in the Directors' Report on page 31.

Following the investment into the SV Fund VI venture capital fund on 3 October 2016, management fees are partially paid through the venture capital investment. Venture Capital fees paid through the SV Fund VI investment in the year were £377,000 (2020: £417,000). Total Management fees on a comparative basis were £2,779,000 (2020: £2,295,000). Refer to note 22 Related Party Transactions on page 77, for further details.

5. ADMINISTRATIVE EXPENSES

	For the year ended 31 August 2021 £'000	For the year ended 31 August 2020 £'000
General expenses*	**619**	619
Directors' fees**	**168**	149
Company Secretarial and administration fees	**231**	233
Auditors' remuneration:		
Fees payable to the Company's Auditors for the audit of the annual Financial Statements	**57**	50
	1,075	1,051

*Includes research costs under MIFID II related solely to specialist biotechnology research of £152,000 (annual cap of £160,000). These costs were previously partly wrapped up in trade commission. Under MiFID II which applied from 3 January 2018, changes were made to how investment managers pay for their research. This new regime requires investment managers to budget separately for research and trading costs.

**See the Directors' Remuneration Report on pages 40 to 43.

NOTES TO THE FINANCIAL STATEMENTS | continued

6. INTEREST PAYABLE

	For the year ended 31 August 2021 £'000	For the year ended 31 August 2020 £'000
Bank overdraft interest payable	**218**	260

7. TAXATION

(a) Analysis of charge in year

	For the year ended 31 August 2021 £'000	For the year ended 31 August 2020 £'000
Overseas tax	**162**	170
Total tax charge for the year	**162**	170

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower than that resulting from applying the standard rate of Corporation Tax in the UK for a medium or large company of 19% (2020: 19%). The differences are explained below:

	For the year ended 31 August 2021			For the year ended 31 August 2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Factors affecting tax charge for the year:						
(Loss)/profit before taxation	**(2,590)**	**30,637**	**28,047**	(2,055)	55,649	53,594
Tax at the UK corporation tax rate of 19% (2020: 19%)	**(492)**	**5,821**	**5,329**	(390)	10,573	10,183
Tax effect of:						
Non-taxable dividend income	**(210)**	**–**	**(210)**	(215)	–	(215)
Capital returns on investments	**–**	**(5,876)**	**(5,876)**	–	(10,284)	(10,284)
Exchange losses	**–**	**(12)**	**(12)**	–	(335)	(335)
Expenses not utilised in the year	**702**	**67**	**769**	605	46	651
Overseas tax	**162**	**–**	**162**	170	–	170

(c) Provision for deferred taxation

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

NOTES TO THE FINANCIAL STATEMENTS | continued

(d) Factors that may affect future tax charges

The Company has an potential deferred tax asset of £13,418,000 (2020: £12,649,000) based on a main rate of corporation tax of 19% (2020: 19%). In the 2020 Budget, the government announced that the main rate of corporation tax (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%.

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. BASIC AND DILUTED EARNINGS PER ORDINARY SHARE

	For the year ended 31 August 2021 £'000	For the year ended 31 August 2020 £'000
Net revenue loss	**(2,752)**	(2,225)
Net capital profit	**30,637**	55,649
	27,885	53,424
Weighted average number of Ordinary shares in issue during the year*	**40,495,020**	38,458,263
	Pence	Pence
Revenue loss per Ordinary share	**(6.80)**	(5.79)
Capital profit per Ordinary share	**75.66**	144.70
Total earning per Ordinary share	**68.86**	138.91

*Excluding those Ordinary shares held in treasury.

9. DIVIDENDS

	For the year ended 31 August 2021 £'000	For the year ended 31 August 2020 £'000
Dividends paid		
2021 First interim dividend paid of 14.20p (2020: 12.40p)	**5,687**	4,781
2021 Second interim dividend paid of 14.20p (2020: 12.40p)	**5,877**	4,766
Total dividends paid in the year	**11,564**	9,547

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

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

NOTES TO THE FINANCIAL STATEMENTS | continued

10. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Analysis of investments

	At 31 August 2021 £'000	At 31 August 2020 £'000
Quoted overseas	**314,365**	266,947
	314,365	266,947
Unquoted in the United Kingdom	**472**	2,350
Unquoted overseas	**30,499**	32,926
	30,971	35,276
Valuation of investments	**345,336**	302,223

(b) Movements on investments

	For the year ended 31 August 2021 £'000	For the year ended 31 August 2020 £'000
Opening book cost	**252,358**	225,341
Opening investment holdings gains	**49,865**	12,019
Opening fair value	**302,223**	237,360
Analysis of transactions made during the year		
Purchases at cost	**318,038**	246,864
Proceeds of disposals	**(305,850)**	(236,128)
Gains on investments held at fair value	**30,925**	54,127
Closing fair value	**345,336**	302,223
Closing book cost	**311,419**	252,358
Closing investment holding gains	**33,917**	49,865
Closing fair value	**345,336**	302,223

The Company received £305,850,000 (2020: £236,128,000) from disposal of investments in the year. The book cost of these investments when they were purchased were £258,977,000 (2020: £219,847,000). 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, please see more information in note 23.7 on page 85.

NOTES TO THE FINANCIAL STATEMENTS | continued

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

	For the year ended 31 August 2021 £'000	For the year ended 31 August 2020 £'000
On acquisitions	**188**	144
On disposals	**176**	138
	364	282

(c) Significant undertakings

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

	Class of share held	**% of class of share held**	**Country of incorporation**
Archemix	Series B	3.80%	US
EBR Systems**	Series C	7.84%	US
Karus Therapeutics**	Series B Pref	4.34%	UK
Oxagen Stocks*	Series B Pref	9.10%	UK
Oxagen Stocks*	Series A Pref	4.63%	UK
Oxagen Stocks*	Series C Pref	4.18%	UK
Topivert***	Series B	3.02%	UK

* Although the Company continues to hold its investment in, this fair value of this holding has been fully written off in prior years.
** These investments have been written down to £nil during the year.
*** This investment is currently in liquidation.

(d) Disposals of unquoted investments

There were no significant unquoted investment disposals during the year.

(e) Significant changes in fair values of unquoted investments

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

	Write up/(down) £'000
Ikano Therapeutics	**(2,133)**
SV Fund VI*	**177**
NCP Holdings	**1,161**
Karus Therapeutics	**(1,401)**
Convergence	**(1,085)**

*The fair value gain returned by SV Fund VI was offset by the capital calls and six distributions received, totalling £8.1m. This resulted in the value of the Company's investment in SV Fund VI increasing from £21.6m as at 31 August 2020 to £21.8m as at 31 August 2021.

NOTES TO THE FINANCIAL STATEMENTS | continued

11. RECEIVABLES

	At 31 August 2021 £'000	At 31 August 2020 £'000
Amounts due within one year:		
Sales awaiting settlement	**754**	–
Accrued income	**91**	45
Prepaid expenses	**44**	47
Tax recoverable	**42**	43
VAT recoverable	**11**	26
	942	161

12. CASH AND CASH EQUIVALENTS AND BORROWINGS

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

	At 31 August 2021 £'000	At 31 August 2020 £'000
Cash and cash equivalents	**1,557**	324
Bank overdraft	**(21,869)**	(18,096)
Cash and cash equivalents	**(20,312)**	(17,772)

The Company has a £55.0m uncommitted multi-currency overdraft facility. All cash balances are netted off against the drawn facility to result in a net drawn overdraft balance as this is a multi-currency overdraft facility. On 31 August 2021, £20.3m (2020: £17.8m) was drawn down. The principal covenants relating to this facility are that there must be at least twenty investments in the portfolio and that performance must not fall 15% in a month, 25% in two months or 30% in any six month period. The Company has complied with the terms of the facility throughout the financial year.

