BioPharma Credit PLC

Half Yearly Report 2023

Welcome to our Half-Yearly Report

BioPharma Credit PLC (the "Company") provides investors with the opportunity to gain exposure to the fast-growing life sciences industry.

Our diversified portfolio is primarily secured by corporate assets including cash and product rights (intellectual property, approvals, etc.) of approved life sciences products.

Performance Highlights

As at 30 June 2023

$0.8960

Share price:
(31 December 2022: $0.9500)

$0.0538

Net income per share
(30 June 2022: $0.0445)

$1.0178

NAV per share:
(31 December 2022: $1.0139)

12.0%

Discount to NAV per share
(31 December 2022: 6.3%)

1,373.9m

Shares in issue (m)
(31 December 2022: 1,373.9)

$1,327.9m

Net assets (m):
(31 December 2022: 1,337.5m)

7 cents per annum

Target dividend
(31 December 2022: 7 cents per annum)

0%

Leverage
(31 December 2022: 0%)

Chairman's Statement

During the first half of 2023, the Company announced three new transactions, totaling $380 million in fresh commitments.

INTRODUCTION

I am pleased to present the half yearly report for the Company, which covers the period 1 January 2023 to 30 June 2023. The Company continues to offer investors exposure to an attractive and diversified portfolio of secured loans. Consistent with challenges seen across the market, the Company's shares have traded at a discount to NAV through the period. The Company has therefore continued the buyback programme to demonstrate support for the NAV and provide confidence to the market. The Company will continue to execute buy backs at appropriate prices subject to closed periods.

INVESTMENTS

Over the first six months of 2023, the Company and its subsidiaries invested $195 million, comprised of $37.5 million for the ImmunoGen loan, $120 million for the BioCryst loan and $37.5 million for the Reata loan. The portfolio diversification increased during 2022 and into 2023.

The Company, including assets and liabilities from its financing subsidiary, BPCR Limited Partnership, ended the period with total net assets of $1,328 million, comprising $1,178 million of investments, $154 million of cash and $4 million of other net liabilities. The Company and its subsidiaries saw $65 million increased liquidity from the amortisation payments of the Akebia and Collegium loans and the BMS purchased payments. The post balance sheet deployment of $41 million has further reduced any negative impact of cash drag.

As further described in Pharmakon Advisors, LP's ("Pharmakon" or the "Investment Manager") section of this report, the loans in the portfolio remain current. LumiraDx, one of the Company's borrowers has been facing liquidity issues and is currently considering strategic alternatives. The Investment Manager is actively engaged with the board of directors and management of LumiraDx and will continue to update investors on developments as they occur.

SHAREHOLDER RETURNS

The Company reported net income on ordinary activities after finance costs and before taxation for the first half of 2023 of $71 million, up from the $68 million reported during the first half of 2022. On 30 June 2023, the Company's Ordinary Shares closed at $0.8960, below the closing price on 31 December 2022 of $0.9500. Net Asset Value ("NAV") per Ordinary Share increased over the same timeframe by $0.0039 from $1.0139 to $1.0178.

The Company made two dividend payments over the period totaling $0.0508 per share, referencing net income for the quarters ending 31 December 2022 and 31 March 2023. The Company is currently paying and continues to target a 7 cent annual dividend per share.

INVESTMENT VALUATIONS

The valuation of the Company's investments is performed by the Investment Manager. Investments with quoted prices in active markets or external market data are verified with independent sources. The valuation principles of the Company's unlisted secured loans are valued based on a discounted cash flow methodology. A fair value for each loan is calculated by applying a discount rate to the cash flows expected to arise from each loan. Further details on the valuation methodology are given in note 7 to the financial statements.

ESG

The Board has supported the Investment Manager's Environmental, Social and Governance ("ESG") programme over the first six months of 2023, with progress made in embedding ESG as an integral part of the investment process. The key areas are described in more detail on page 16.

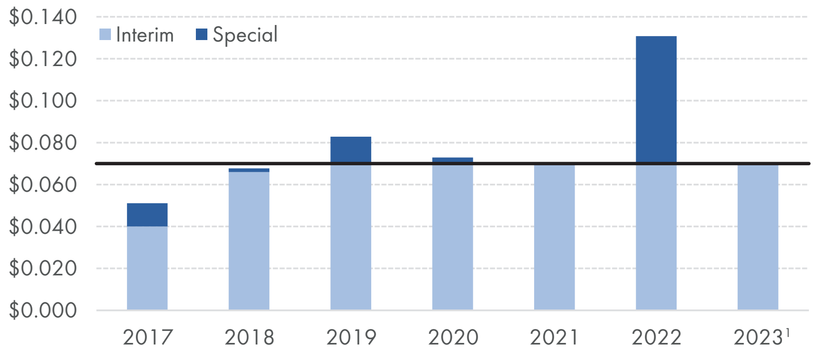
OUTLOOK

The Company started 2023 strongly having announced three transactions that represent $380 in commitments. 98 per cent. of the Company's investment loan balance consists of floating interest rates enabling the Company's strategy to remain attractive in the new interest rate environment. The Company had $154 million in cash and $67 million available to draw under its credit facility with JPMorgan Chase Bank to make new investments at 30 June 2023. The Investment Manager continues to develop a pipeline of additional potential investments and, as a consequence, we are currently evaluating a number of potential alternatives to fund future growth and further diversify our portfolio. On behalf of the Board, I should like to express our thanks to Pharmakon for their continued achievements on behalf of the Company in 2023 and to our shareholders for their continued support.

Harry Hyman
Chairman

26 September 2023

Annualized $0.07 target dividend met for four consecutive years



[1] Annualized based on the first six months of 2023. The Company is currently paying and continues to target a 7 cent annual dividend per ordinary share. Past performance is not an indication of future performance.

Investment Manager's Report

Pharmakon is pleased to present an update on the Company's portfolio and investment outlook. Pharmakon's engagement with potential counterparties during the first six months of the year resulted in $380 million of new transactions for the Company. The majority of the Company's portfolio continues to perform well. LumiraDx, one of the Company's borrowers, has been facing liquidity issues and is currently considering strategic alternatives. The Investment Manager is actively engaged with the board of directors and management of LumiraDx and will continue to update investors on developments as they occur.

The proportion of floating rate loans in the portfolio, together with an increase in the interest free rate, leads to investment returns increasing by 4 per cent. during the first six months of 2023 compared to the same period in 2022. There were no prepayments during the period.

Below is an update on the Company and its subsidiaries portfolio.

Reata

On 5 May 2023, the Company and a Private Fund also managed by the Investment Manager (the "Private Fund"), entered into a definitive senior secured term loan agreement for up to $275 million with Reata Pharmaceuticals Inc. ("Reata") maturing in May 2028. Tranche A of $75 million was funded at closing. Tranche B of $50 million and Tranche C of $75 million will be drawn after achieving certain performance-based milestones, and Tranche D of $75 million will be available at the Company's discretion after achieving certain sales-based milestones. The loan has a coupon of 3-month secured overnight financing rate ("SOFR"), plus 7.5 per cent. (subject to a 2.5 per cent. floor).

There is also a 2.0 per cent. upfront fee upon each draw. The interest only period for the loan is for 3 years but can be extended to 4 years if trailing twelve month sales are greater than $250 million. The Company's share of the transaction is $137.5 million, of which $37.5 million was funded at closing. Reata is a biopharmaceutical company focused on identifying, developing, and commercializing small-molecule therapeutics with novel mechanisms of action for the treatment of severe, life-threatening diseases with few or no approved therapies. Their lead program is omaveloxolone in a rare neurological disease called Friedreich's Ataxia (FA) which activates the transcription factor Nrf2 to normalize mitochondrial function, restore redox balance, and resolve inflammation. Reata's key product Skyclarys was approved in the US on 28 February 2023, and is indicated for the treatment of Friedreich's Ataxia in adults and adolescents 16 years and older. On 10 July 2023, the Company funded Tranche B of the Reata loan for $25,000,000.

On 28 July 2023, Inc. ("Biogen") Biogen announced a definitive agreement pursuant to which Biogen will acquire Reata for an enterprise value of approximately $7.3 billion. Biogen and Reata currently anticipate that the Transaction will close in the fourth quarter of 2023. If the Transaction were to close on 29 September 2023, the Company would be expected to receive approximately $15.5 million in prepayment and make-whole fees.

Investment type:	**Secured loan**
Initial investment date:	**12 May 2023**
Total loan amount:	**$275m**
Company commitment:	**$138m**
Maturity:	**May 2028**

BioCryst

On 17 April 2023, the Company along with the Private Fund entered into a definitive senior secured term loan agreement for up to $450 million with BioCryst Pharmaceuticals Inc. ("BioCryst") maturing in April 2028. Tranche A of $300 million was drawn at closing. The remaining three tranches of up to $50 million each will be available through 30 September 2024. The loan has a coupon of 3-month SOFR plus 7.0 per cent. (subject to a 1.75 per cent. floor) and up to 50 per cent. of the interest during the first 18 months may be paid-in-kind (PIK) at a rate of 3-month SOFR plus 7.25 per cent. There is also a 1.75 per cent. upfront fee on the loan.

The Company's share of the transaction is $180 million, of which $120 million was funded at closing. BioCryst has elected the option to accrue 50 per cent. of their interest due from closing through 30 June 2023 as a payment-in-kind as allowed in the loan agreement. BioCryst is a global biopharmaceutical company that discovers and commercializes novel, oral, small-molecule medicines. BioCryst's commercial product, Orladeyo, is indicated for prophylaxis to prevent attacks of hereditary angioedema (HAE) in adults and pediatric patients 12 years and older. BioCryst also has one pipeline product for BCX10013, a factor D inhibitor being studied in atypical hemolytic uremic syndrome (aHUS), IgA nephropathy (IgAN), and complement 3 glomerulopathy (C3G). BioCryst's key product Orladeyo was approved in the US on 3 December 2020, and is indicated for prophylaxis to prevent attacks of hereditary angioedema (HAE) in adults and pediatric patients 12 years and older. The product was subsequently approved in Japan on 22 January 2021, and the European Union on 30 April 2021.

Investment type:	**Secured loan**
Investment date:	**17 April 2023**
Total loan amount:	**$450m**
Company commitment:	**$180m**
Maturity:	**April 2028**

ImmunoGen

On 6 April 2023, the Company along with the Private Fund entered into a definitive senior secured loan agreement with ImmunoGen, Inc. ("ImmunoGen") for up to $125 million. The loan will mature in April 2028 and bears interest at SOFR plus 8.0 per cent. (subject to a 2.75 per cent. floor), with an additional consideration of 2.0 per cent. of the total loan amount.

The Company committed to invest up to $62.5 million (Tranche A - $37.5 million; Tranche B - $25.0 million by 31 March 2024) and funded its allocation of Tranche A of $37.5 million on 6 April 2023. ImmunoGen is a commercial-stage biotechnology company focused on developing and commercializing the next generation of antibody-drug conjugates (ADCs) to improve outcomes for cancer patients. ImmunoGen's commercial product, Elahere, is indicated for the treatment of FRα positive, platinum-resistant ovarian cancer and is currently being commercialized in the US. ImmunoGen is also developing pivekimab sunirine for the treatment of blastic plasmacytoid dendritic cell neoplasm (BPDCN) and acute myeloid leukemia (AML).

Investment type:	**Secured loan**
Initial investment date:	**6 April 2023**
Total loan amount:	**$125m**
Company commitment:	**$63m**
Maturity:	**April 2028**

Immunocore

On 8 November 2022, the Company along with the Private Fund entered into a definitive senior secured loan agreement for up to $100 million with Immunocore Limited (Nasdaq: IMCR), a biopharmaceutical company focused on developing a novel class of TCR bispecific immunotherapies designed to treat a broad range of diseases, including cancer, infectious and autoimmune diseases ("Immunocore").

The Company and its subsidiaries funded $25 million of the first tranche of $50 million on 8 November 2022.

The remaining $50 million may be drawn by 30 June 2024. The Company's share of the final tranche is $25 million. Tranche A will mature in November 2028 and bears interest at 9.75 per cent. per annum along with an additional consideration of 2.50 per cent. paid at funding.

Tranche B if drawn, will mature in November 2028 and will bear interest at 3-month SOFR plus 8.75 per cent. per annum subject to a 1.00 per cent. floor along with an additional consideration of 2.50 per cent.

Investment type:	**Secured loan**
Investment date:	**8 November 2022**
Total loan amount:	**$100m**
Company commitment:	**$50m**
Maturity:	**November 2028**

Insmed

On 19 October 2022, the Company and the Private Fund entered into a definitive senior secured loan agreement for $350 million with Insmed Incorporated (Nasdaq: INSM), a biopharmaceutical company focused on treating patients with serious and rare diseases ("Insmed").

The Company and its subsidiaries funded $140 million of the $350 million loan on 19 October 2022. Insmed has elected the option to accrue 50 per cent. of their interest due from closing through 30 June 2023 as a payment-in-kind as allowed in the loan agreement. The loan will mature in October 2027 and bears interest at a rate based upon the 3-month SOFR, plus 7.75 per cent. per annum subject to a SOFR floor of 2.50 per cent. with a one-time additional consideration of 2.00 per cent. of the total loan amount paid at funding.

Investment type:	**Secured loan**
Investment date:	**19 October 2022**
Total loan amount:	**$350m**
Company commitment:	**$140m**
Maturity:	**October 2027**

Collegium 2022

On 14 February 2022, the Company along with the Private Fund provided Collegium Pharmaceuticals, Inc. (Nasdaq: COLL), a biopharmaceutical company focused on developing and commercialising new medicines for responsible pain management ("Collegium"), with a commitment to enter into a new senior secured term loan agreement for $650 million. On 22 March 2022, proceeds from the new loan were used to fund Collegium's acquisition of BDSI as well as repay the outstanding debt of Collegium and BDSI. At closing, the Company and its subsidiaries invested $325 million in a single drawing.