13. PAYABLES

	At 31 August 2021 £'000	At 31 August 2020 £'000
Amounts falling due within one year:		
Purchases awaiting settlement	**1,597**	124
Accrued expenses	**575**	572
Other	**19**	19
	2,191	715

NOTES TO THE FINANCIAL STATEMENTS | continued

14. CAPITAL COMMITMENTS – CONTINGENT ASSETS AND LIABILITIES

The Company made a $30.0m commitment to SV Fund VI in 2016. Of this $30.0m commitment, the Company has further commitments of £5.2m as at 31 August 2021 (2020: £6.1m). 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.

15. CALLED UP SHARE CAPITAL

Allotted, Called up and Fully paid:

	At 31 August 2021 Number	At 31 August 2020 Number	**At 31 August 2021 £'000**	At 31 August 2020 £'000
Allotted, Called up and Fully paid shares of 25p each:				
Ordinary shares in issue	**41,383,817**	38,436,817	**10,346**	9,609
Ordinary shares held in treasury	**–**	2,905,846	**–**	726
	41,383,817	41,342,663	**10,346**	10,335

During the year, there were 2,905,846 Ordinary shares issued from treasury for total proceeds of £23,265,000 (2020: 235,000 Ordinary shares issued for total proceeds of £1,572,000).

In addition, there were 41,154 Ordinary shares issued for total proceeds of £292,000 (2020: £nil).

Post year-end, 55,469 shares were repurchased to be held in treasury. There were no Ordinary shares repurchased to be held in treasury during the year (2020: 195,846 Ordinary shares repurchased for a total cost of £1,131,000). No Ordinary shares were cancelled (2020: nil).

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

16. SHARE PREMIUM ACCOUNT

	For the year ended 31 August 2021 £'000	For the year ended 31 August 2020 £'000
Balance brought forward	**20,434**	19,993
Ordinary shares issued from treasury	**9,158**	441
Ordinary shares issued	**281**	–
Balance carried forward	**29,873**	20,434

This reserve is not distributable.

NOTES TO THE FINANCIAL STATEMENTS | continued

17. CAPITAL REDEMPTION RESERVE

	For the year ended 31 August 2021 £'000	For the year ended 31 August 2020 £'000
Balance brought forward	**31,482**	31,482
Balance carried forward	**31,482**	31,482
Movement during the year	**–**	–

This reserve is not distributable.

18. CAPITAL RESERVES

	For the year ended 31 August 2021 £'000	For the year ended 31 August 2020 £'000
Balance brought forward	**262,627**	216,525
Gains on investments	**30,925**	54,127
Proceeds from Ordinary shares re-issued from treasury	**14,107**	1,131
Cost of Ordinary shares bought back into treasury	**–**	(1,131)
Performance fee	**(353)**	(243)
Dividend paid out of capital	**(11,564)**	(9,547)
Realised exchange gains on currency balances	**65**	1,765
Balance carried forward	**295,807**	262,627
The capital reserves may be further analysed as follows:		
Reserve on investments sold [(i)]	**261,890**	212,762
Reserve on investments held [(ii)]	**33,917**	49,865
	295,807	262,627

(i) These are realised distributable capital reserves which may be used to repurchase the Company's shares or be distributed as dividends.
(ii) This reserve comprises holding gains on investments (which may be deemed to be realised) and other amounts which are unrealised. An analysis has not been made between amounts that are realised (and may be distributed or used to repurchase the Company's shares) and those that are unrealised.

NOTES TO THE FINANCIAL STATEMENTS | continued

19. REVENUE RESERVE

	For the year ended 31 August 2021 £'000	For the year ended 31 August 2020 £'000
Balance brought forward	**(40,981)**	(38,756)
Net loss for the year	**(2,752)**	(2,225)
Balance carried forward	**(43,733)**	(40,981)

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

20. NET ASSET VALUE PER ORDINARY SHARE

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

	For the year ended 31 August 2021	For the year ended 31 August 2020
NAV (£'000)	**323,775**	283,897
Number of Ordinary shares in issue	**41,383,817**	38,436,817
Basic NAV per Ordinary share (pence)	**782.37**	738.61

The increase in the NAV per share from 738.61p (31 August 2020) to 782.37p (31 August 2021) includes the total gain per share during the year, and the effect on the Company of any issue of Ordinary shares, share buybacks and dividend payments.

21. NOTES TO THE CASH FLOW STATEMENT

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

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

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

	For the year ended 31 August 2021 £'000	For the year ended 31 August 2020 £'000
Proceeds on disposal of fair value through profit and loss investments	**305,096**	238,619
Purchases of fair value through profit and loss investments	**(316,565)**	(246,782)
Net cash outflow from investing activities	**(11,469)**	(8,163)
Cash flows from other operating activities	**(3,064)**	(1,389)
Net cash flows used in operating activities	**(14,533)**	(9,552)

NOTES TO THE FINANCIAL STATEMENTS | continued

22. TRANSACTIONS WITH THE MANAGER AND RELATED PARTY TRANSACTIONS

(a) Transactions with the Fund Manager

Details of the management fee arrangement are given in the Directors' Report on page 31. The total fee payable under this Agreement to SV Health Managers LLP for the year ended 31 August 2021 was £2,779,000 (2020: £2,295,000) of which £nil (2020: £nil) was outstanding at the year end. In addition to this, SV Health Managers LLP is also entitled to a performance fee of £353,000 on the unquoted portfolio (2020: £243,000 on the quoted portfolio). Through the Company's investment into SV Fund VI, management fees of £377,000 (2020: £417,000) are paid to SV Health Investors LLP.

SV Health Managers LLP will often take seats on boards of companies in which the Company holds an unquoted investment. These positions help to monitor the investee companies and in many cases add to the strength and depth of management. They sometimes provide an economic benefit to the individual who takes the position – often in the form of a Director's fee or share awards. The Fund Manager has agreed with the Board a set of guidelines on how any economic interest will be divided between the Company and the Fund Manager. The Board is informed of both the position held and any economic benefits as they arise and a summary of all the positions, benefits and allocations is presented for review at each Board Meeting. During the year ended 31 August 2021 £nil (2020: £nil) was received.

(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 2021 was £168,243 (2020: £148,826) of which £40,250 (2020: £115,500) was outstanding at the year end.

23. FINANCIAL INSTRUMENTS

Risk management policies and procedures

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

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

The main risks arising from the Company's pursuit of its investment objective are those that affect stock market levels: market risk, credit risk and liquidty 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 the continued impact of COVID-19 and noted that it did not have a significant impact on the risk management policies for the year ended 31 August 2021.

23.1 Market risk

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

a) Price risk

The Company is an investment company and as such its performance is dependent on the valuation of its investments. A breakdown of the investment portfolio is given on pages 16 to 18. Market price risk arises mainly from uncertainty about future prices of the financial instruments held.

NOTES TO THE FINANCIAL STATEMENTS | continued

Management of the risk

The Board regularly considers the asset allocation of the portfolio as part of the process of managing the risks associated with the biotechnology sector, described in greater detail in the section on sector specific risk, 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 2021 £'000	At 31 August 2020 £'000
Non-current asset investments at fair value through profit or loss	**345,336**	302,223
Total	**345,336**	302,223

The level of assets exposed to market price risk increased by 14.3% during the year, through a combination of acquisitions and disposal of investments and increases in fair values.

Concentration of exposure to price risk

The Company currently holds investments in 81 companies, 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 as one unquoted holding. However, SV Fund VI has 21 companies in its own portfolio. The classification of investments by sector is provided within the Fund Facts.