The four-year loan will have $100 million in amortisation payments during the first year and the remaining $550 million balance will amortize in equal quarterly installments. The loan will mature in March 2026 and bears interest at 3-month LIBOR plus 7.50 per cent. per annum subject to a 1.20 per cent. floor along with a one-time additional consideration of 2.00 per cent. of the loan amount paid upon signing and a one-time additional consideration of 1.00 per cent. of the loan amount paid at funding. On 23 June 2023, the Company and the Private Fund entered into an amendment which modified the loan interest rate to 3-month SOFR plus 7.50 per cent. Collegium currently markets Xtampza ER, an abuse-deterrent, extended-release, oral formulation of oxycodone and Nucynta(tapentadol), a centrally acting synthetic analgesic.

Investment type:	**Secured loan**
Investment date:	**22 March 2022**
Total loan amount:	**$650m**
Company commitment:	**$325m**
Maturity:	**March 2026**

UroGen

On 7 March 2022, the Company and the Private Fund entered into a definitive senior secured loan agreement for up to $100 million with UroGen Pharma, Inc. (Nasdaq: URGN), a biopharmaceutical company dedicated to creating novel solutions that treat urothelial and specialty cancers ("UroGen"). UroGen drew down $75 million at closing and the remaining $25 million on 16 December 2022.

The Company and its subsidiaries funded $50 million across the two tranches. The loan will mature in March 2027 and bears interest at 3-month LIBOR plus 8.25 per cent. per annum subject to a 1.25 per cent. floor along with a one-time additional consideration of 1.75 per cent. of the total loan amount paid at funding of the first tranche. On 29 June 2023, the Company and the Private Fund entered into an amendment which modified the loan interest rate to 3-month SOFR plus 8.25 per cent. UroGen markets JELMYTO (mitomycin), a prescription medicine used to treat adults with a type of cancer of the lining of the upper urinary tract including the kidney called low-grade Upper Tract Urothelial Cancer (LG-UTUC).

Investment type:	**Secured loan**
Initial investment date:	**16 March 2022**
Total loan amount:	**$100m**
Company commitment:	**$50m**
Maturity:	**March 2027**

Coherus

On 5 January 2022, the Company and the Private Fund entered into a definitive senior secured loan agreement for up to $300 million with Coherus BioSciences, Inc. (Nasdaq: CHRS), a biopharmaceutical company building a leading immunooncology franchise funded with cash generated by its commercial biosimilars business ("Coherus"). Coherus drew down $100 million at closing, another $100 million on 31 March 2022, and an additional $50 million on 14 September 2022. The remaining $50 million commitment lapsed so there are no additional funding commitments.

The Company and its subsidiaries funded $125 million across the first three tranches. The loan will mature in January 2027 and bears interest at 3-month LIBOR plus 8.25 per cent. per annum subject to a 1.00 per cent. floor along with a one-time additional consideration of 2.00 per cent. of the total loan amount paid at funding of the first tranche. On 6 February 2023, the Coherus loan was amended to allow for a short term waiver to the sales covenant, as well switching the LIBOR component of the loan coupon to SOFR. Coherus markets UDENYCA® (pegfilgrastimcbqv), a biosimilar of Neulasta in the United States, and expects to launch the FDA-approved Humira biosimilar YUSIMRY (adalimumab-aqvh) in the United States in 2023.

Investment type:	**Secured loan**
Initial investment date:	**5 January 2022**
Total loan amount:	**$250m**
Company commitment:	**$125m**
Maturity:	**January 2027**

Evolus

On 14 December 2021, the Company and the Private Fund entered into a definitive senior secured loan agreement for up to $125 million with Evolus, Inc. (Nasdaq: EOLS), a biopharmaceutical company that develops, produces, and markets clinical neurotoxins for aesthetic treatments ("Evolus"). The Company and its subsidiaries funded $37.5 million of the first tranche of $75 million on 29 December 2021. The remaining $50 million may be drawn by 31 December 2023.

The Company's share of the final tranche is $25 million. The loan will mature in December 2027 and bears interest at 3-month LIBOR plus 8.50 per cent. per annum subject to a 1.00 per cent. floor along with a one-time additional consideration of 2.25 per cent. of the total loan amount paid at funding of the first tranche. On 5 December 2022, the Evolus loan was amended to extend the draw down date for Tranche B in exchange for a $500,000 amendment fee, of which 50 per cent. was allocated to the Company. On 9 May 2023, the Company and the Private Fund entered into an amendment which modified the loan interest rate to 3-month SOFR plus 8.50 per cent and the Tranche B closing. The Company completed the funding of $12.5 million to Evolus on 31 May 2023. Evolus will borrow the remaining fifty percent of Tranche B on 15 December 2023. Evolus currently markets Jeuveau (prabotulinumtoxinA-xvfs), the first and only neurotoxin dedicated exclusively to aesthetics.

Investment type:	**Secured loan**
Initial investment date:	**14 December 2021**
Total loan amount:	**$125m**
Company commitment:	**$63m**
Maturity:	**December 2027**

LumiraDx

On 23 March 2021, the Company and the Private Fund entered into a definitive senior secured loan agreement for $300 million with LumiraDx Investment Limited and LumiraDx Group Limited (collectively "LumiraDx"). The Company and its subsidiaries funded $150 million of the $300 million loan on 29 March 2021. The loan is due to mature in March 2024 and bears interest at 8.00 per cent. per annum along with an additional consideration of 2.50 per cent. of the loan amount paid at funding and an additional 1.50 per cent. of the loan payable at maturity. On 28 September 2021, LumiraDx became public via a SPAC transaction with CA Healthcare Acquisition Corp. and began trading on NASDAQ under the ticker LMDX.

The Company and the Private Fund both received 742,924 warrants exercisable into common stock of LumiraDx under the terms of the transaction. On 28 March 2022, the LumiraDx loan was amended to allow LumiraDx to enter into a royalty agreement with certain investors to raise up to an aggregate amount of $50 million. On 17 June 2022, the LumiraDx loan was amended to provide LumiraDx with certain waivers in exchange for increasing the fee payable at maturity from 1.50 to 3.00 per cent. of the loan. On 25 July 2022, LumiraDx raised $100 million in a follow-on offering at a price of $1.75. As part of the financing, Pharmakon re-tiered its sales covenants, received a facility fee, and was issued new five-year warrants with the original warrants being cancelled. On 22 February 2023, the LumiraDx loan was amended to provide LumiraDx with certain waivers in exchange for increasing the fee payable at maturity from 3.00 to 9.00 per cent. of the loan. On 1 March 2023, the LumiraDx loan was amended to allow for conforming updates to the loan agreement. On 7 June 2023, the LumiraDx loan was amended to provide for, among other things, revisions to the minimum net sales and the minimum liquidity covenants in the loan agreement. In exchange LumiraDx has agreed to, among other things, pay additional payment-in-kind interest with respect to amounts outstanding under the Loan Agreement in an amount equal to three month term SOFR. On 30 June 2023, the LumiraDx loan was amended to extend the time that LumiraDx has to comply with certain minimum net sales and minimum liquidity covenants in the Loan Agreement until 17 July 2023. LumiraDx is a UK based, next-generation Point of Care ("POC"), diagnostic company addressing the current limitations of legacy POC systems by bringing performance comparable to a central lab to the POC in minutes, on a single instrument for a broad menu of tests with a low cost of ownership. To date, LumiraDx has developed and launched twelve diagnostic tests for use with its platform, three of which have been approved in the United States under an Emergency Use Authorization and in the European Union under a Conformite Europeenne mark: a SARS-CoV-2 ("COVID-19") antigen test, a COVID-19 antibody test, and a COVID-19 Surveillance test. The nine other tests are currently approved only in the European Union under a Conformite Europeenne mark. LumiraDx has also used its technology to develop two rapid COVID-19 reagent testing kits for use on open molecular systems, LumiraDx SARS-CoV-2 RNA STAR and SARS-CoV-2 RNA STAR Complete, both of which obtained Emergency Use Authorization by the FDA.

Investment type:	**Secured loan**
Investment date:	**23 March 2021**
Total loan amount:	**$300m**
Company commitment:	**$150m**
Maturity:	**March 2024**

Akebia

On 11 November 2019, the Company and the Private Fund entered into a definitive senior secured term loan agreement for up to $100 million with Akebia Therapeutics, Inc. (Nasdaq: AKBA), a fully integrated biopharmaceutical company focused on the development and commercialisation of therapeutics for people living with kidney disease ("Akebia"). Akebia drew down $80 million at closing and an additional $20 million on 10 December 2020.

The Company and its subsidiaries funded $50 million across both tranches. The loan will mature in November 2024 and bears interest at LIBOR plus 7.5 per cent. per annum along with a one-time additional consideration of 2 per cent. of the total loan amount paid at funding. The Akebia loan began amortising in September 2022. On 18 February 2022, the Akebia loan was amended to provide Akebia certain waivers. On 15 July 2022, the Akebia loan was amended to provide Akebia with certain waivers. As a result of this amendment on 15 July 2022, Akebia made a $25 million pre-payment, of which $12.5 million went to the Company, as well as a 2 per cent. prepayment fee. On 30 June 2023, the Company and the Private Fund entered into an amendment which modified the loan interest rate to 3-month SOFR plus 7.50 per cent. The Company's outstanding balance as of 30 June 2023 is $21.5 million. Akebia currently markets Auryxia® (ferric citrate) which is approved in the US for hyperphosphatemia (elevated phosphorus levels in blood serum) in adult patients with chronic kidney disease ("CKD") on dialysis and iron deficiency anaemia in adult patients with CKD not on dialysis.

Investment type:	**Secured loan**
Initial investment date:	**25 November 2019**
Total loan amount:	**$100m**
Company commitment:	**$50m**
Maturity:	**November 2024**

OptiNose

On 12 September 2019, the Company and the Private Fund entered into a definitive senior secured note purchase agreement for the issuance and sale of senior secured notes in an aggregate original principal amount of up to $150 million by OptiNose US, Inc. a wholly owned subsidiary of OptiNose Inc. (Nasdaq: OPTN), a commercial stage specialty pharmaceutical company ("OptiNose"). OptiNose drew a total of $130 million in three tranches: $80 million on 12 September 2019, $30 million on 13 February 2020 and $20 million on 1 December 2020. There are no additional funding commitments.

The Company and its subsidiaries funded a total $72 million across all tranches. The notes mature in September 2024 and bore interest at 10.75 per cent. per annum along with a one-time additional consideration of 0.75 per cent. of the aggregate original principal amount of senior secured notes which the Company was committed to purchase under the facility and 445,696 warrants exercisable into common stock of OptiNose at a strike price of $6.72 In prior years, there were two amendments to the OptiNose note purchase agreement, resulting in re-tiered sales covenants, permission for an equity issuance, amended amortisation and make-whole provisions, and the issuance of new three-year warrants, with the original warrants being canceled. On 10 August 2022, the OptiNose note and purchase agreement were amended resulting in re-tiered sales covenants in exchange for an amendment fee of $780,000, payable upon repayment, of which the Company will be allocated $429,000. On 9 November 2022, OptiNose negotiated certain waivers in exchange for a waiver fee, of which the Company earned $715,000 of the total $1.3 million waiver fee. On 21 November 2022, OptiNose entered into an Amended and Restated Note Purchase Agreement (the "A&R NPA"). As part of the A&R NPA, Pharmakon revised the sales covenants, amended the amortization and make-whole, and modified the loan interest from a fixed rate of 10.75 per cent. to a floating rate equal to 3-month SOFR plus 8.50 per cent., subject to a 2.50 per cent. floor, in exchange for an amendment fee. OptiNose's leading product, XHANCE (fluticasone propionate), is a nasal spray approved by the U.S. Food and Drug Administration (FDA) in September 2017 for the treatment of nasal polyps in patients 18 years or older. XHANCE utilises a novel and proprietary exhalation delivery system to deliver the drug high and deep into the sinuses, targeting areas traditional intranasal sprays are not able to reach.

Investment type:	**Secured loan**
Initial investment date:	**12 September 2019**
Total loan amount:	**$130m**
Company commitment:	**$72m**
Maturity:	**June 2027**

Bristol-Myers Squibb, Inc.

On 8 December 2017, the Company's wholly-owned subsidiary entered into a purchase, sale and assignment agreement with a wholly-owned subsidiary of Royalty Pharma Investments ("RPI"), an affiliate of the Investment Manager, for the purchase of a 50 per cent. interest in a stream of payments (the "Purchased Payments") acquired by RPI's subsidiary from Bristol-Myers Squibb (NYSE: BMY) through a purchase agreement dated 14 November 2017.

As a result of the arrangements, RPI's subsidiary and the Company's subsidiary are each entitled to the benefit of 50 per cent. of the Purchased Payments under identical economic terms. The Purchased Payments are linked to tiered worldwide sales of Onglyza and Farxiga, diabetes agents marketed by AstraZeneca, and related products. The Company was expected to fund $140 million to $165 million during 2018 and 2019, determined by product sales over that period, and will receive payments from 2020 through 2025. The Purchased Payments are expected to generate attractive risk-adjusted returns in the high single digits per annum.

The Company funded all of the Purchased Payments based on sales from 1 January 2018 to 31 December 2019 for a total of $162 million.

REALIZED INVESTMENTS

GBT

On 17 December 2019, the Company and the Private Fund entered into a definitive senior secured term loan agreement for up to $150 million with Global Blood Therapeutics Inc. (Nasdaq: GBT), a biopharmaceutical company focused on innovative treatments that provide hope to underserved patient communities ("GBT"). GBT drew down $75 million at closing and an additional $75 million on 20 November 2020. On 14 December 2021 the loan agreement was amended and restated. The amendment increased the aggregate principal amount of the loan to $250 million through a $100 million third tranche, which was drawn on 22 December 2021. The Company and its subsidiaries funded $133 million across all three tranches. The loan was due to mature in December 2027 and bore interest at three- month LIBOR plus 7.00 per cent. per annum subject to a 2.00 per cent. floor along with a one-time additional consideration of 1.50 per cent. of the total loan amount paid upon funding and an additional 2.00 per cent. payable upon the repayment of the loan. The third tranche also incurred additional consideration of 1.50 per cent. at the time of funding. As a part of the amendment in 2021, the Company and its subsidiaries received a one-time fee equal to 1.25 per cent. of the first two tranches and the three-year make- whole period was reset to December 2021. On 5 October 2022, Pfizer acquired GBT and, as a result, GBT repaid its $250 million senior secured loan. The Company received its $133 million of principal and $43 million in prepayment and make whole fees. The Company and its subsidiaries earned a 27.6 per cent. gross internal rate of return* and a 20.7 per cent net internal rate** of return on its GBT investment.

SAREPTA

On 13 December 2019, the Company and the Private Fund entered into a definitive senior secured term loan agreement for up to $500 million with Sarepta Therapeutics, Inc. (Nasdaq: SRPT), a fully integrated biopharmaceutical company focused on precision genetic medicine ("Sarepta"). On 24 September 2020 the Sarepta loan agreement was amended, and the loan amount was increased to $550 million. Sarepta drew down the first $250 million tranche at closing and an additional $300 million on 2 November 2020. The Company and its subsidiaries funded $175 million of each tranche for a total investment of $350 million. The first tranche was originally due to mature in December 2023 and the second tranche in December 2024. The loan bore interest at 8.5 per cent. per annum along with a one-time additional consideration of 1.75 per cent. of the first tranche and 2.95 per cent. of the second tranche paid upon funding and an additional 2 per cent. payable upon the repayment of the loan. On 12 September 2022, Sarepta announced the early termination and repayment of its existing senior secured debt with proceeds from the issuance of $1 billion in convertible bonds. On 16 September 2022, Sarepta repaid its $550 million senior secured loan. The Company received its $350 million of principal and $22 million in prepayment, paydown fees, make whole fees, and accrued interest. The Company and its subsidiaries earned a 12.0 per cent. gross internal rate of return* and 9.0 per cent net internal rate of return** on its Sarepta investment.

EPIZYME

On 4 November 2019, the Company and the Private Fund entered into a definitive senior secured term loan agreement for up to $70 million with Epizyme, Inc. (Nasdaq: EPZM), a late-stage biopharmaceutical company developing novel epigenetic therapies for cancer ("Epizyme"). On 3 November 2020 the Epizyme loan agreement was amended, and the loan amount was increased to $220 million. Epizyme drew down $25 million at closing and an additional $195 million during 2020. The Company and its subsidiaries funded a total of $110 million of the Epizyme loan. The loan was originally due to mature in November 2024 and bore interest at LIBOR plus 7.75 per cent. per annum along with a one-time additional consideration of 2 per cent. of the total loan amount paid upon funding. On 27 June 2022, Ipsen announced a definitive agreement pursuant to which Ipsen would acquire Epizyme. On 12 August 2022, Epizyme repaid its $220 million senior secured loan. The Company received its $110 million of principal and $8 million in prepayment and makewhole fees. The Company and its subsidiaries earned a 15.2 per cent. gross internal rate of return* and 11.4 per cent net internal rate of return** on its Epizyme investment.

COLLEGIUM 2020

On 6 February 2020, the Company and the Private Fund entered into a definitive senior secured term loan agreement for $200 million with Collegium Pharmaceutical, Inc. (NaSsdaq: COLL), a biopharmaceutical company focused on developing and commercialising new medicines for responsible pain management ("Collegium 2020"). The Company and its subsidiaries funded $165 million of the $200 million loan on 13 February 2020. The secured loan began amortising immediately and was due to fully mature in February 2024. The loan bore interest at three-month LIBOR plus 7.50 per cent. per annum subject to a 2.00 per cent. LIBOR floor with a one-time additional consideration of 2.50 per cent. of the loan amount paid upon funding. The loan was repaid in its entirety on 22 March 2022. The Company and its subsidiaries earned a 11.9 per cent. gross internal rate of return* and 8.9 per cent net internal rate of return** on its Collegium 2020 investment.

BIODELIVERY SCIENCES

On 23 May 2019, the Company entered into a senior secured loan agreement for up to $80 million with BioDelivery Sciences International (Nasdaq: BDSI), a commercial-stage specialty pharmaceutical company ("BDSI"). In addition, the Company acquired 5,000,000 BDSI shares at $5.00 each for a total cost of $25 million in a public offering that took place on 11 April 2019. The first tranche of the loan for $60 million was funded on 28 May 2019 and the second $20 million tranche was funded on 22 May 2020. The loan was due to mature in May 2025 and bore interest at LIBOR plus 7.50 per cent., along with 2.00 per cent. additional consideration paid at closing. On 23 September 2021, BDSI made an early prepayment of $20 million, and made its final payment for the remainder of the loan on 22 March 2022. The Company earned a 11.9 per cent. gross internal rate of return* and a 9.0 per cent net internal rate of return** on the BDSI loan. The Company sold 46 per cent of its BDSI shares during 2019 at an average price of $6.50 and received $5.60 per remaining shares on the date of the M&A Transaction. The Company earned a 11.6 per cent. gross internal rate of return* and a 8.7 per cent net internal rate of return** on the BDSI equity investment.

MARKET ANALYSIS

The life sciences industry is expected to continue to have substantial capital needs during the coming years as the number of products undergoing clinical trials continues to grow. All else being equal, companies seeking to raise capital are generally more receptive to straight debt financing alternatives at times when equity markets are soft, increasing the number and size of fixed-income investment opportunities for the Company, and will be more inclined to issue equity or convertible bonds at times when equity markets are strong. A good indicator of the life sciences equity market is the New York Stock Exchange Biotechnology Index ("BTK Index"). While there was substantial volatility during the period, the BTK Index decreased 1 per cent. during the first six months of 2023, compared to a 16 per cent. decrease during the same period in 2022***. Global equity issuance by life sciences companies during the first six months of 2023 was $22 billion, a 97 per cent. increase from the $11 billion issued during the same period in 2022****. This dynamic contributed to additional deal flow for the Company during the recent period from 4Q 2022 through 2Q 2023, as we deployed $207.5 million across three new investments and an additional tranche of an existing investment. We anticipate a continued slowdown in equity issuance coupled with greater appetite for fixed income as a source of capital during the remainder of 2023.

Acquisition financing is an important driver of capital needs in the life sciences industry in general and a source of investment opportunities. An active M&A market helps drive opportunities for investors such as the Company, as acquiring companies need capital to fund acquisitions. Global life sciences M&A volume during the first six months of 2023 was $34 billion, a 31 per cent. increase from the $26 billion witnessed during the same period in 2022.****

USD LIBOR

On 5 March 2021, the Financial Conduct Authority ("FCA"), the regulatory supervisor of USD LIBOR's administrator ("IBA") announced in a public statement the future cessation of the 3-month USD LIBOR tenor setting. As of that date, 30 June 2023, all available tenors of USD LIBOR have either permanently or indefinitely ceased to be provided by IBA. As of 30 June 2023 the benchmark replacement rate is based on Secured Overnight Financing Rate ("SOFR"), and all LIBOR-based interest payments will now be calculated with SOFR beginning on the respective effective date. The Company has eleven loans with coupons that reference 3-month USD SOFR and five have a 2.50 per cent. floor or greater and six have a floor ranging from 1.00 per cent. to 2.00 per cent. As of 30 June 2023, the 3-month SOFR rate was 5.27 per cent, significantly above the floors in the eleven loans.

INVESTMENT OUTLOOK

We expect our investment pipeline to grow as new products and companies enter the market during the remainder of 2023. Pharmakon's extensive network and thorough approach will continue to identify strong investment opportunities. We remain focused on our mission of creating the premier dedicated provider of debt capital to the life sciences industry while generating attractive returns and sustainable income to investors. Further, Pharmakon remains confident of our ability to deliver its target dividend yield to its investors.

Pedro Gonzalez de Cosio
Co-founder and CEO, Pharmakon

26 September 2023

** The gross internal rate of return of a particular investment means an aggregate, annual, compounded, as applicable, internal rate of return, calculated on the basis of historical capital inflows and outflows related to a particular investment, without taking into account the impact of management fees, incentive compensation, taxes, or transaction and organizational costs and expenses. Past performance is not an indication of future performance.*

*** The net internal rate of return of a particular investment is calculated by applying a 25% reduction to the respective gross internal rate of return of a particular investment, which is the average percentage reduction from the gross internal rate of return and net internal rate of return from all previously realized investments from prior closed private funds. The net internal rate of return for realized investments in the prior closed prior funds means an aggregate, annual, compounded, as applicable, internal rate of return, calculated on the basis of realized capital inflows and outflows for such investment, taking into account, the impact of its proportional share of fees and expenses actually paid by its relevant closed private fund. The Investment Manager believes this methodology is the appropriate approach to derive an approximate realized net internal rate of return for realized investments in the Company. Past performance is not an indication of future performance.*

**** Source: BTK Index*

***** Source: Bloomberg*

Below are Case Studies for the new investments that the company has funded during the first six months of the year.

Case Study – ImmunoGen

IMMUNOGEN

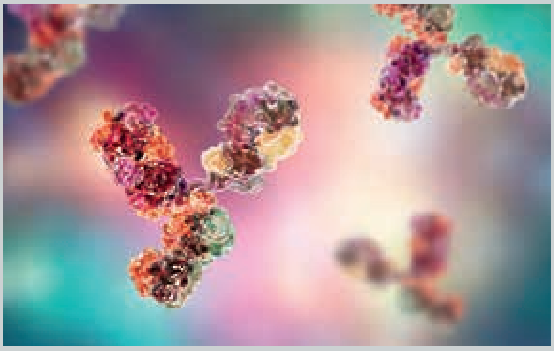
ImmunoGen is a commercial stage biotechnology company focused on developing and commercializing the next generation of antibody drug candidates ("ADCs") to improve outcome for cancer patients.

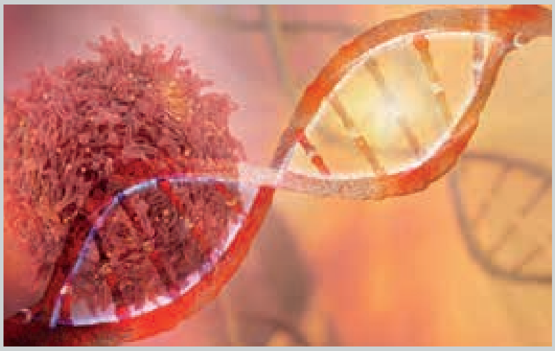
ImmunoGen's proprietary technology comprises an antibody that binds to a target found on tumor cells and is conjugated to one of ImmunoGen's potent anti-cancer agents to kill the tumor cell once the ADC has bound to its target. ADCs are an expanding class of anticancer therapeutics, with twelve approved products and the number of agents in development growing significantly in recent years. ImmunoGen has established a leadership position in ADCs with a portfolio of differentiated product candidates to address both solid tumors and hematologic malignancies.

On 14 November 2022, Elahere (mirvetuximab soravtansine-gynx) received accelerated approval from the FDA for the treatment of adult patients with FRαpositive, platinum-resistant epithelial ovarian, fallopian tube, or primary peritoneal cancer, who have received one to three prior systemic treatment regimens. The product subsequently launched in the US on 1 December 2022. Ovarian cancer affects ~20,000 women annually.

Elahere is a first-in-class ADC targeting folate receptor alpha (FR), a cell-surface protein over-expressed in several epithelial tumors, including ovarian, endometrial, and non-small-cell lung cancers.

ImmunoGen is also developing pivekimab sunirine for the treatment of blastic plasmacytoid dendritic cell neoplasm ("BPDCN") and acute myeloid leukemia ("AML").





Source: ImmunoGen public disclosures

Case Study – BioCryst

BIOCRYST

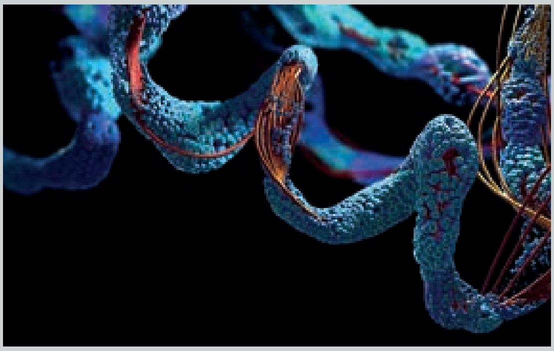
BioCryst is a global biopharmaceutical company that discovers and commercializes novel, oral, small-molecule medicines.

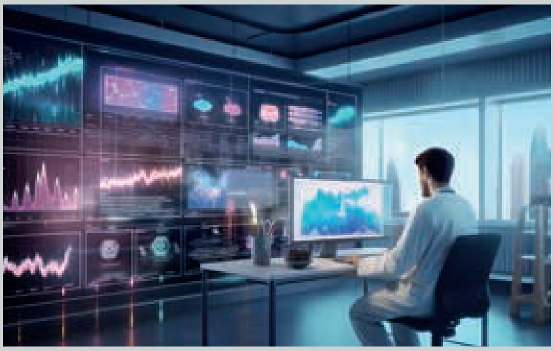
BioCryst focuses on oral treatments for rare diseases in which significant unmet medical needs exist and an enzyme plays the key role in the biological pathway of the disease. BioCryst integrates the disciplines of biology, crystallography, medicinal chemistry and computer modeling to discover and develop small molecule pharmaceuticals through the process known as structure-guided drug design.

BioCryst's commercial product, Orladeyo (berotralstat), is indicated for prophylaxis to prevent attacks of hereditary angioedema ("HAE") in adults and pediatric patients 12 years and older. HAE is a rare, severely debilitating and potentially fatal genetic condition with a prevalence of between 1 in 33,000 to 1 in 67,000 people.

Orladeyo received US FDA approval on 3 December 2020, and was subsequently approved in Japan on 22 January 2021 and the EU on 30 April 2021.