Price risk sensitivity

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

	At 31 August 2021		At 31 August 2020	
	Increase in fair value £'000	**Decrease in fair value £'000**	Increase in fair value £'000	Decrease in fair value £'000
Effect on revenue return	**(311)**	**311**	(272)	272
Effect on capital return	**34,534**	**(34,534)**	30,222	(30,222)
Effect on total return and net assets	**34,223**	**(34,223)**	29,950	(29,950)

NOTES TO THE FINANCIAL STATEMENTS | continued

b) Currency risk

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

Management of the risk

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

Foreign currency exposure

The fair values of the Company's monetary items that have foreign currency exposure at 31 August 2021 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 2021 £'000	At 31 August 2020 £'000
Monetary (liabilities)/assets		
Cash and cash equivalents:		
US dollars	**(21,869)**	(18,096)
Danish krone	**789**	–
Euros	**655**	–
Short-term receivables:		
US dollars	**113**	67
Danish krone	**774**	21
Short-term payables:		
US dollars	**(1,597)**	(131)
Foreign currency exposure on net monetary items	**(21,135)**	(18,139)
Non-current asset investments held at fair value		
US dollars	**342,543**	273,773
Danish krone	**288**	20,656
Euros	**2,033**	5,444
Total net foreign currency exposure	**323,729**	281,734

At the year end, approximately 100% (2020: 99.0%) of the Company's net assets were denominated in currencies other than sterling. This level of exposure is broadly representative of the levels throughout the year.

NOTES TO THE FINANCIAL STATEMENTS | continued

Foreign currency sensitivity

During the financial year sterling strengthened by 2.8% against the US dollar, by 4.1% against the Euro and by 4.0% against the Danish Krone (2020: strengthened 9.9%, 1.2% and 1.1% 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% 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 2021 £'000	At 31 August 2020 £'000
US dollars	**31,919**	25,561
Euros	**269**	544
Danish krone	**185**	2,068
	32,373	28,173

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 2021 £'000	At 31 August 2020 £'000
US dollars	**(31,919)**	(25,561)
Euros	**(269)**	(544)
Danish krone	**(185)**	(2,068)
	(32,273)	(28,173)

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.

NOTES TO THE FINANCIAL STATEMENTS | continued

Management of the risk

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

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

At the year end £20.3m (2020: £17.8m) was drawn down under the Company's committed overdraft facility.

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

Interest rate exposure

The exposure, at 31 August 2021, of financial assets and liabilities to interest rate risk is shown by reference to:

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

	For the year ended 31 August 2021			For the year ended 31 August 2020		
	Within one year £'000	**More than one year £'000**	**Total £'000**	Within one year £'000	More than one year £'000	Total £'000
Exposure to floating interest rates:						
Cash and cash equivalents	**(20,312)**	**–**	**(20,312)**	(17,772)	–	(17,772)
Exposure to fixed interest rates:						
Non-current asset investments held at fair value through profit or loss	**–**	**–**	**–**	–	–	–
Total exposure to interest rates	**(20,312)**	**–**	**(20,312)**	(17,772)	–	(17,772)

The above amounts are not necessarily representative of the exposure to interest rates in the year ahead, as the level of cash or cash like assets such as money market funds and borrowings varies during the year according to the performance of the stock market, events within the wider economy and opportunities within the unquoted market and the Fund Manager's decisions on the best use of cash or borrowings over the period. During the year under review the level of financial assets and liabilities exposed to interest rates fluctuated between £8.9m and £20.3m.

Interest rate sensitivity

The following table illustrates the sensitivity of the profit after taxation for the year and equity to an increase or decrease of 50 (2020: 50) basis points in interest rates in regard to the Company's monetary financial assets, which are subject to interest rate risk. This level of change is considered to be reasonably possible based on observation of current market conditions.

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

NOTES TO THE FINANCIAL STATEMENTS | continued

	At 31 August 2021		At 31 August 2020	
	Increase in rate £'000	**Decrease in rate £'000**	Increase in rate £'000	Decrease in rate £'000
Effect on revenue return	**(102)**	**102**	(89)	89
Effect on capital return	**–**	**–**	–	–
Effect on total return and net assets	**(102)**	**102**	(89)	89

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

d) Loss of investor appetite

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

Management of the risk

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

Loss of investor appetite risk exposure

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

23.2 Credit risk

Credit risk is the risk of exposure to loss from failure of a counterparty to deliver securities or cash for acquisitions or disposals of investments. Additionally, the Company has funds on deposit with banks or in money market funds. 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 the investments are therefore protected. However cash balances deposited with the Custodian may be at risk in this instance, as the Company would rank alongside other creditors.

Management of the risk

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

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

Credit risk exposure

	At 31 August 2021 £'000	At 31 August 2020 £'000
Sales awaiting settlement	**754**	–
Accrued income	**91**	45
Cash at bank	**1,557**	324
	2,402	369

NOTES TO THE FINANCIAL STATEMENTS | continued

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.

23.3 Liquidity risk

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

Management of the risk

Liquidity and cash flow risk are minimised as the Fund Manager aims to hold sufficient Company assets in the form of readily realisable securities which can be sold to meet funding commitments as necessary. In addition, the Company has an overdraft facility with HSBC Bank plc of £55.0m (2020: £55.0m).

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

Liquidity risk exposure

As an Investment Trust, the Company has limited liquidity risk. In any event, the Company estimates it could liquidate 60% (2020: 60%) of the portfolio within five days if required. A summary of the Company's financial liabilities is provide in sub-note 6.

23.4 Sector specific risk

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS | continued

23.5 Fair values of financial assets and financial liabilities

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

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

23.6 Summary of financial assets and financial liabilities by category

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

Financial assets

	At 31 August 2021 £'000	At 31 August 2020 £'000
Financial assets at fair value through profit or loss:		
Non-current asset investments – designated as such on initial recognition	**345,336**	302,223
Cash and receivables:		
Current assets:		
Receivables	**898**	114
Cash at bank	**1,557**	324
	2,455	438

Financial liabilities

	At 31 August 2021 £'000	At 31 August 2020 £'000
Measured at amortised cost		
Creditors: amounts falling due within one month:		
Purchases awaiting settlement	**1,597**	124
Bank overdraft	**21,869**	18,096
Accruals	**575**	572
Payables	**19**	19
	24,060	18,811

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

NOTES TO THE FINANCIAL STATEMENTS | continued

23.7 Classification under the fair value hierarchy

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

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

At 31 August 2021	**Total £'000**	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**
Equity investments	**345,336**	**314,365**	**—**	**30,971**
	345,336	**314,365**	**—**	**30,971**

At 31 August 2020	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Equity investments	302,223	266,947	—	35,276
	302,223	266,947	—	35,276

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

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

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

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

The valuation techniques used by the Company are explained in the accounting policies noted on page 63.

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

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

	At 31 August 2021 £'000	At 31 August 2020 £'000
Opening valuation	**35,276**	35,145
Acquisitions	**652**	2,551
Disposal proceeds	**(6,677)**	(6,707)
Total gains included in the Statement of Comprehensive Income		
– on assets sold	**121**	325
– on assets held at the year end	**1,599**	3,962
Closing valuation	**30,971**	35,276

NOTES TO THE FINANCIAL STATEMENTS | continued

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

Investments are reported at their fair values. A full list of the Company's investments is given on pages 16 to 19. As at 31 August 2021, 91.0% of the Company's net assets are invested in quoted investments and 9.0% of the Company's net assets are invested in unquoted investments.