BioCryst also has one pipeline product in BCX10013, a factor D inhibitor being studied in atypical hemolytic uremic syndrome (aHUS), IgA nephropathy (IgAN), and complement 3 glomerulopathy (C3G).





Source: BioCryst public disclosures

Case Study – Reata

REATA

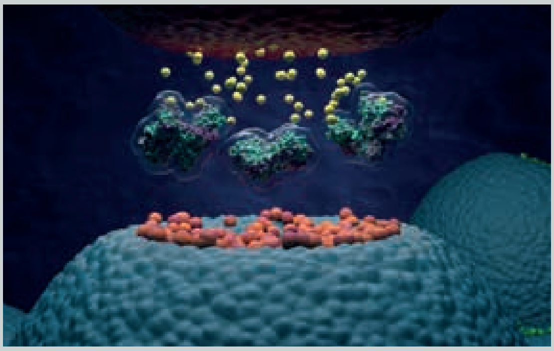
Reata is a biopharmaceutical company focused on identifying, developing, and commercializing small-molecule therapeutics with novel mechanisms of action for the treatment of severe, life-threatening diseases with few or no approved therapies.

Reata's first commercial product, Skyclarys (omaveloxolone), is indicated for Friedreich's Ataxia ("FA"), a rare neurological disease. Skyclarys activates the transcription factor Nrf2 to normalize mitochondrial function, restore redox balance, and resolve inflammation.

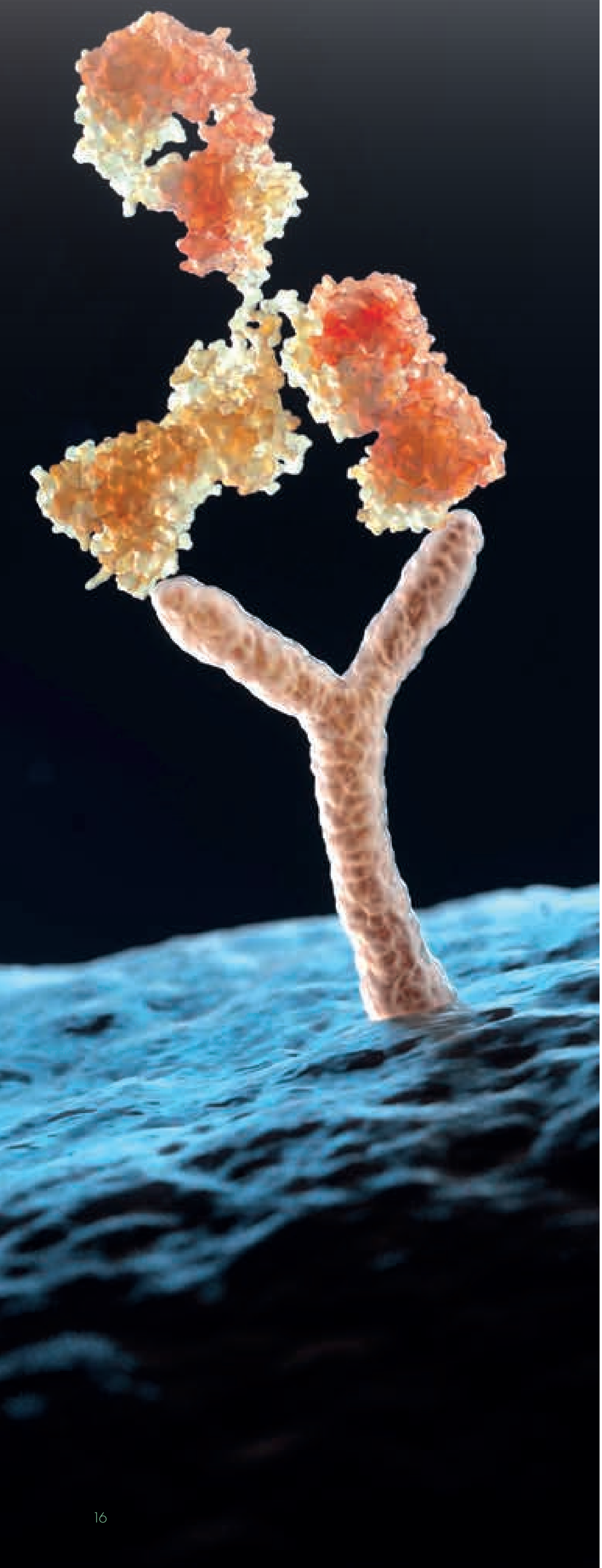
FA is an inherited, debilitating, and degenerative neuromuscular disorder that is typically diagnosed during adolescence and can ultimately lead to premature death. Patients with FA experience progressive loss of coordination, muscle weakness, and fatigue, which commonly progresses to motor incapacitation, wheelchair reliance, and eventually death. FA affects approximately 6,000 patients in the United States and 22,000 individuals globally.

Skyclarys received US FDA approval on 28 February 2023 and is indicated for the treatment of Friedreich's Ataxia in adults and adolescents 16 years and older.

Reata also has submitted a Marketing Authorization Application for omaveloxolone for the treatment of FA to the EMA in Europe and the application is under review. Reata is also developing cemdomespib, the lead product candidate from the Company's Hsp90 modulator program, in neurological indications.



Source: Reata public disclosures



Pharmakon's ESG Policy

The purpose of this policy is to set out Pharmakon's approach to integrating the consideration of environmental, social, and governance ("ESG") risks and value creation opportunities into investments made through our credit facility and within our own business operations.

INTRODUCTION

Founded in 2009, Pharmakon Advisors, LP is the investment manager of the BioPharma Credit funds, investment funds that provide debt capital to companies in the life sciences. We are proud that a large portion of our investments help to fund clinical trials and research that benefit patients suffering from a wide variety of serious diseases, including various forms of cancer and orphan diseases including but not limited to Pompe, Fabry, Cushings, Duchenne Muscular Dystrophy, and Sickle Cell. We help increase the number of life sciences products available to patients globally.

Based in New York, Pharmakon has a small but diverse and highly specialized team of eight professionals focused on responsibly investing and safeguarding the capital of our clients. As debt investors we believe that consideration of the material ESG factors applicable to our industry is critical to our credit underwriting process. Systematic integration of these considerations combined with our engagement activities helps us reduce the overall credit risk of our portfolios and enhances our analysis. We provide competitively priced capital to a growing number of emerging life sciences companies on the forefront of developing lifesaving and lifechanging therapies to improve human health.

Pharmakon further recognizes that ESG issues may affect performance of portfolio investments and, furthermore, that the effective management of ESG issues may contribute positively to returns through alignment of interests of fund investors, the general partner, portfolio company management teams, employees, and other key stakeholders.

Pharmakon strives to consider material ESG issues during its due diligence and in the monitoring of portfolio investments to the extent reasonably practical under the circumstances. It does this subject to the provisions of the credit agreements, and to the duty

$2.6 Bn

assets under management
as at 30 June 2023

$7.0 Bn

committed since 2009
as at 30 June 2023

101

clinical trials being funded
by our partners
as at 30 June 2023

35%

of the portfolio backed
by treatments for orphan diseases
as at 30 June 2023

$1.7 Bn

in R&D invested by our
current partners during 2022

of Pharmakon to seek to maximize the returns on investment for BioPharma Credit funds.

SCOPE (WHAT DOES ESG MEAN TO PHARMAKON?)

For the purposes of this policy, "material" ESG issues are defined as those issues that Pharmakon, in its sole discretion, determines have or have the potential to have a direct substantial impact on an organization's ability to create, preserve, or enhance economic value, as well as environmental and social value for itself and its stakeholders.

The policy is intended to reflect our general framework for managing ESG issues through the lifecycle of an investment across Pharmakon's investment management business. As a debt investor Pharmakon is generally limited in its ability to influence its portfolio companies. In cases where Pharmakon determines it has limited ability to conduct diligence or to influence and control the consideration of ESG issues in connection with an investment, Pharmakon will only apply those elements of this policy that it determines to be practicable.

Examples of material issues are those that involve violations of human rights, irresponsible treatment of the natural environment or other non-ethical business conduct. More specifically, and as of the date of approval of this policy, Pharmakon currently focuses on the following factors within our definition of ESG:

- Environmental
  - GHG Emissions
  - Green Building Standards
  - Handling Hazardous Materials
  - Waste Creation & Management
  - Responsible Vendor Management
- Social
  - Labour Practices
  - Cyber Security
  - Employee Engagement
  - Diversity
  - Job Growth and Turnover
  - Supporting Communities and Research
- Governance
  - Risk Management
  - IP Protection
  - Compliance with Regulatory Standards (i.e., FDA)
  - Board
  - Purpose & Affiliations

"Our ESG strategy, policies and practices will create sustainable long-term value for our company, employees, investors and other stakeholders, while also helping us reduce risk and identify new opportunities."

Pharmakon's approach to ESG will be adjusted according to the needs and expectations of its stakeholders. Although we currently align ourselves with certain environmental and social concerns we will modify and improve upon our focus to maximise the needs and expectations of our stakeholders with the aim of creating long-term stakeholder value and drive toward impactful results. Pharmakon is conscious that the ultimate success of our ESG initiative will depend on periodic reviews to ensure adherence and seek ways to continuously make improvements. We believe that all employees are stakeholders in the success of Pharmakon's ESG initiative and should be actively engaged in its design and compliance.

We are grateful to the Principals for Responsible Investing (PRI) and the United Nations Department of Economic and Social Affairs. Our policies and operational ESG strategy have been developed with their principles in mind and continues to be influenced by their guidance.

- PRI's Six Core Principles
- 17 SDGs (Sustainable Development Goals)—United Nations Department of Economic and Social Affairs

In addition, Pharmakon is a signatory to the New Commitment to Patients signed in January 2020 by 215 Biopharma CEOs and industry leaders who recognize that (a) "we have a moral obligation to develop the best medicines and ensure that every person who may benefit has access to them" and (b) "that we need to ensure that we act with the highest integrity and corporate responsibility—always putting the interests of patients first". The full text can be found at:

https://www.statnews.com/2020/01/08/new-biotechnology-pharmaceutical-industry-commitment-patients-public/

We believe that our environmental, social and governance strategy, policies and practices will create sustainable long-term value for our Company, our employees, our investors and other stakeholders, while also helping us reduce risk and identify new opportunities.

Highlights of our ESG efforts

- ESG-informed investment processes
- Contributions to multiple Sustainable Development Goals (SDGs)
- Focus on human capital and Diversity, Equity and Inclusion (DEI)
- Commitment to philanthropy
- Independent board and fund advisory committee
- Plans to reduce environmental footprint

Delivering for partners, patients, and society

By delivering value for our partners and their patients, we contribute positively to multiple SDGs, including those that focus on expanding health access and opportunity. While our work touches many SDGs, we focus on those where we can have the greatest impact based on our business, strategy and expertise. More specifically, those are SDG-3 on Good Health and Well-Being; SDG-9 on Industry, Innovation, and Infrastructure; SDG-10 on Reduced Inequality; and SDG-17 on Partnerships for the Goals.

PHARMAKON'S COMMITMENT TO ESG

Pharmakon on behalf of itself and its clients, is committed to the consideration of ESG issues in connection with its investment activities.

The role ESG plays in Pharmakon's own operations

Environment

Pharmakon is focused on reducing its environmental footprint. Though the majority of Pharmakon's direct impact on the environment comes from daily office-based activities, we are dedicated to protecting the planet. Pharmakon supports sustainable business practices, and we hope to build an internal sustainability program as we prioritise our own local footprint.

Pharmakon aims to engage all of its employees in managing the environmental impact of our business. Employees will regularly be encouraged to participate in environmental awareness, training and initiatives, including unrestricted access to this ESG policy.

Environmental considerations are also incorporated across our partner network. For investment, environmental criteria are reviewed in the due diligence process when appropriate. Pharmakon also seeks to partner with organisations that promote strong environmental practices.

Environmental considerations are also incorporated across our partner network. For investments environmental criteria are reviewed in the due diligence process when appropriate. Pharmakon also seeks to partner with organizations that promote strong environmental practices.

Social

The people and culture of Pharmakon are the primary factor in our success. We strive to continually support the health, well-being, and growth of our employees. To build a high-performing, diverse team, we seek to foster an inclusive environment that stays true to our core values – even as we continue to grow. Pharmakon strives to maintain and strengthen our social and human capital policies and practices. This includes attracting, retaining, and developing top talent and fostering a highly engaged, team-oriented culture with an owner operator mindset. Our commitment to social responsibility also includes promoting diversity, equity, and inclusion, as well as engaging and developing our employees. Pharmakon will strive to maintain and adhere to our Diversity & Inclusion Policy, Employee Handbook, and Human Rights Statement. Additionally, Pharmakon aims to transform patient lives globally through supporting various communities. We support our communities through philanthropy by engaging on critical health and social needs to promote access to health care and health equity because we believe everyone should have the opportunity to attain their highest level of health. Pharmakon also supports the development of young students by providing internships and mentorship to college age individuals who are interested in learning about investing in the life sciences.

Governance

Risk management, compliance and high ethical standards are foundational to our culture. One of Pharmakon's most valuable assets is our reputation for integrity, professionalism, fairness and good stewardship. Our strong corporate governance program, from board and advisory committee oversight to robust management practices, aligns the interests of our stakeholders and underpins our market-leading position and the high esteem with which we are held in the life sciences industry.

Governance Highlights

- BioPharma Credit PLC has a 100% independent board
- Executive-level oversight of ESG
- CEO led ESG committee responsible for ESG strategy and disclosure
- ESG committee meets on no less than a quarterly basis
- 100% of employees participate in ESG related strategy and implementation
- Robust governance policies and practices
- Culture of compliance and accountability
- Additional ethical safeguards include our whistleblower policy
- 100% of employees receive and are expected to sign the Employee Handbook
- 100% of employees participate in compliance and ethics training, and cybersecurity training
- 100% of employees and investors have access to grievance channels

Pharmakon will make commercially reasonable efforts to remain reasonably informed on ESG best practices and the development of ESG. Pharmakon will aim to review the ESG policy on an annual basis.