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

Year ended 31 August 2021			**Effect of reasonably possible alternative assumptions**	
Valuation techniques	**Fair value £'000**	**Significant unobservable inputs***	**Favourable impacts £'000**	**Unfavourable impacts £'000**
Discounted future cash flows	**4,964**	Probability estimate of royalty income	**506**	**(460)**
		Discount rate	**206**	**(214)**
Present value of future milestone payments	**1,213**	Probability estimate of milestone achievement	**97**	**(89)**
		Discount rate	**5**	**(5)**
Price multiples	**2,519**	Estimated sustainable earnings	**504**	**(504)**
		Selection of appropriate price multiple	**655**	**(655)**
Calibration price of recent investment	**341**	Calibration price of recent investment	**34**	**(34)**
	9,037		**2,007**	**(1,961)**
Net asset value	**131**	No significant judgements applied	**–**	**–**
	9,168		**2,007**	**(1,961)**

Year ended 31 August 2020			Effect of reasonably possible alternative assumptions	
Valuation techniques	Fair value £'000	Significant unobservable inputs*	Favourable impacts £'000	Unfavourable impacts £'000
Discounted future cash flows	7,097	Probability estimate of royalty income	710	(1,355)
		Discount rate	599	(304)
Present value of future milestone payments	2,809	Probability estimate of milestone achievement	238	(451)
		Discount rate	32	(17)
Price multiples	1,358	Estimated sustainable earnings	272	(272)
		Selection of appropriate price multiple	353	(353)
Calibration price of recent investment	2,243	Calibration price of recent investment	224	(224)
	13,507		2,428	(2,976)
Net asset value	143	No significant judgements applied	–	–
	13,650		2,428	(2,976)

Please refer to the accounting policy note 1(f) on page 63 for details on the valuation methodology for SV Fund VI. As at 31 August 2021, SV Fund VI has been valued in accordance with this valuation methodology. No key estimates or assumptions have been applied to the valuation of SV Fund VI between the date of the last quarterly report received and 31 August 2021.

NOTES TO THE FINANCIAL STATEMENTS | continued

* Significant unobservable inputs

The significant unobservable inputs applicable to each type of valuation technique will vary dependent on the particular circumstances of each unquoted company valuation. An explanation of each of the significant unobservable inputs is provided below and includes an indication of the range in value for each input, where relevant. The assumptions made in the production of the inputs are described in note 1(f) on page 63.

Probability estimate of royalty income

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

Probability estimate of milestone achievement

The probability estimate of milestone achievement is a key variable input in the present value of future milestone payments valuation technique and represents the potential risk that commercial milestones are not achieved/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 are comfortable that the largest differential in the flux of the valuations would be 10%.

Discount rate

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

Estimated sustainable earnings

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

Selection of appropriate price multiple

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

Calibration price of recent investment

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

NOTES TO THE FINANCIAL STATEMENTS | continued

23.8 Capital management policies and procedures

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

	At 31 August 2021 £'000	At 31 August 2020 £'000
Debt		
Bank overdraft	**21,869**	18,096
Equity		
Called up share capital	**10,346**	10,335
Reserves	**313,429**	273,562
Total equity	**323,775**	283,897
Total debt and equity	**345,644**	301,993

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

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

(i) the planned level of gearing;

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

(iii) the determination of dividend payments.

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

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

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

	At 31 August 2021 £'000	At 31 August 2020 £'000
Borrowings used for investment purposes, including cash	**20,312**	17,772
Net assets	**323,775**	283,897
Gearing	**6.3%**	6.3%

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

NOTES TO THE FINANCIAL STATEMENTS | continued

24. SEGMENTAL REPORTING

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

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

25. POST BALANCE SHEET EVENTS

After the year end and up to 28 October 2021, 55,469 Ordinary shares were bought back to be held in treasury. Following this buyback, the total number of shares in issue was 41,328,348 of which 55,469 were held in treasury.

With effect from 1 March 2022, delegation for performing fund administration and depositary services will move from HSBC Securities Services (UK) Limited to The Northern Trust Company, London branch.

Due to the change in fund administration services, with effect from 1 March 2022, the Company will pay back the drawn portion of the £55m debt facility to HSBC whilst taking out a new overdraft from a new provider.

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

ALTERNATIVE INVESTMENT FUND MANAGER'S DISCLOSURE (UNAUDITED)

SV Health Managers LLP is the Company's Alternative Investment Fund Manager (AIFM). Details of the Management Agreements dated 11 February 2017 are included in the Directors' Report on page 31.

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

Investment management

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

Details of the Company's investment objective and policy, and investment strategy, including limits, are on page 20 of this Report.

Contractual relationship with the Company

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

Professional liability risk

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

Company management

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

Also on 21 July 2016, the Company appointed HSBC Bank plc to the new AIFMD role of Depositary which amended the Custody Agreement and created a new Custody Agreement with HSBC Bank plc to reflect the different roles under the AIFMD legislation. Under the terms of the Depositary Agreement, the Company has agreed to pay the HSBC Bank plc a fee of 5bps on the net assets of the Company.

Management functions delegated by AIFM

A description of safe-keeping functions, administrative functions and secretarial functions delegated by the AIFM and the identity of such delegates can be found on page 32 under the heading "Administration, Depositary and Company Secretarial Services". The AIFM does not consider that any conflicts of interest arise from the delegation of these functions.

Valuation policy

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

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

The valuation will be based on the following:

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

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

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

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

(e) Added to the valuation will be:

  (i) any accrued and anticipated tax repayments of the Company

  (ii) any money due to the Company because of Ordinary shares issued prior to the relevant Dealing Day

  (iii) income due and attributed to the Company but not received

  (iv) any other credit of the Company due to be received by the Company. Amounts which are de minimis may be omitted from the valuation

(f) Deducted from the valuation will be:

  (i) any anticipated tax liabilities of the Company

  (ii) any money due to be paid out by the Company because of Ordinary shares bought back by the Company prior to the valuation

  (iii) the principal amount and any accrued but unpaid interest on any borrowings

  (iv) any other liabilities of the Company, with periodic items accruing on a daily basis. Amounts which are de minimis may be omitted from the valuation

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

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

Liquidity risk management

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

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

Fees

A description of certain of the fees, charges and expenses and of the maximum amounts thereof (to the extent that this can be assessed) which are borne by the Company and thus indirectly by investors are included in the paragraph 'Company Management' on page 90. In addition to the Administration and Depositary fees, the Company will pay all other fees, charges and expenses incurred in the operation of its business including, without limitation:

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

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

- Costs of printing the Company's financial reports and posting them to shareholders

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

Remuneration of the AIFM staff

The AIFM operates under the terms of the Remuneration Policy Statement. This ensures that the AIFM complies with the requirements of the FCA's Remuneration Code (SYSC19A); the AIFM Remuneration Code (SYSC19B) and the BIPRU Remuneration Code (SYSC19C).

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

Fair treatment of investors

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

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

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

Procedure and conditions for the issuance of Ordinary shares

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

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

Net asset value

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

Historical performance

Historical financial information demonstrating the Company's historical performance can be found under the Long-term record on page 5. Copies of the Company's audited Financial Statements for the financial year ended 31 August 2020 are available for inspection at the Registered Office address of Link Company Matters Limited and can be viewed on the Company's website at www.ibtplc.com.

Transfer and reuse of the Company's assets

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

Periodic disclosures

During the year ended 31 August 2021, the overdraft facility available to the Company was £55.0m (2020: £55.0m).

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

Risk management

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

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

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

The AIFM has an ongoing process for identifying, evaluating and managing the principal and emerging risks faced by the Company and this is regularly reviewed by the Board. The Board remains responsible for the Company's system of internal control and for reviewing its effectiveness. Further details can be found in the Strategic Review on pages 21 to 22 of the Annual Report 2021 and in note 23 to the Financial Statements 2021 on pages 77 to 88.

Valuation of illiquid assets

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

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

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

Gearing

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

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

At 31 August 2021, £20.3m was drawn down against the uncommitted overdraft facility. The Company has complied with the terms of the facility throughout the financial year. Further details can be found in note 12 on page 73.

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

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

SV HEALTH MANAGERS LLP
29 October 2021

STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES (UNAUDITED)

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the shareholders of International Biotechnology Trust plc (the Company) for the Year Ended 31 August 2021

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

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

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

The Depositary must ensure that:

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

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

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

HSBC Bank plc

29 October 2021

NOTICE OF MEETING (UNAUDITED)

Notice is hereby given that the Annual General Meeting (AGM) of International Biotechnology Trust plc will be held at 2.30 pm on Wednesday, 8 December 2021 at Doubletree by Hilton, 92 Southampton Row, London, WC1B 4BH, to consider and, if thought fit, to pass the following resolutions, of which resolutions 1 to 12 will be proposed as ordinary resolutions and resolutions 13 to 16 will be proposed as special resolutions.