DIVERSITY AND INCLUSION

We believe that we will only succeed in our goals if we are able to attract and retain individuals of diverse backgrounds. Our success relies on creating an inclusive environment where all of our employees can do their best work, and where each can play a vital role in achieving our collective goals. Pharmakon is committed to working to continuously develop an organization that is diverse, equitable and inclusive. Our goal is to provide every team member with the ability to achieve success within an equitable work environment and to encourage our teams to leverage diversity to drive innovation and performance. The current makeup of our employee base is representative of our commitment to diversity:

Current employees:	8
Any other ethnic group	37.5%
White	37.5%
Asian or Asian British	25.0%
% Male	75.0%
% Female	25.0%
Average tenure	4 years
12-month turnover	13%

Pharmakon is conscious that the ultimate success of our ESG initiative will depend on periodic review to ensure adherence and seek ways to continuously make improvement. We believe that all employees are stakeholders in the success of Pharmakon's ESG initiative and should be actively engaged in its design and compliance.

Statement of Directors' Responsibilities

INTERIM MANAGEMENT REPORT

The important events that have occurred during the period under review, the key factors influencing the financial statements and the principal factors that could impact the remaining six months of the financial year are set out in the Chairman's Statement and the Investment Manager's report on pages 4 to 12.

The Directors and the Investment Manager have considered the adverse impact of potential changes in law, regulation and taxation and the matter of foreign exchange risk.

The Directors have considered the principal risks facing the Company and there have not been any material changes to the principal risks and uncertainties and approach to mitigating these risks since the publication of the Annual Report and Financial Statements for the year ended 31 December 2022, and expect that, for the remainder of the year ending 31 December 2023, these will continue to be as set out on pages 26 to 32 of that report.

Risks faced by the Company include, but are not limited to:

- Failure to achieve target returns;
- The success of the Company depends on the ability and expertise of the Investment Manager;
- The Company may from time to time commit to make future investments that exceed the Company's current liquidity;
- The Investment Manager's ability to source and advise appropriately on investments;
- There can be no assurance that the Board will be able to find a replacement investment manager if the Investment Manager resigns;
- Concentration in the Company's portfolio may affect the Company's ability to achieve its investment objective;
- Life sciences products are subject to intense competition and various other risks;
- Investments in debt obligations are subject to credit and interest rate risks;
- Risk that a counterparty is unable to honour its obligation to the Company;
- Sales of life sciences products are subject to regulatory actions that could harm the Company's ability to make distributions to investors;
- Net asset values published will be estimates only and may differ materially from actual results;
- Changes in taxation legislation or practice may adversely affect the Company and the tax treatment for shareholders investing in the Company;
- Global pandemics may affect the operation and performance of the Company; and
- Changes to accounting regulation may require the Company to make a change in accounting policy that could have a material impact on its reported results including its net asset value, net income and distributable reserves.

GOING CONCERN

The financial statements continue to be prepared on a going concern basis. The Directors have reviewed areas of potential financial risk and cash flow forecasts.

No material uncertainties have been detected which would influence the Company's ability to continue as a going concern for at least 12 months from the date of this report. Accordingly, the Board of Directors continue to adopt the going concern basis in preparing the financial statements. The important events that have occurred during the period under review, the key factors influencing the financial statements and the principal factors that could impact the remaining six months of the financial year are set out in the Chairman's statement and the Investment Manager's report on pages 4 to 12.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that to the best of their knowledge:

- this set of condensed financial statements has been prepared in accordance with UK adopted International Accounting Standard ("IAS") 34, 'Interim Financial Reporting', and gives a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- this Half-Yearly Report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place during the first six months of the financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions that could do so.

This Half-Yearly Report was approved by the Board of Directors on 26 September 2023 and the above responsibility statement was signed on its behalf by Harry Hyman, Chairman.

On behalf of the Board

Harry Hyman
Chairman

26 September 2023

Independent Review Report to BioPharma Credit PLC

CONCLUSION

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 which comprises the condensed statement of comprehensive income, the condensed statement of changes in equity, the condensed statement of financial position, the condensed cash flow statement, and the explanatory notes to the interim financial statements. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

BASIS FOR CONCLUSION

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE) issued by the Financial Reporting Council. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the company are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

CONCLUSIONS RELATING TO GOING CONCERN

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

RESPONSIBILITIES OF THE DIRECTORS

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, 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.

AUDITOR'S RESPONSIBILITIES FOR THE REVIEW OF THE FINANCIAL INFORMATION

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

USE OF OUR REPORT

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young
Chartered Accountants Dublin
21 September 2023

Financial Statements

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Additional Information

Condensed Statement of Comprehensive Income

For the period ended 30 June 2023

(In $000s except per share amounts)

		Period ended 30 June 2023 (Unaudited)			Period ended 30 June 2022 (Unaudited)		
	Note	Revenue	Capital	Total	Revenue	Capital	Total
Income							
Investment income	3	75,962	–	75,962	68,832	–	68,832
Other income	3	2,379	–	2,379	25	–	25
Net gains on investments at fair value	7	–	175	175	–	7,085	7,085
Net currency exchange losses		–	–	–	–	(31)	(31)
Total income		**78,341**	**175**	**78,516**	**68,857**	**7,054**	**75,911**
Expenses							
Management fee	4	(6,614)	–	(6,614)	(6,860)	–	(6,860)
Directors' fees	4	(239)	–	(239)	(207)	–	(207)
Other expenses	4	(736)	–	(736)	(679)	–	(679)
Total expenses		**(7,589)**	**–**	**(7,589)**	**(7,746)**	**–**	**(7,746)**
Return on ordinary activities after finance costs and before taxation		**70,752**	**175**	**70,927**	**61,111**	**7,054**	**68,165**
Taxation on ordinary activities	5	–	–	–	–	–	–
Return on ordinary activities after finance costs and taxation		**70,752**	**175**	**70,927**	**61,111**	**7,054**	**68,165**
Net revenue and capital return per ordinary share (basic and diluted)	11	**$0.0538**	**$0.0001**	**$0.0539**	**$0.0445**	**$0.0051**	**$0.0496**

The total column of this statement is the Company's Condensed Statement of Comprehensive Income prepared in accordance with IFRS. The supplementary revenue and capital columns are presented for information purposes as recommended by the Statement of Recommended Practice ("SORP") issued by the Association of Investment Companies ("AIC").

All items in the above Statement derive from continuing operations.

There is no other comprehensive income, and therefore the return on ordinary activities after finance costs and taxation is also the total comprehensive income.

The notes on pages 29 to 55 form part of these financial statements.

Condensed Statement of Changes in Equity

For the period ended 30 June 2023

(In $000s)

For the period ended 30 June 2023 (Unaudited)	Note	Share capital	Share premium account	Special distributable reserve*	Capital reserve**	Revenue reserve*	Total equity attributable to shareholders of the Company
Net assets attributable to shareholders at 1 January 2023		13,739	607,125	670,529	2,161	43,899	1,337,453
Return on ordinary activities after finance costs and taxation		–	–	–	175	70,752	70,927
Dividends paid to Ordinary Shareholders	6	–	–	–	–	(66,976)	(66,976)
Cost of shares bought back for treasury		–	–	(13,523)	–	–	(13,523)
Net assets attributable to shareholders at 30 June 2023		**13,739**	**607,125**	**657,006**	**2,336**	**47,675**	**1,327,881**

For the period ended 30 June 2022 (Unaudited)	Note	Share capital	Share premium account	Special distributable reserve*	Capital reserve**	Revenue reserve*	Total equity attributable to shareholders of the Company
Net assets attributable to shareholders at 1 January 2022		13,739	607,125	726,239	(3,757)	20,371	1,363,717
Return on ordinary activities after finance costs and taxation		–	–	–	7,054	61,111	68,165
Dividends paid to Ordinary Shareholders	6	–	–	(3,672)	–	(44,414)	(48,086)
Net assets attributable to shareholders at 30 June 2022		**13,739**	**607,125**	**722,567**	**3,297**	**37,068**	**1,383,796**

* The special distributable and revenue reserves can be distributed in the form of a dividend.

** The negative capital reserve at 1 January 2022 is due to unrealised depreciation on BPCR Limited Partnership – see note 7. The capital reserve can be used to repurchase treasury shares. It cannot be used for distributions.

The notes on pages 29 to 55 form part of these financial statements.

Condensed Statement of Financial Position

As at 30 June 2023

(In $000s except per share amounts)

	Note	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Non-current assets			
Investments at fair value through profit or loss	7	1,225,483	1,223,651
		1,225,483	**1,223,651**
Current assets			
Trade and other receivables	8	39,578	19,838
Cash and cash equivalents	9	67,877	120,527
		107,455	**140,365**
Total assets		**1,332,938**	**1,364,016**
Current liabilities			
Trade and other payables	10	4,941	26,301
Total current liabilities		**4,941**	**26,301**
Total assets less current liabilities		**1,327,997**	**1,337,715**
Non-current liabilities			
Deferred income	10	116	262
Net assets		**1,327,881**	**1,337,453**
Represented by:			
Share capital	13	13,739	13,739
Share premium account		607,125	607,125
Special distributable reserve		657,006	670,529
Capital reserve		2,336	2,161
Revenue reserve		47,675	43,899
Total equity attributable to shareholders of the Company		**1,327,881**	**1,337,453**
Net asset value per ordinary share (basic and diluted)	12	**$1.0178**	**$1.0139**

The financial statements of BioPharma Credit PLC registered number 10443190 were approved and authorised for issue by the Board of Directors on 26 September 2023 and signed on its behalf by:

The notes on pages 29 to 55 form part of these financial statements.

Condensed Cash Flow Statement

For the period ended 30 June 2023

(In $000s)

	Note	Period ended 30 June 2023 (Unaudited)	Period ended 30 June 2022 (Unaudited)
Cash flows from operating activities			
Investment income received		75,815	68,832
Other income received		2,283	16
Investment management fee paid		(6,647)	(6,826)
Performance fee paid		(20,255)	(2,222)
Change in amounts due from BPCR Limited Partnership		(19,624)	(36,092)
Other expenses paid		(1,166)	(957)
Cash generated from operations	15	**30,406**	**22,751**
Net cash flow generated from operating activities		**30,406**	**22,751**
Cash flow from investing activities			
Purchase of investments*		(36,657)	(75,000)
Sales of investments*		35,000	16,093
Net cash flow used in from investing activities		**(1,657)**	**(58,907)**
Cash flow from financing activities			
Dividends paid to Ordinary shareholders	6	(66,976)	(48,086)
Share buybacks		(14,423)	–
Net cash flow used in financing activities		**(81,399)**	**(48,086)**
Decrease in cash and cash equivalents for the period		**(52,650)**	**(84,242)**
Cash and cash equivalents at start of period	9	120,527	94,709
Revaluation of foreign currency balances		–	(31)
Cash and cash equivalents at end of period	9	**67,877**	**10,436**

* BPCR Limited Partnership investments not included.

The notes on pages 29 to 55 form part of these financial statements.

Notes to the Financial Statements

For the period ended 30 June 2023

1. GENERAL INFORMATION

BioPharma Credit PLC (the "Company") is a closed-ended investment company incorporated and domiciled in England and Wales on 24 October 2016 with registered number 10443190. The registered office of the Company is 6th Floor, 65 Gresham Street, London, United Kingdom, EC2V 7NQ.

The Company carries on the business as an investment trust company within the meaning of Sections 1158/1159 of the Corporation Tax Act 2010.

The Company's Investment Manager is Pharmakon Advisors, LP ("Pharmakon" or the "Investment Manager"). Pharmakon is a limited partnership established under the laws of the State of Delaware. It is registered as an investment adviser with the Securities and Exchange Commission ("SEC") under the United States Investment Advisers Act of 1940, as amended.

Pharmakon is authorised as an Alternative Investment Fund Manager ("AIFM") under the Alternative Investment Fund Managers Directive ("AIFMD"). Pharmakon has, with the consent of the Directors, delegated certain administrative duties to Link Alternative Fund Administrators Limited ("Link").

2. ACCOUNTING POLICIES

A) BASIS OF PREPARATION

The Company's condensed half-year financial statements covers the period from 1 January 2023 to 30 June 2023 and have been prepared in conformity with UK adopted International Accounting Standard 34 'Interim Financial Reporting'. They do not include all financial information required for full annual financial statements and have been prepared using the accounting policies adopted in the audited financial statements for the year ended 31 December 2022. The Company's annual financial statements were prepared in accordance with UK-adopted International Accounting Standards (UK IAS) and as applied in accordance with the Disclosure Guidance Transparency Rules sourcebook of the Financial Conduct Authority (FCA) and the AIC SORP (issued in July 2022) for the financial statements of investment trust companies and venture capital trusts, except to any extent where it is not consistent with the requirements of UK IAS. The annual financial statements have been prepared in accordance with the Companies Act 2006, as applicable to companies reporting under those standards.

The financial statements are presented in US dollars, being the functional currency of the Company and rounded to the nearest thousand, except where otherwise indicated. The financial statements have been prepared on a going concern basis under historical cost convention, except for the measurement at fair value of investments measured at fair value through profit or loss.

The Company's condensed half-year information contained in this Half-Yearly Report does not constitute full statutory accounts as defined in Section 435 of the Companies Act 2006. The financial information for the periods ended 30 June 2023 and 30 June 2022 are not financial years and have not been audited. The information for the year ended 31 December 2022 has been extracted from the latest published financial statements, which have been delivered to the Registrar of Companies. The Auditor's Report on those financial statements contained no qualification or statement under Section 498 of the Companies Act 2006. The amounts recorded in the Financial Statement's Footnotes are rounded to the nearest thousands.

ASSESSMENT AS AN INVESTMENT ENTITY

Entities that meet the definition of an investment entity within IFRS 10 'Consolidated Financial Statements' are required to measure their subsidiaries at fair value through profit or loss rather than consolidate the entities. The criteria which define an investment entity are as follows:

- an entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- an entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- an entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Directors have concluded that the Company meets the characteristics of an investment entity, in that it has more than one investor and its investors are not related parties; holds a portfolio of investments, predominantly in the form of loans which generates returns through interest income. All investments, including its subsidiary BPCR Limited Partnership, are reported at fair value to the extent allowed by UK IAS.

B) PRESENTATION OF CONDENSED 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 Condensed Statement of Comprehensive Income between items of a revenue and capital nature has been prepared alongside the Income Statement.

2. ACCOUNTING POLICIES (CONTINUED)

C) SEGMENTAL REPORTING

The Directors are of the opinion that the Company has one operating and reportable segment being the investment in debt assets secured by royalties or other cash flows derived from the sales of approved life sciences products.

D) INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The principal activity of the Company is to invest in interest-bearing debt assets with a contractual right to future cash flows derived from royalties or sales of approved life sciences products. Most of the Company's investments are held indirectly via its subsidiary, BPCR Limited Partnership. In accordance with UK IAS, the financial assets are measured at fair value through profit or loss. They are accounted for on their trade date at fair value, which is equivalent to the cost of the investment. The fair value of the asset reflects any contractual amortising balance.

The fair value hierarchy consists of the following three levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Valuation techniques using observable inputs
- Level 3 – Valuation techniques using significant unobservable inputs

Level 1 investments are priced by unadjusted quoted prices in active markets.

Level 2 investments may be valued using market data obtained from external, independent sources. The data used could include quoted prices for similar assets and liabilities in active markets, prices for identical or similar assets and liabilities in inactive markets, or models with observable inputs.

For unlisted level 3 investments where the market for a financial instrument is not active, fair value is established using valuation techniques in accordance with the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines (issued in December 2022), which may include recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. Where there is a valuation technique commonly used by market participants to price the instrument and that technique has proved reliable from estimates of prices obtained in actual market transactions, that technique is utilised. More information can be found in Note 2(n) below.

Unlisted investments often require the manager to make estimates and judgements and apply assumptions or subjective judgement to future events and other matters that may affect fair value. For unlisted investments valued using a discounted cash flow analysis, the key judgements are the size of the market, pricing, projected sales of the product at trade date and future growth and other factors that will support the repayment of a senior secured or royalty debt instrument.

Changes in the fair value of investments held at fair value through profit or loss, and gains or losses on disposal, are recognised in the Condensed Statement of Comprehensive Income as gains or losses from investments held at fair value through profit or loss. Transaction costs incurred on the purchase and disposal of investments are included within the cost or deducted from the proceeds of the investments. All purchases and sales are accounted for on trade date.

E) FOREIGN CURRENCY

Transactions denominated in currencies other than US dollars are recorded at the rates of exchange prevailing on the date of the transaction. Items which are denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the Condensed Statement of Comprehensive Income.

2. ACCOUNTING POLICIES (CONTINUED)

F) INCOME

There are six main sources of revenue for the Company: interest income, income from subsidiaries, royalty revenue, make-whole and prepayment income, dividends and paydown fees.

Interest income is recognised when it is probable that the economic benefits will flow to the Company. Interest is accrued on a time basis, by reference to the principal outstanding and the effective interest rate that is applicable. Accrued interest is included within trade and other receivables on the Condensed Statement of Financial Position.

The Company recognises accrued income for investments that it holds directly. The Company also holds an investment in BPCR Limited Partnership, its wholly owned subsidiary which it measures at fair value through profit or loss rather than consolidate. BPCR Limited Partnership also recognises accrued income for investments it holds directly. When the accrued income is recorded at the Partnership, the Company recognises the income in capital within the Condensed Statement of Comprehensive Income. When the Company's right to receive the income is established, funds are transferred from the Partnership to the Company and income is transferred to revenue within the Condensed Statement of Comprehensive Income.

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably). Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Make-whole and prepayment income is recognised when payments are received by the Company and is recorded to revenue within the Condensed Statement of Comprehensive Income.

Dividends are receivable on equity shares and recognised on the ex-dividend date. Where no ex-dividend date is quoted, dividends are recognised when the Company's right to receive payment is established. Dividends from investments in unquoted shares and securities are recognised when they become receivable.

Some investments include additional consideration in the form of structuring fees, which are paid on completion of the transaction. As the investments are classified as level 3 in the fair value hierarchy, there is no observable evidence of the fair value of the investments excluding the fees, therefore the fees should be included in the day one fair value of the investments. Such fees are included in the fair value of the investment and released to the Condensed Statement of Comprehensive Income over the life of the investment. We consider incorporating the fees in the fair value gains and losses over the life of the loans to be more reflective of the period over which the benefit is received. These fees are allocated to revenue within the Condensed Statement of Comprehensive Income.

Bank interest and other interest receivable are accounted for on an accruals basis.

G) DIVIDENDS PAID TO SHAREHOLDERS

The Company intends to pay dividends in US Dollars on a quarterly basis, however, shareholders can elect to have dividends paid in sterling. The Company may, where the Directors consider it appropriate, use the reserve created by the cancellation of its share premium account to pay dividends.

The Company intends to comply with the requirements for maintaining investment trust status for the purposes of section 1158 of the Corporation Tax Act 2010 (as amended) regarding distributable income. As such, the Company will distribute amounts such that it does not retain in respect of an accounting period an amount greater than 15 per cent. of its income (as calculated for UK tax purposes) for that period.

2. ACCOUNTING POLICIES (CONTINUED)

H) EXPENSES

All expenses are accounted for on an accruals basis, with the exception of director's expenses, which are accounted for on a cash basis. Expenses, including investment management fees, performance fees and finance costs, are charged through the revenue account except as follows:

- expenses which are incidental to the acquisition or disposal of an investment are treated as capital costs and separately identified and disclosed in Note 4; and
- expenses of a capital nature are accounted for through the capital account.

The performance fee is considered to be an annual fee and is only recognised at the end of each performance period. It is calculated in accordance with the details in Note 4(b) below. Any performance fee triggered, whether payable or deferred, is recognised in the Condensed Statement of Comprehensive Income. Where a performance fee is payable, it is treated as a current liability in the Condensed Statement of Financial Position. Where a performance fee is deferred, it is treated as a non-current liability in the Condensed Statement of Financial Position. It becomes payable to the Investment Manager at the end of the first performance period in respect to which the compounding condition is satisfied.

I) TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised and carried at amortised cost as the Company collects contractual interest payments from its borrowers. An allowance for estimated unrecoverable amounts are measured and recognised where necessary. The Company assesses, on a forward-looking basis, the expected losses associated with its trade and other receivables.

J) CASH AND CASH EQUIVALENTS

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term with original maturities of three months or less and highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents includes interest and income from money market funds.

K) TRADE AND OTHER PAYABLES

Trade and other payables are recognised and carried at amortised cost, do not carry any interest and are short-term in nature.

L) TAXATION

The Company may, if it so chooses, designate as an 'interest distribution' all or part of the amount it distributes to shareholders as dividends, to the extent that it has 'qualifying interest income' for the accounting period. Were the Company to designate any dividend it pays in this manner, it should be able to deduct such interest distributions from its income in calculating its taxable profit for the relevant accounting period. The Company intends to elect for the 'streaming' regime to apply to the dividend payments it makes to the extent that it has such 'qualifying interest income'. Shareholders in receipt of such a dividend will be treated, for UK tax purposes, as though they had received a payment of interest, which results in a reduction of the corporation tax payable by the Company.

Tax on the profit or loss for the period comprises current and deferred tax. Corporation tax is recognised in the Condensed Statement of Comprehensive Income.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous periods. The tax effect of different items of expenditure is allocated between revenue and capital on the same basis as the particular item to which it relates, using the Company's marginal method of tax, as applied to those items allocated to revenue, for the accounting period.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amount for financial reporting purposes. Deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

2. ACCOUNTING POLICIES (CONTINUED)

M) SHARE CAPITAL AND RESERVES

The share capital represents the nominal value of the Company's ordinary shares.

The share premium account represents the excess over nominal value of the fair value of consideration received for the Company's ordinary shares, net of expenses of the share issue. This reserve cannot be distributed.

The special distributable reserve was created on 29 June 2017 to enable the Company to buy back its own shares and pay dividends out of such distributable reserve, in each case when the Directors consider it appropriate to do so, and for other corporate purposes.

The capital reserve represents realised and unrealised capital and exchange gains and losses on the disposal and revaluation of investments and of foreign currency items. The realised capital reserve can be used for the repurchase of shares. This reserve cannot be distributed.

The revenue reserve represents retained profits from the income derived from holding investment assets less the costs and interest on cash balances associated with running the Company. This reserve can be distributed.

N) CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements in conformity with UK IAS requires the Directors to make accounting estimates which will not always equal the actual outcomes. The Directors also need to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involve a higher degree of judgement or complexity and of items which are more likely to be materially adjusted due to estimates and judgements included in other notes, together with information about the basis of calculation for each line in the financial statements.

JUDGEMENTS

Using the criteria in Note 2(a) above, the Directors have judged that the Company meets the characteristics of an investment entity, in that it has more than one investor and its investors are not related parties; holds a portfolio of investments, predominantly in the form of loans which generates returns through interest income.

ESTIMATES AND ASSUMPTIONS

In particular, estimates are made in determining the fair valuation of unquoted investments for which there is no observable market and may cause material adjustments to the carrying value of those investments. Determining fair value of investments with unobservable market inputs is an area involving management judgement, requiring assessment as to whether the value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made including management's expectations of short and long term growth rates in product sales and the selection of discount rates to reflect the risks involved. These are valued in accordance with Note 2(d) above and using the valuation techniques described in Note 7 below.

Also, estimates including cash flow projections, discount rates and growth rates in product sales are made when determining any deferred performance fee; this may be affected by future changes in the Company's portfolio and other assets and liabilities.

Any deferred performance fee is calculated in accordance with Note 4(b) below and is recognised in accordance with Note 2(h) above.

These judgements and estimates are reviewed on an ongoing basis. Revisions to these judgements and estimates are also reviewed on an ongoing basis. Revisions are recognised prospectively.

O) NEW ACCOUNTING STANDARDS EFFECTIVE 1 JANUARY 2023

There are no new standards impacting the Company that have had a significant effect in the financial statements for the period ended 30 June 2023.

2. ACCOUNTING POLICIES (CONTINUED)

P) ACCOUNTING STANDARDS NOT YET EFFECTIVE

There are no standards or amendments not yet effective which have a material impact on the Company.

The standards or amendments not yet effective that will be adopted on their effective date are:

- Amendment to IAS 1, presentation of financial statements on classification of liabilities, effective from 1 January 2024 clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period.

3. INCOME

	Period ended 30 June 2023 $000	Period ended 30 June 2022 $000
Income from investments		
US unfranked investment income from BPCR Limited Partnership	75,815	68,685
Additional consideration received*	147	147
	75,962	68,832
Other income		
Interest income from liquidity/money market funds	1,044	25
Interest income from US treasury bonds	1,325	–
Other interest	10	–
	2,379	25
Total income	**78,341**	**68,857**

* In 2023 $147,000 was recorded as additional income from the Company's investment in OptiNose Warrants (30 June 2022: $147,000).

4. FEES AND EXPENSES

EXPENSES

	Period ended 30 June 2023			Period ended 30 June 2022		
	Revenue $000	Capital $000	Total $000	Revenue $000	Capital $000	Total $000
Management fee (note 4a)	6,614	–	6,614	6,860	–	6,860
Directors' fees (note 4c)	239	–	239	207	–	207
Other operating expenses						
Company Secretarial fee	47	–	47	48	–	48
Administration fee	66	–	66	65	–	65
Legal & professional fees	37	–	37	(14)	–	(14)
Public relations fees	106	–	106	107	–	107
Director's and Officer's Liability Insurance	66	–	66	87	–	87
Auditors' remuneration – Statutory audit	134	–	134	144	–	144
Auditors' remuneration – Other audit related services – Interim review	50	–	50	50	–	50
Auditors' remuneration – Other audit related service – Agreed upon procedures	17	–	17	10	–	10
VAT	3	–	3	37	–	37
Other expenses	210	–	210	145	–	145
	736	–	736	679	–	679
Total expenses	**7,589**	**–**	**7,589**	**7,746**	**–**	**7,746**

A) INVESTMENT MANAGEMENT FEE

With effect from the Initial Admission, the Investment Manager is entitled to a management fee ("Management Fee") calculated on the following basis: (1/12 of 1 per cent of the NAV on the last business day of the month in respect of which the Management Fee is to be paid (calculated before deducting any accrued Management Fee in respect of such month)) minus (1/12 of $100,000).

The Management Fee payable in respect of any quarter will be reduced by an amount equal to the Company's pro rata share of any transaction fees, topping fees, break-up fees, investment banking fees, closing fees, consulting fees or other similar fees which the Investment Manager (or an affiliate) receives in connection with transactions involving investments of the Company ("Transaction Fees"). The Company's pro rata share of any Transaction Fees will be in proportion to the Company's economic interest in the investment(s) to which such Transaction Fees relate.

B) PERFORMANCE FEE

Subject to: (i) the NAV attributable to the Ordinary Shares as at the end of a performance period representing a minimum of 6 per cent. annualised rate of return on the Company's IPO gross proceeds (adjusted for dividends, share issues and buybacks as appropriate) , (ii) the total return on the NAV attributable to the Ordinary Shares (adjusted for dividends, share issues and buybacks as appropriate) exceeding 6 per cent. over such performance period, and (iii) a high watermark, the Investment Manager will be entitled to receive a performance fee equal to the lesser of: (a) 50 per cent. of the total return above 6 per cent; and (b) 10 per cent. of the total return over such performance period provided always that the amount of any performance fee payable to the Investment Manager will be reduced to the extent necessary to ensure that after account is taken of such fee, condition (iii) above remains satisfied.