ORDINARY RESOLUTIONS

1. To receive the Directors' Report and the audited Financial Statements for the year ended 31 August 2021.

2. To approve the Annual Report on Directors' Remuneration for the year ended 31 August 2021.

3. To approve the Company's dividend policy of making dividend payments, equivalent to 4% of the Company's NAV as at the last day of the Company's preceding financial year, through two equal semi-annual distributions.

4. To re-elect Miss Kate Cornish-Bowden as a Director of the Company.

5. To re-elect Mrs Caroline Gulliver as a Director of the Company.

6. To re-elect Mr Jim Horsburgh as a Director of the Company.

7. To re-elect Mr Patrick Magee as a Director of the Company.

8. To re-appoint PricewaterhouseCoopers LLP as the Independent Auditors of the Company from the conclusion of this Meeting until the conclusion of the next AGM at which the Financial Statements are laid before Members.

9. To authorise the Directors to determine the Auditors' remuneration.

To consider and, if thought fit, pass the following resolutions:

10. THAT, in accordance with the Articles of Association, the Company should continue as an investment trust for a further two-year period.

11. THAT, the Directors of the Company be and are hereby generally and unconditionally authorised pursuant to Section 551 of the Act, to exercise all the powers of the Company to allot Ordinary shares in the Company and to grant rights to subscribe for or convert any security into Ordinary shares in the Company up to an aggregate nominal amount of £1,033,208.50, equivalent to 4,132,834 Ordinary shares (being 10% of the issued Ordinary share capital of the Company on 28 October 2021 (excluding treasury shares) (being the latest practicable date prior to the publication of this Notice of Meeting)), such authority to apply until the end of the AGM of the Company to be held in 2022 (or 15 months from the date of passing this resolution, whichever is earlier, unless previously revoked, varied or renewed, by the Company in General Meeting) save that the Company may make offers and enter into agreements before the expiry of this authority which would, or might, require Ordinary shares to be allotted or rights to subscribe for or convert securities into Ordinary shares to be granted after the authority ends and the Directors may allot Ordinary shares or grant rights to subscribe for or convert securities into Ordinary shares under any such offer or agreement as if the authority had not ended.

12. THAT, subject to the passing of resolution 11, the Directors of the Company be and are hereby generally and unconditionally authorised pursuant to Section 551 of the Act, to exercise all the powers of the Company to allot Ordinary shares in the Company and to grant rights to subscribe for or convert any security into Ordinary shares in the Company up to an aggregate nominal amount of £1,033,208.50, equivalent to 4,132,834 Ordinary shares (being 10% of the issued Ordinary share capital of the Company on 28 October 2021 (excluding treasury shares) (being the latest practicable date prior to the publication of this Notice)), such authority to be in addition to the authority granted pursuant to resolution 11 above and to apply until the end of the AGM to be held in 2022 (or 15 months from the date of passing this resolution, whichever is earlier, unless previously revoked, varied or renewed, by the Company in General Meeting) save that the Company may make offers and enter into agreements before the expiry of this authority which would, or might, require Ordinary shares to be allotted or rights to subscribe for or convert securities into Ordinary shares to be granted after the authority ends and the Directors may allot Ordinary shares or grant rights to subscribe for or convert securities into Ordinary shares under any such offer or agreement as if the authority had not ended.

SPECIAL RESOLUTIONS

13. THAT, subject to the passing of resolution 11, the Directors be and are hereby authorised pursuant to Sections 570 and 573 of the Act, to allot equity securities (as defined in Section 560 in the Act) for cash under the authority conferred on the Directors by resolution 11 above and/or to sell Ordinary shares from

NOTICE OF MEETING (UNAUDITED) | continued

treasury shares for cash as if Section 561 of the Act did not apply to any such allotment or sale up to an aggregate nominal amount of £1,033,208.50 equivalent to 4,132,834 Ordinary shares (being 10% of the Company's existing issued Ordinary share capital (excluding treasury shares) on 28 October 2021 (being the latest practicable date prior to the publication of this Notice)), such authority to apply until the end of the AGM to be held in 2022 (or, 15 months from the date of passing this resolution, whichever is earlier, unless previously revoked, varied or renewed, by the Company in General Meeting) but in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

14. THAT, subject to the passing of resolution 12, the Directors of the Company be authorised (and in addition to any authority granted under resolution 13) to allot equity securities (as defined in Section 560 in the Act) for cash under the authority conferred on the Directors by resolution 12 above and/or to sell Ordinary shares from treasury shares for cash as if Section 561 of the Act did not apply to any such allotment or sale up to an aggregate nominal amount of £1,033,208.50 equivalent to 4,132,834 Ordinary shares (being 10% of the Company's existing issued Ordinary share capital (excluding treasury shares) on 28 October 2021 (being the latest practicable date prior to the publication of this Notice)), such authority to apply until the end of the AGM to be held in 2022 (or, 15 months from the date of passing this resolution, whichever is earlier, unless previously revoked, varied or renewed, by the Company in General Meeting) but in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

15. THAT, the Company be generally and unconditionally authorised, for the purposes of Section 701 of the Act to make one or more market purchases (within the meaning of Section 693(4) of the Act) of Ordinary shares of 25p each in the capital of the Company, subject to the following restrictions and provisions:

    (a) the maximum number of Ordinary shares hereby authorised to be purchased is 6,195,119 (being 14.99% of the issued Ordinary share capital, excluding treasury shares, as at 28 October 2021 (being the latest practicable date prior to the publication of this Notice);

    (b) the maximum price, exclusive of expenses, which may be paid for any such Ordinary share shall be the higher of:

        (i) an amount equal to 105% of the average of the closing middle market quotations for an Ordinary share (as derived from the London Stock Exchange Daily Official List) for the five Business Days immediately preceding the day on which that Ordinary share is contracted to be purchased; and

        (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange at the time the purchase is carried out;

    (c) the minimum price which may be paid for such Ordinary share is 25p per share; and

    (d) unless previously revoked or varied the authority conferred hereby shall expire at the end of the AGM of the Company to be held in 2022 or, if earlier, on the expiry of 15 months from the date of passing this resolution, (unless previously revoked, varied or extended by the Company in General Meeting), except that the Company may before such expiry enter into a new contract or contracts to purchase such Ordinary shares under the authority conferred hereby that will or may be executed wholly or partly after the expiry of such authority and the Company may make a purchase of Ordinary shares in pursuance of any such contract or contracts as if the authority had not expired.

16. THAT, a General Meeting (other than an AGM) may be called on not less than 14 clear days' notice, such authority to expire at the conclusion of the next AGM of the Company or on the expiry of 15 months from the date of the passing of this resolution (whichever is earlier).

By order of the Board

LINK COMPANY MATTERS
Company Secretary

Registered Office:
6th floor, 65 Gresham St,
London EC2V 7NQ

29 October 2021

NOTICE OF MEETING | NOTES (UNAUDITED)

NOTICE OF MEETING NOTES

1. Ordinary shareholders are entitled to attend and vote at the Meeting and to appoint one or more proxies or corporate representatives to exercise all or any of their rights to attend, speak and vote on their behalf at the Meeting but only if each proxy or corporate representative is appointed to vote on separate forms or separate blocks of shares registered to the shareholder. A proxy need not be a Member of the Company. A proxy form is enclosed accordingly. To be valid, the proxy form should be completed, signed and returned in accordance with the instructions printed thereon.