Notes to the financial Statements continued

4. FEES AND EXPENSES (CONTINUED)

Where the Investment Manager is not entitled to a performance fee solely because condition (i) has not been satisfied, such fee will be deferred and paid in a subsequent performance period in which such condition is satisfied. Where condition (i) is satisfied in a performance period but the payment of a performance fee (or any deferred performance fee from previous performance periods) in full would result in that condition failing, the Investment Manager shall be entitled to such a portion of such fee that does not result in the failure of the condition (i) above and the balance would be deferred to a future performance period.

Any performance fee (whether deferred or otherwise) shall be paid as soon as practicable after the end of the relevant performance period and, in any event, within 15 business days of the publication of the Company's audited annual financial statements relating to such period.

Where the payment of performance fee (or any deferred performance fee from previous performance periods) in full would result in the failure of condition (i) above, the Investment Manager shall only be entitled to 50 per cent. of such fee that does not result in the failure of condition (i) with the balance being deferred to a future performance period.

If, during the last month of a performance period, the Shares have, on average, traded at a discount of 1 per cent. or more to the NAV per Share (calculated by comparing the middle market quotation of the Shares at the end of each business day in the month to the prevailing published NAV per Share (exclusive of any dividend declared) as at the end of such business day and averaging this comparative figure over the month), the Investment Manager shall (or shall procure that its Associate does) apply 50 per cent. of any Performance Fee paid by the Company to the Investment Manager (or its Associate) in respect of that performance period (net of all taxes and charges applicable to such portion of the Performance Fee) to make market acquisitions of Shares (the "Performance Shares") as soon as practicable following the payment of the Performance Fee by the Company to the Investment Manager (or its Associate) and at least until such time as the Shares have, on average, traded at a discount of less than 1 per cent. to the NAV per Share over a period of five business days (calculated by comparing the middle market quotation of the Shares at the end of each such business day to the prevailing published NAV per Share (exclusive of any dividend declared) and averaging this comparative figure over the period of five business days) . The Investment Manager's obligation:

1) shall not apply to the extent that the acquisition of the Performance Shares would require the Investment Manager to make a mandatory bid under Rule 9 of the Takeover Code; and

2) shall expire at the end of the performance period which immediately follows the performance period to which the obligation relates.

The below table shows the accrued and payable performance fee.

	As at 30 June 2023 $000	As at 30 June 2022 $000	As at 31 December 2022 $000
Accrued performance fee	–	–	20,255
Performance fee payable	–	–	20,255

During the period a performance fee of $20,255,000 was paid to Pharmakon (2022: $2,222,000)

The Performance Fee for a performance period shall be paid as soon as practicable after the end of the relevant performance period and, in any event, within three calendar months of the end of such performance period.

C) DIRECTORS

Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles. The Directors' remuneration is $77,200 per annum for each Director other than:

- the Chairman, who will receive an additional $33,100 per annum; and
- the Chairman of the Audit and Risk Committee, who will receive an additional $16,600 per annum.

5. TAXATION ON ORDINARY ACTIVITIES

It is the intention of the Directors to conduct the affairs of the Company so as to satisfy the conditions for approval of the Company by HMRC as an investment trust under Section 1158 of the Corporation Tax Act 2010 (as amended) and pursuant to regulations made under Section 1159 of the Corporation Tax Act 2010. As an investment trust, the Company is exempt from corporation tax on capital gains.

The current taxation charge for the period is different from the standard rate of corporation tax in the UK of 25.00 per cent, the effective tax rate was 0.00 per cent. The differences are explained below.

There has been an increase in the UK corporation tax rate from 19% to 25% during the period, effective from April 2023, which was substantively enacted on 24 May 2021. This will have no effect on the tax charge for the Company as the exemptions above still apply.

	Period ended 30 June 2023			Period ended 30 June 2022		
	Revenue $000	Capital $000	Total $000	Revenue $000	Capital $000	Total $000
Total return on ordinary activities before taxation	70,752	175	70,927	61,111	7,054	68,165
Theoretical tax at UK Corporation tax rate of 23.50% (30 June 2022: 19.00%)*	16,627	41	16,668	11,611	1,340	12,951
Effects of:						
Capital items that are not taxable	–	(41)	(41)	–	(1,340)	(1,340)
Tax deductible interest distributions	(16,627)	–	(16,627)	(11,611)	–	(11,611)
Total tax charge	**–**	**–**	**–**	**–**	**–**	**–**

* The theoretical tax rate is calculated using a blended tax rate over the year.

At 30 June 2023, the Company had no unprovided deferred tax liabilities. At that date, based on current estimates and including the accumulation of net allowable losses, the Company had no unrelieved losses.

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

6. DIVIDENDS

Dividends paid in respect of the period under review:

	Period ended 30 June 2023			Period ended 30 June 2022		
	Revenue $000	Capital $000	Total $000	Revenue $000	Capital $000	Total $000
In respect of the previous year ended 31 December 2022: (31 December 2021):						
Fourth interim dividend of $0.0175 per Ordinary share (2022: $0.0175 per Ordinary share)	23,076	–	23,076	20,371	3,672	24,043
Special dividend of $0.0158 per Ordinary share (2022: $nil per Ordinary share)	20,824	–	20,824	–	–	–
In respect of the current period:						
First interim dividend of $0.0175 per Ordinary share (2022: $0.0175 per Ordinary share)	23,076	–	23,076	24,043	–	24,043
	66,976	**–**	**66,976**	**44,414**	**3,672**	**48,086**

7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2023 $000	As at 31 December 2022 $000
Investment portfolio summary		
Unlisted investments in subsidiaries at fair value through profit or loss	1,225,158	1,222,694
Unlisted investments at fair value through profit or loss	325	957
	1,225,483	**1,223,651**

7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

	Period ended 30 June 2023			
	Listed investments $000	Unlisted investments in subsidiaries $000	Unlisted fixed interest investments $000	Total $000
Investment portfolio summary				
Opening cost at beginning of period	–	1,223,288	891	1,224,179
Opening unrealised (losses)/gains at beginning of period	–	(594)	66	(528)
Opening fair value at beginning of period	–	1,222,694	957	1,223,651
Movements in the period:				
Purchases at cost	–	36,657	–	36,657
Redemption and sales proceeds	–	(35,000)	–	(35,000)
Realised gain on sale of investments	–	–	–	–
Change in unrealised gains/(losses)	–	807	(632)	175
Closing fair value at the end of the period	**–**	**1,225,158**	**325**	**1,225,483**
Closing cost at end of period	–	1,224,945	891	1,225,836
Closing unrealised gains/(losses) at the end of the period	–	213	(566)	(353)
Closing fair value at the end of the period	**–**	**1,225,158**	**325**	**1,225,483**

	Period ended 30 June 2022			
	Listed investments $000	Unlisted investments $000	Unlisted fixed interest investments $000	Total $000
Investment portfolio summary				
Opening cost at beginning of period	13,544	1,256,389	891	1,270,824
Opening unrealised (losses)/gains at beginning of period	(5,216)	287	3	(4,926)
Opening fair value at beginning of period	8,328	1,256,676	894	1,265,898
Movements in the period:				
Purchases at cost	–	75,000	–	75,000
Redemption and sales proceeds	(15,093)	(1,000)	–	(16,093)
Realised gain on sale of investments	1,549	–	–	1,549
Change in unrealised gains/(losses)	5,216	(1,944)	2,264	5,536
Closing fair value at the end of the period	**–**	**1,328,732**	**3,158**	**1,331,890**
Closing cost at end of period	–	1,330,389	891	1,331,280
Closing unrealised (losses)/gains at end of period	–	(1,657)	2,267	610
Closing fair value at the end of the period	**–**	**1,328,732**	**3,158**	**1,331,890**

7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

	Period ended 30 June 2023 $000	Period ended 30 June 2022 $000
Realised gains on sale of investments	–	1,549
Change in unrealised gains	175	5,536
	175	**7,085**

The Company is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following three levels:

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

The level of the fair value hierarchy, within which the fair value measurement is categorised, is determined on the basis of the lowest level input that is significant to the fair value of the investment.

	As at 30 June 2023			
	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Investment portfolio summary				
Unlisted investments in subsidiaries measured at fair value through profit or loss	–	–	1,225,158	1,225,158
Unlisted fixed interest investments at fair value through profit or loss	–	325	–	325
	–	325	1,225,158	1,225,483
Liquidity/money market funds	67,768	–	–	67,768
Total	**67,768**	**325**	**1,225,158**	**1,293,251**

	As at 31 December 2022			
	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Investment portfolio summary				
Unlisted investments in subsidiaries measured at fair value through profit or loss	–	–	1,222,694	1,222,694
Unlisted fixed interest investments at fair value through profit or loss	–	957	–	957
	–	957	1,222,694	1,223,651
Liquidity/money market funds	120,080	–	–	120,080
Total	**120,080**	**957**	**1,222,694**	**1,343,731**

A reconciliation of fair value measurements in Level 3 is set out below.

7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

LEVEL 3 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Period ended 30 June 2023	
	Unlisted investments in subsidiaries $000	Total $000
Opening balance	1,222,694	1,222,694
Investments in subsidiaries	36,657	36,657
Redemptions*	(35,000)	(35,000)
Change in unrealised appreciation	807	807
Closing balance at 30 June 2023	**1,225,158**	**1,225,158**

* Redemptions are the proceeds received from the repayment of investments.

	Year ended 31 December 2022	
	Unlisted investments in Subsidiaries $000	Total $000
Opening balance	1,256,676	1,256,676
Purchases	100,000	100,000
Redemptions*	(133,101)	(133,101)
Unrealised losses	(881)	(881)
Closing balance at 31 December 2022	**1,222,694**	**1,222,694**

* Redemptions are the proceeds received from the repayment of investments.

There were no transfers between levels during the period.

VALUATION TECHNIQUES

Unrealised gains and losses recorded on Level 1 financial instruments are reported in net gains on investments at fair value on the Condensed Statement of Comprehensive Income. The fund administrator utilises quoted prices in active markets that they have access to and the Investment Manager verifies the quoted prices on Bloomberg.

Unrealised gains and losses recorded on Level 2 and 3 financial instruments are reported in net gains on investments at fair value on the Condensed Statement of Comprehensive Income. Level 2 and Level 3 financial instruments are fair valued using inputs that reflect management's best estimate of what market participants would use in pricing the assets or liabilities at the measurement date. Consideration is given to the risk inherent in the valuation techniques and the risk inherent in the inputs of the model.

Level 3 financial instruments are fair valued using a discounted cash flow methodology. For capped royalty investments, discount rates are applied to the consensus forecasts or the manager's forecast for sales of the underlying products to determine fair value. The significant unobservable input used in the fair value measurement of the Company's level 3 investments is the specific discount rate used for each investment summarised in the table below.

Investments held in subsidiaries, namely BPCR Limited Partnership, are based on the fair value of the investments held in those entities.

7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The following table analyses the Company's investments and liquidity/money market funds at 30 June 2023:

The Company's unlisted investments, including those of its wholly owned subsidiary BPCR Limited Partnership, are all classified as Level 3 investments. The fair values of the unlisted investments have been determined principally by reference to discounted cash flows. The significant unobservable input used is detailed below:

	As at 30 June 2023					
Assets	Fair value at Level 3 financial assets at fair value through profit or loss $000	Valuation technique	Unobservable input	Discount rate	Fair value sensitivity to a 100bps decrease in the discount rate $000	Fair value sensitivity to a 100bps increase in the discount rate $000
Assets held by BPCR Limited Partnership*						
Akebia	21,500	Discounted cash flow	Discount rate	11.8%	21,648	21,354
Biocryst Pharmaceuticals	121,530	Discounted cash flow	Discount rate	13.0%	125,590	117,657
BMS	89,691	Discounted cash flow	Discount rate	8.7%	90,938	88,476
Coherus	125,000	Discounted cash flow	Discount rate	14.7%	127,923	122,176
Collegium	252,083	Discounted cash flow	Discount rate	13.9%	255,116	249,124
Evolus	50,000	Discounted cash flow	Discount rate	14.9%	51,129	48,910
Immunocore	25,000	Discounted cash flow	Discount rate	10.3%	25,985	24,067
ImmunoGen	37,500	Discounted cash flow	Discount rate	14.1%	38,576	36,468
Insmed	146,118	Discounted cash flow	Discount rate	13.8%	150,042	142,343
LumiraDx	150,525	Discounted cash flow	Discount rate	27.2%	151,389	149,673
OptiNose	71,500	Discounted cash flow	Discount rate	15.3%	73,133	69,922
Reata	37,500	Discounted cash flow	Discount rate	13.7%	38,562	36,481
Urogen	50,000	Discounted cash flow	Discount rate	14.7%	51,217	48,826
Other net Assets of BPCR Limited Partnership	47,211	Amortised cost	–	–	47,211	47,211
	1,225,158				1,248,459	1,202,688

* The Company holds an investment in BPCR Limited Partnership, its wholly owned subsidiary, which it measures at fair value through profit or loss rather than consolidate.

7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

	As at 31 December 2022					
Assets	Fair value at Level 3 financial assets at fair value through profit or loss $000	Valuation technique	Unobservable input	Discount rate	Fair value sensitivity to a 100bps decrease in the discount rate $000	Fair value sensitivity to a 100bps increase in the discount rate $000
Assets held by BPCR Limited Partnership*						
Akebia	33,500	Discounted cash flow	Discount rate	11.4%	33,764	33,240
BMS	103,529	Discounted cash flow	Discount rate	8.7%	105,194	101,912
Coherus	125,000	Discounted cash flow	Discount rate	13.9%	128,340	121,787
Collegium	287,500	Discounted cash flow	Discount rate	13.0%	291,631	283,481
Evolus	37,500	Discounted cash flow	Discount rate	14.2%	38,470	36,567
Immunocore	25,000	Discounted cash flow	Discount rate	10.3%	26,054	24,005
Insmed	140,000	Discounted cash flow	Discount rate	13.1%	144,124	136,048
LumiraDX	150,000	Discounted cash flow	Discount rate	10.8%	151,637	148,395
OptiNose US	71,500	Discounted cash flow	Discount rate	14.5%	73,370	69,701
UroGen	50,000	Discounted cash flow	Discount rate	13.9%	51,382	48,672
Other net assets of BPCR Limited Partnership	199,165	Amortised cost	–	–	199,165	199,165
	1,222,694				1,243,131	1,202,973

* The Company holds an investment in BPCR Limited Partnership, its wholly owned subsidiary, which it measures at fair value through profit or loss rather than consolidate.