2. Any person to whom this notice is sent, who is a person nominated under Section 146 of the Act to enjoy information rights (a Nominated Person) may, under an agreement between him or her and the shareholder by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

   The statement of the rights of shareholders in relation to the appointment of proxies in this note does not apply to Nominated Persons. The rights described in this note can only be exercised by shareholders of the Company.

3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those shareholders registered in the Register of Members of the Company at 6.30 pm on Monday, 6 December 2021, or 6.30 pm two working days prior to the date of an adjourned Meeting, shall be entitled to submit proxy votes at the Meeting in respect of the number of shares registered in their name at that time.

   Changes to the Register of Members after 6.30 pm on Monday, 6 December 2021 shall be disregarded in determining the right of any person to vote at the Meeting. The voting record date has been determined as Monday, 6 December 2021.

4. In the case of joint holders of a share the vote of the first named on the Register of Members who tenders a vote by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

5. Proxies may be submitted electronically at www.sharevote.co.uk by entering the Voting ID, Task ID and Shareholder Reference ID set out in the attached proxy form.

   Alternatively, Ordinary shareholders who have already registered with Equiniti's Shareview service can appoint their proxy/proxies by logging onto their account at www.shareview.co.uk using their usual user ID and password. Once logged in simply click "View" on the "My Investments" page, click on the link to vote then follow the on screen instructions.

6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM to be held on Wednesday, 8 December 2021 and any adjournment(s) thereof by using the procedures described in the CREST Manual on the Euroclear website (www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by 2.30pm on Monday, 6 December 2021. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this

NOTICE OF MEETING | NOTES (UNAUDITED) | continued

connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

7. You should not use any electronic address provided either in the Notice of Meeting or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

8. Copies of the Appointment Letters of the non-executive Directors, the Company's Articles of Association and a statement of all transactions of each Director and of their family interests in the shares of the Company, will be available for inspection by any shareholder of the Company at the Registered Office of the Company during normal business hours on any weekday (English public holidays excepted) and at the AGM by any attendee, for at least 15 minutes prior to, and during, the AGM. None of the Directors has a contract of service with the Company.

9. The biographies of the Directors offering themselves for re-election are set out on pages 28 and 29 of the Company's Annual Report for the year ended 31 August 2021 and set out each Director's experience. These, along with the disclosure in the Directors' Report on pages 30 and 31 explains why the Directors' contributions are important to the Company's long-term sustainable success.

10. As at 28 October 2021, 41,383,817 Ordinary shares of 25 pence were in issue of which, 55,469 Ordinary shares were held in treasury (equivalent to 0.13% of the issued share capital, including treasury shares). Accordingly, the total number of voting rights of the Company as at 28 October 2021 is 41,328,348.

11. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests of the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chairman will make the necessary notifications to the Company and the FCA. As a result, any Member holding 3 per cent. or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules, need not make a separate notification to the Company and the FCA.

12. The Annual Report and this Notice of Meeting will be available on the Company's website, www.ibtplc.com, from the date of the announcement of the Company's annual results to the market. The Annual Report contains details of the total number of shares in the Company in which shareholders are entitled to exercise voting rights, along with the total number of votes that shareholders are entitled to exercise at the Meeting in respect of each share class.

13. A personalised proxy form will be sent to each registered shareholder with the Annual Report and this Notice of Meeting, and instructions on how to vote will be contained thereon.

14. Shareholders are advised that they have the right to have questions answered at the AGM. The Company must cause to be answered any such question relating to the business being dealt with at the AGM but no such answer need be given if:

    (a) to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information

    (b) the answer has already been given on the Company's website (www.ibtplc.com) in the form of an answer to a question

    (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

    The Board encourages shareholders to submit any questions they may wish to raise at the AGM in writing to the Company Secretary in advance of the Meeting. The Company Secretary can be contacted by email at cmuk-ibt_cosec@linkgroup.co.uk.

15. As soon as practicable following the AGM, the results of the voting at the Meeting and the number of votes cast for and against and the number of votes withheld in respect of each

NOTICE OF MEETING | NOTES (UNAUDITED) | continued

resolution will be announced via a Regulatory Information Service and placed on the Company's website. Under Section 527 of the Act, shareholders meeting the threshold requirements set out in that Section have the right to require the Company to publish on a website a statement setting out any matter relating to:

(a) the audit of the Company's Financial Statements (including the Independent Auditors' Report and the conduct of the audit) that are to be laid before the AGM

(b) any circumstance connected with the Auditors of the Company ceasing to hold office since the previous meeting at which an Annual Report and Financial Statements were laid in accordance with Section 437 of the Act.

The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under Section 527 of the Act, it must forward the statement to the Company's Auditors not later than the time when it makes the statement available on the website.

The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the Act to publish on a website.

16. A copy of this Notice, and other information required by Section 311A of the Act, can be viewed and/or downloaded at www.ibtplc.com and, if applicable, any Members' statements, resolutions or matters of business received by the Company after the date of this Notice will be available on the Company's website www.ibtplc.com.

GLOSSARY (UNAUDITED)

Administrator – the administrator is HSBC Bank plc to which the Company has delegated certain trade processing, valuation and middle office tasks and systems.

AIC – Association of Investment Companies, the trade body for investment companies.

AIFMD – Alternative Investment Fund Managers Directive. Issued by the European Parliament in 2012 and 2013, the Directive requires that all investment vehicles (AIFs) in the European Union, including investment trusts, appoint a Depositary and an Alternative Investment Fund Manager (AIFM). The Board remains responsible, however, for all aspects of the Company's strategy, operations and compliance with regulations. The Company's AIFM is SV Health Managers LLP.

APM(s) – Alternative Performance Measures (please refer to page 102).

Benchmark – the benchmark is the NASDAQ Biotechnology Index (NBI) (total return in sterling with dividends reinvested).

Company – International Biotechnology Trust plc.

Custodian – the Custodian is HSBC Bank plc. The Custodian is a financial institution responsible for safeguarding the securities and cash assets of the Company, as well as the income arising therefrom, through provision of custodial, settlement and associated services.

Depositary – the Depositary is HSBC Bank plc. Under AIFMD rules, the Company must have a Depositary whose duties in respect of investments and cash include safekeeping; verification of ownership and valuation; and cash monitoring. Under the AIFMD rules, the Depositary has strict liability for the loss of the Company's financial assets in respect of which it has safekeeping duties.

Discount/Premium – the share price of an investment trust is derived from buyers and sellers trading their shares on the London Stock Exchange and is not always the same as the NAV per share. If the share price is lower than the NAV per share, the shares are said to be trading 'at a discount'. If the share price is above the NAV per share, the shares are said to be trading 'at a premium'.

Distributable reserves – reserves distributable by way of dividend or for the purpose of buying back Ordinary share capital.

Fund Manager and Alternative Investment Fund Manager (AIFM) – SV Health Managers LLP. The responsibilities and remuneration of the Fund Manager are set out in the Directors' Report and note 4 to the Financial Statements.

Gearing – the Company can borrow money to invest in additional investments for its portfolio. The effect of the borrowing on the shareholders' assets is called 'gearing'. If the Company's assets grow, the shareholders' assets grow proportionately more because the debt remains the same. But if the value of the Company's assets falls, the situation is reversed. Gearing can therefore enhance performance in rising markets but can adversely impact performance in falling markets. The maximum permitted level of gearing, which is set by the Board, is 30% of the Company's NAV, as described in the Strategic Report and the Directors' Report. For detailed calculations, please refer to the APMs on page 102.

Independent Auditor – PricewaterhouseCoopers LLP.

Investment Managers – Ailsa Craig, Marek Poszepczynski, Kate Bingham and Houman Ashrafian are Partners of the Fund Manager with overall management responsibility for the total portfolio.

Management fee – the Fund Manager is entitled to a management fee payable monthly at the rate of 0.9% per annum of the Company's NAV.

Market capitalisation – the stock market quoted price of the Company's shares, multiplied by the number of shares in issue. If the Company's shares trade at a discount to NAV, the market capitalisation will be lower than the NAV.

Net Asset Value (NAV) – the assets less the liabilities of the Company, as set out in the Statement of Financial Position, all valued in accordance with the Company's accounting policies as described in note 1.

Non-executive Director – a Director who has a letter of appointment, rather than a contract of employment, with the Company. The Company does not have any executive Directors. Non-executive Directors' remuneration is set out in the Remuneration Report.

Ongoing charges – ongoing charges are all operating costs expected to be regularly incurred and that are payable by the Company. Ongoing charges are calculated in accordance with the Association of Investment Companies (the AIC) guidance, based on total expenses excluding finance costs and performance fee

GLOSSARY (UNAUDITED) | continued

and expressed as a percentage of average daily net assets. The ratio including performance fee has also been provided, in line with the AIC recommendations. Research costs under MiFID II borne by the Company are included in the ongoing charges calculation.

Performance fee – the Fund Manager is entitled to a performance fee which is calculated as follows:

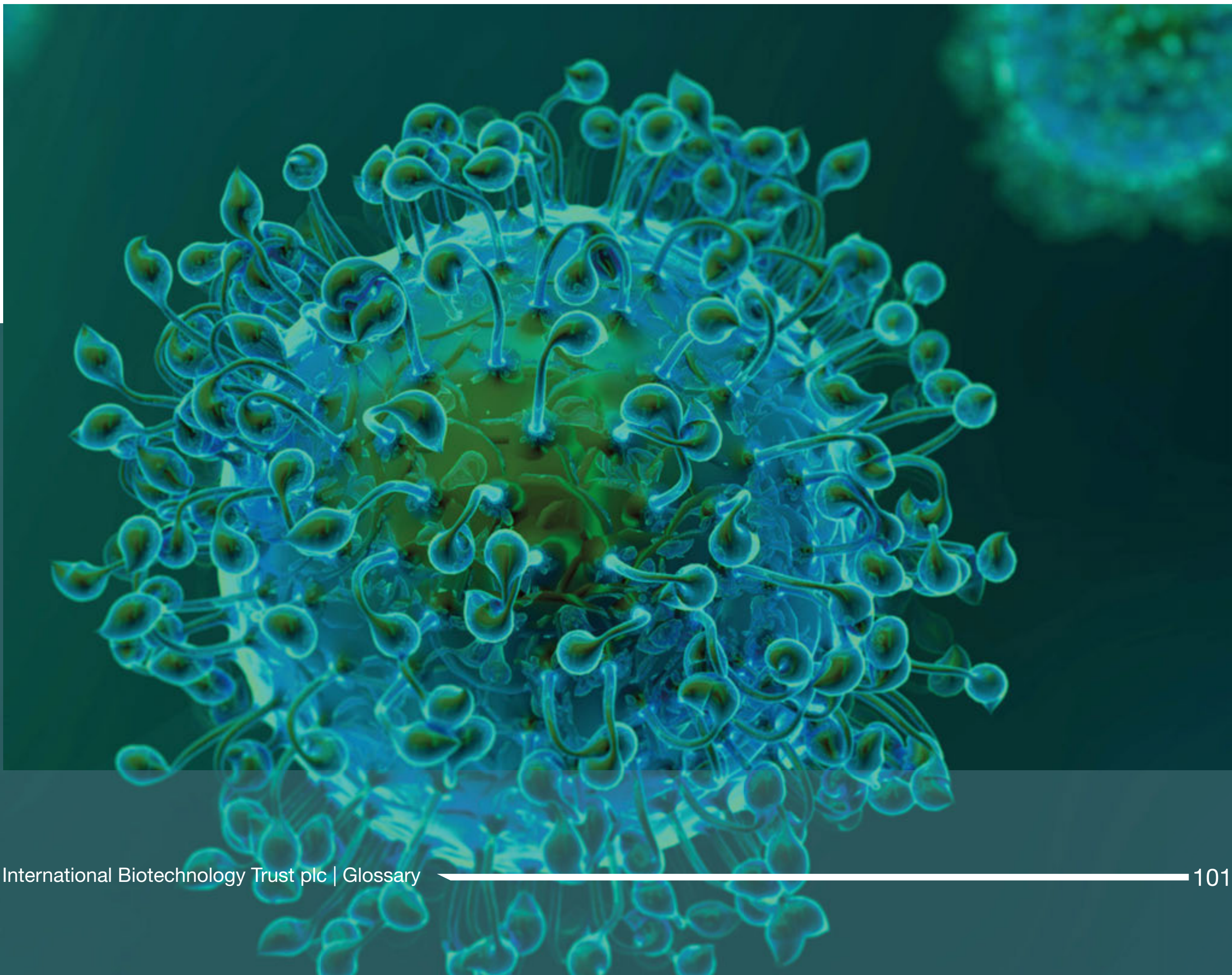
- The fee on the quoted portfolio is 10% of relative outperformance above the sterling-adjusted NBI plus a 0.5% hurdle
- The fee on the unquoted pool, excluding the investment in SV Fund VI, is 20% of net realised gains, taking into account any unrealised losses but not unrealised gains

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

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

Total return – the total return is the return to shareholders after reinvesting the net dividend on the date that the share price goes ex-dividend.

UK Code of Corporate Governance (UK Code) – the standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders that all companies with a Premium Listing on the London Stock Exchange are required to report on in their annual report and accounts.



Alternative Performance Measures (APMs) (UNAUDITED)

The Board uses the following APMs to review the performance of the Company (listed in alphabetical order):

Discount/Premium

The Company's share price is not always the same as the NAV per share. If the share price is lower than the NAV per share, the shares are said to be trading 'at a discount'. If the share price is above the NAV per share, the shares are said to be trading 'at a premium'.

		At 31 August 2021	At 31 August 2020
NAV per share (pence) as at 31 August 2021	a	**782.4**	738.6
Share price (pence) as at 31 August 2021	b	**729.5**	730.0
(Discount)/Premium	(b ÷ a) - 1	**(6.8%)**	(1.2%)

Gearing

Gearing for this purpose is defined as borrowings used for investment purposes, less cash, expressed as a percentage of net assets.

		Note	At 31 August 2021	At 31 August 2020
Borrowings used for investment purposes including cash (£'000)	a	12	**20,312**	17,772
Net assets (£'000)	b		**323,775**	283,897
Gearing	a ÷ b		**6.3%**	6.3%

Ongoing charges

Ongoing charges are calculated in accordance with the AIC's recommended methodology using the charges for the current year and the average NAV during the year.

		Note	Year ending 31 August 2021	Year ending 31 August 2020
Management fee paid by the Company (£'000)		4	**2,402**	1,878
Management fee paid directly by SV Fund VI (£'000)		4	**377**	417
Administrative expenses (£'000)		5	**1,075**	1,051
Total ongoing expenses (£'000)	a		**3,854**	3,346
Average daily NAV (£'000)	b		**313,619**	258,792
Ongoing Charges (expressed as a percentage)	a ÷ b		**1.2%**	1.3%

APMs (UNAUDITED) | continued

Total return

The total return is the return to shareholders after reinvesting the net dividend on the date that the share price goes ex-dividend.

a) NAV total return

		Year ending 31 August 2021	Year ending 31 August 2020
Opening NAV per share (pence)	a	**738.6**	623.9
Closing NAV per share (pence)	b	**782.4**	738.6
Dividend adjustment factor*	c	**1.0363**	1.0336
Adjusted closing NAV per share	d = b x c	**810.8**	763.4
Total return	(d ÷ a) -1	**9.8%**	22.4%

* The dividend adjustment factor is calculated on the assumption that the dividends paid by the Company during the year were reinvested into shares of the Company at the cum income NAV per share/share price, as appropriate, at the ex-dividend date.

Due to 31 August 2020 being a UK public holiday, performance data reported in the 2020 Annual Report differed slightly from the performance data reported in the Factsheet for August 2020.

NAV total return is analysed further into its components and sub-components, namely quoted portfolio total return, SV Fund VI total return and directly-held unquoted portfolio total return, as discussed in the Chairman's Statement and Fund Manager's Review. The calculations for these components of total return are based on geometric algorithms taking into account individual investment's pricing movements, acquisitions and disposals, the dividend adjustment factor, fees and administration expenses incurred by the Company.

b) Share price total return

		Year ending 31 August 2021	Year ending 31 August 2020
Opening price per share (pence)	a	**730.0**	636.0
Closing price per share (pence)	b	**729.5**	730.0
Dividend adjustment factor*	c	**1.0389**	1.0340
Adjusted closing price per share (pence)	d = b x c	**757.9**	754.8
Total return	(d ÷ a) -1	**3.8%**	18.7%

* The dividend adjustment factor is calculated on the assumption that the dividends paid by the Company during the year were reinvested into shares of the Company at the cum income NAV per share/share price, as appropriate, at the ex-dividend date.

COMPANY SUMMARY, SHAREHOLDER INFORMATION, DIRECTORS AND ADVISERS (UNAUDITED)

Company Status

The Company was established in 1994 as an independent investment trust whose shares are listed on the London Stock Exchange (Ordinary shares: ISIN No: GB0004559349; EPIC Code: IBT). The Company is registered in England and Wales with a company number of 2892872.

Life of the Company

The Company's Articles of Association provide for Directors to put forward a proposal for the continuation of the Company at the Company's AGM at two-yearly intervals. Accordingly, a proposal will be put forward at the AGM to be held in December 2021.

Share Price and NAV Information

The Company's shares are listed on the London Stock Exchange. The Company releases its NAV per share to the market on a daily basis.

Association of Investment Companies

The Company is a member of the Association of Investment Companies (the AIC). Further information on the AIC can be found at its website, www.theaic.co.uk.

Financial Calendar

January	Payment of first interim dividend
28 February	Half Year End
April	Half Yearly Results announced
August	Payment of second interim dividend
31 August	Year End
October	Annual Results announced
December	Annual General Meeting (AGM)

Shares in Issue

As at 28 October 2021, the Company had 41,383,817 Ordinary shares of 25p each in issue which included 55,469 Ordinary shares of 25p each held in treasury.

Website

The Company's website is located at www.ibtplc.com. The site provides share price and NAV information as well as details of the Board of Directors and SV Health Managers LLP, information on investee companies, monthly factsheets, the latest published Annual and Half Yearly Financial Statements and access to recent market announcements.

Directors

Jim Horsburgh (Chairman)

Véronique Bouchet (Senior Independent Director)

Kate Cornish-Bowden

Caroline Gulliver (Chair of the Audit Committee)

Patrick Magee

ADVISERS

Fund Manager and AIFM

SV Health Managers LLP
71 Kingsway, London, WC2B 6ST

Telephone: 020 7421 7070

Company Secretary and Registered Office

Link Company Matters
6th Floor, 65 Gresham Street,
London, England, EC2V 7NQ

Telephone: 0333 300 1950
Email: CMUK-IBT_CoSec@linkgroup.co.uk

Administrator, Custodian and Depositary

HSBC Bank plc
8 Canada Square, London E14 5HQ

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside, London, SE1 2RT, United Kingdom

Stockbroker

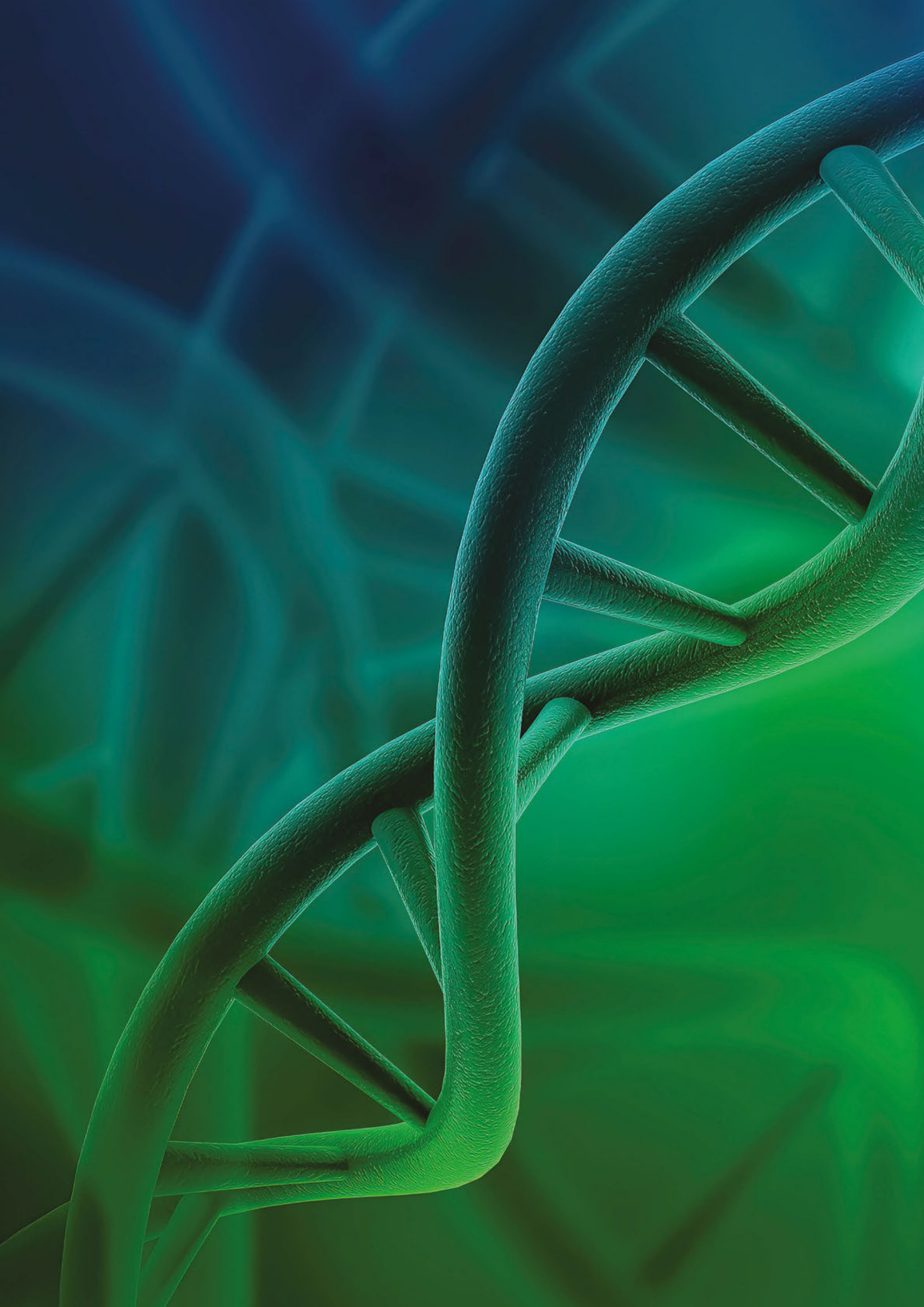
Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square, London EC4M 7LT

Registrar

Equiniti Limited
Aspect House, Spencer Road
Lancing, West Sussex BN99 6DA

Shareholder Helpline: 0371 384 2624
Overseas Helpline: +44 121 415 7047
Website: www.shareview.co.uk

Lines are open from 8.30 am to 5.30 pm Monday to Friday (excluding public holidays in England and Wales).



ANNUAL
REPORT
31 August 2021

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6th Floor, 65 Gresham Street
London EC2V 7NQ
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For further information: www.ibtplc.com