8. TRADE AND OTHER RECEIVABLES

	As at 30 June 2023 $000	As at 31 December 2022 $000
Unlisted income receivable from BPCR Limited Partnership	39,159	19,535
Interest accrued on liquidity/money market funds	288	192
Other debtors	131	111
	39,578	**19,838**

There have been no write-offs in the period and any expected credit losses are not material.

9. CASH AND CASH EQUIVALENTS

	As at 30 June 2023 $000	As at 31 December 2022 $000
Cash at bank	109	447
Liquidity/money market funds	67,768	120,080
	67,877	**120,527**

Any expected credit losses are not material

10. TRADE AND OTHER PAYABLES

Current liabilities	As at 30 June 2023 $000	As at 31 December 2022 $000
Performance fee payable	–	20,255
Management fees accrual	3,281	3,314
Repurchase of shares	1,051	1,951
Accruals	609	781
	4,941	**26,301**
Non-current liabilities		
Deferred income	116	262
	5,057	**26,563**

11. RETURN PER ORDINARY SHARE

Revenue return per ordinary share is based on the net revenue after taxation of $70,752,000 (30 June 2022: $61,111,000) and 1,316,151,540 (30 June 2022: 1,373,872,373) ordinary shares, being the weighted average number of ordinary shares for the period.

Capital return per ordinary share is based on net capital gain for the period of $175,000 (30 June 2022: 7,054,000) and on 1,316,151,540 (30 June 2022:1,373,872,373) ordinary shares, being the weighted average number of ordinary shares for the period.

Basic and diluted return per share are the same as there are no arrangements which could have a dilutive effect on the Company's ordinary shares.

12. NET ASSET VALUE PER ORDINARY SHARE

The basic total net assets per ordinary share is based on the net assets attributable to equity shareholders at 30 June 2023 of $1,327,881,000 (30 June 2022: $1,383,796,000 and 31 December 2022: $1,337,453,000) and ordinary shares of 1,304,640,101 (30 June 2022: 1,373,872,373 and 31 December 2022: 1,319,178,669), being the number of ordinary shares outstanding at 30 June 2023.

There is no dilution effect and therefore there is no difference between the diluted total net assets per ordinary share and the basic total net assets per ordinary share.

13. SHARE CAPITAL

	Period ended 30 June 2023		Year ended 31 December 2022	
	Number of shares	$000	Number of shares	$000
Issued and fully paid:				
Ordinary shares of $0.01:				
Balance at beginning of the period	1,373,932,067	13,739	1,373,932,067	13,739
Balance at end of the period	**1,373,932,067**	**13,739**	**1,373,932,067**	**13,739**

Total voting rights at 30 June 2023 were 1,304,640,101 (31 December 2022: 1,319,178,669). In the period to 30 June 2023, 14,538,568 shares were bought back for treasury (year to 31 December 2022: 54,693,704). The balance of treasury shares on 30 June 2023 was 69,291,966 (31 December 2022: 54,753,398).

14. SUBSIDIARY

The Company formed a wholly-owned subsidiary, BPCR Ongdapa Limited ("BPCR Ongdapa"), incorporated in Ireland on 5 October 2017 for the purpose of entering into a purchase, sale and assignment agreement with a wholly-owned subsidiary of Royalty Pharma for the purchase of a 50 per cent. interest in a stream of payments acquired by Royalty Pharma from Bristol-Myers Squibb ("BMS"). The registered address for BPCR Ongdapa is BPCR Ongdapa Limited, 2 Grand Canal Square, Grand Canal Harbour, Dublin, Ireland. The aggregate amount of its capital reserves as at 30 June 2022 is $1 (30 June 2021: $1 and 31 December 2021: $1) and the profit or loss for the period ended 30 June 2023 is $135,740 (30 June 2022: $135,740 and 31 December 2022: $231,215).

The Company formed a wholly-owned subsidiary, BPCR Limited Partnership, incorporated in England and Wales on 27 March 2020 for the purpose of entering into a three year $200 million revolving credit facility with JPMorgan Chase Bank. BPCR Limited Partnership has its registered office at 6th Floor, 65 Gresham Street, London, United Kingdom, EC2V 7NQ and received an initial contribution of £1.00 at formation from the Company, its sole Limited Partner. In accordance with IFRS 10, the Company is exempted from consolidating a controlled investee as it is an investment entity. Therefore, the Company's investment in BPCR Limited Partnership will be recognised at fair value through profit or loss.

The General Partner for BPCR Limited Partnership is BPCR GP Limited, incorporated in England and Wales on 11 March 2020 and is wholly-owned by the Company. The Company is not exempt from consolidating the financial statements of BPCR GP Limited under IFRS 10, however the highly immaterial ($nil, (2022:$nil)) balance of BPCR GP Limited would produce accounts with almost identical balances to the Company. Furthermore with reference to the CA, section 405 (2) "A subsidiary undertaking may be excluded from consolidation if its inclusion is not material for the purpose of giving a true and fair view". The registered address for BPCR GP Limited is BPCR GP Limited, 6th Floor, 65 Gresham Street, London, United Kingdom, EC2V 7NQ. The aggregate amount of its capital reserves as at 30 June 2023 is $nil (2022: $nil) and the profit or loss for the period to 30 June 2023 is $nil (2022: $nil).

15. RECONCILIATION OF TOTAL RETURN FOR THE PERIOD BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	Period ended 30 June 2023 $000	Period ended 30 June 2022 $000
Total return for the period before taxation	70,927	68,165
Capital gains	(175)	(7,054)
Increase in trade receivables	(19,740)	(35,873)
Decrease in trade payables	(20,606)	(2,487)
Cash generated from operations	**30,406**	**22,751**

ANALYSIS OF NET CASH AND NET DEBT

Net cash

	At 1 January 2023 $000	Cash flow $000	At 30 June 2023 $000
Cash and cash equivalents	120,527	(52,650)*	**67,877**

* The Company received amortization payments of $65,280,000, however, a decrease in Cash Flows relates to the investments made in the first six months of 2023, net of amortization payments on Akebia, Collegium, and Bristol-Myers.

16. FINANCIAL INSTRUMENTS

The Company's financial instruments include its investment portfolio, cash balances, trade receivables and trade payables that arise directly from its operations. Adherence to the Company's investment policy is key in managing risk. Refer to the Strategic Overview on pages 20 to 21 of the Company's annual financial statements for the year ended 31 December 2022 for a full description of the Company's investment objective and policy.

The Investment Manager monitors the financial risks affecting the Company on an ongoing basis and the Directors regularly receive financial information, which is used to identify and monitor risk. All risks are actively reviewed and monitored by the Board. Details of the Company's principal risks can be found in the Strategic Report on pages 26 to 32 of the Company's annual financial statements for the year ended 31 December 2022.

The main risks arising from the Company's financial instruments are:

i) market risk, including price risk, currency risk and interest rate risk;

ii) liquidity risk; and

iii) credit risk.

(I) MARKET RISK

Market risk is the risk of loss arising from movements in observable market variables. The fair value of future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. The Investment Manager assesses the exposure to market risk when making each investment decision and these risks are monitored by the Investment Manager on a regular basis and the Board at quarterly meetings with the Investment Manager.

MARKET PRICE RISK

The Company is exposed to price risk arising from its investments whose future prices are uncertain. The Company's exposure to price risk comprises movements in the value of the Company's investments. See Note 7 above for investments that fall into Level 3 of the fair value hierarchy and refer to the description of valuation policies in Note 2(d). The nature of the Company's investments, with a high proportion of the portfolio invested in unlisted debt instruments, means that the investments are valued by the Company after consideration of the most recent available information from the underlying investments. The Company's portfolio is diversified among counterparties and by the sectors in which the underlying companies operate, minimising the impact of any negative industry-specific trends.

16. FINANCIAL INSTRUMENTS (CONTINUED)

The table below analyses the effect of a 10 per cent. change in the fair value of investments. The Investment Manager believes 10 per cent. is the appropriate threshold for determining whether a material change in market value has occurred.

	As at 30 June 2023		As at 30 June 2022		At 31 December 2022	
	Fair value $000	10 per cent. Increase/ decrease in market value $000	Fair value $000	10 per cent. Increase/ decrease in market value $000	Fair value $000	10 per cent. Increase/ decrease in market value $000
OptiNose US warrants	325	33	3,158	316	957	96
Assets held by BPCR Limited Partnership						
Akebia	21,500	2,150	50,000	5,000	33,500	3,350
Biocryst Pharmaceuticals	121,530	12,153	–	–	–	–
BMS Purchased Payments (BPCR Ongdapa Limited)	89,691	8,969	122,897	12,290	103,529	10,353
Coherus	125,000	12,500	100,000	10,000	125,000	12,500
Collegium	252,083	25,208	312,500	31,250	287,500	28,750
Epizyme	–	–	110,000	11,000	–	–
Evolus	50,000	5,000	37,500	3,750	37,500	3,750
Global Blood Therapeutics	–	–	132,500	13,250	–	–
Immunocore	25,000	2,500	–	–	25,000	2,500
ImmunoGen	37,500	3,750	–	–	–	–
Insmed	146,118	14,612	–	–	140,000	14,000
LumiraDX	150,525	15,052	150,000	15,000	150,000	15,000
LumiraDX warrants	9	1	74	7	91	9
OptiNose US Note	71,500	7,150	71,500	7,150	71,500	7,150
OptiNose US Equity	30	3	90	9	45	5
Other assets of BPCR Limited Partnership	47,172	4,717	(145,829)	(14,583)	199,029	19,903
Reata	37,500	3,750	–	–	–	–
Sarepta Therapeutics	–	–	350,000	35,000	–	–
UroGen	50,000	5,000	37,500	3,750	50,000	5,000
	1,225,483	**122,548**	**1,331,890**	**133,189**	**1,223,651**	**122,366**

The Board manages the risks inherent in the investment portfolio by ensuring full and timely reporting of relevant information from the Investment Manager. Investment performance and exposure are reviewed at each Board meeting.

16. FINANCIAL INSTRUMENTS (CONTINUED)

CURRENCY RISK

Currency risk is the risk that fair values of future cash flows of a financial instrument fluctuate because of changes in foreign exchange rates.

At 30 June 2023, the Company held cash balances in GBP Sterling of £83,000 ($105,000) (30 June 2022: £163,000 ($197,000) and 31 December 2022: £160,000 ($192,000)) and in Euro of €3,000 ($4,000) (30 June 2022: €2,000 ($2,000) and 31 December 2022: €2,000 ($2,000)).

The currency exposures (including non-financial assets) of the Company as at 30 June 2023:

	Cash $000	Investments $000	Other net assets $000	Total $000
Sterling	105	–	16	121
Euro	4	–	1	5
US Dollar	67,768	1,225,483	34,504	1,327,755
	67,877	**1,225,483**	**34,521**	**1,327,881**

The currency exposures (including non-financial assets) of the Company as at 30 June 2022:

	Cash $000	Investments $000	Other net assets $000	Total $000
Sterling	197	–	130	327
Euro	2	–	–	2
US Dollar	10,237	1,331,890	41,340	1,383,467
	10,436	**1,331,890**	**41,470**	**1,383,796**

The currency exposures (including non-financial assets) of the Company as at 31 December 2022:

	Cash $000	Investments $000	Other net liabilities $000	Total $000
Sterling	192	–	(34)	158
Euro	2	–	–	2
US Dollar	120,333	1,223,651	(6,691)	1,337,293
	120,527	**1,223,651**	**(6,725)**	**1,337,453**

A 10 per cent increase in the Sterling exchange rate would have increased net assets by $nil (30 June 2022: $15,000 and 31 December 2022: $8,000).

A 10 per cent. increase in the Euro exchange rate would have increased net assets by $nil (30 June 2022: $nil and 31 December 2022: $nil).

A 10 per cent decrease would have decreased net assets by the same amount (30 June 2022: same and 31 December 2022: same).

16. FINANCIAL INSTRUMENTS (CONTINUED)

INTEREST RATE RISK

Interest rate risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate movements may potentially affect future cash flows from:

- investments in floating rate securities, unquoted loans and purchased payments; and
- the level of income receivable on cash deposits and liquidity funds.

The Immunocore instrument has a fixed interest rate and therefore is not subject to interest rate risk. The below table shows the percentage of the Company's net assets it represents.

	As at 30 June 2023 % of Company Net Assets	As at 30 June 2022 % of Company Net Assets	As at 31 December 2022 % of Company Net Assets
Immunocore	1.88	–	1.87
OptiNose US**	–	5.40	0.07
Sarepta Therapeutics	–	25.29	–
LumiraDx*	–	10.85	11.22

* In 2023 LumiraDx fixed loan changed from a fixed interest rate to a floating rate of interest.

** In 2022 OptiNose US fixed loan changed from a fixed interest rate to a floating rate of interest. The figure as at 31 December 2022 is for the OptiNose US warrants only.

The Akebia, Biocryst Pharmaceuticals, BMS Purchased Payments, Coherus, Collegium, Evolus, Insmed, ImmunoGen, OptiNose US, Reata and UroGen loans and cash and cash equivalents, including investments in liquidity funds, have a floating rate of interest. The below table shows the percentage of the Company's net assets they represent.

	As at 30 June 2023 % of Company Net Assets	As at 30 June 2022 % of Company Net Assets	As at 31 December 2022 % of Company Net Assets
Collegium	18.98	22.58	21.50
LumiraDx	11.34	–	–
Insmed	11.00	–	10.47
Coherus	9.42	7.23	9.35
Biocryst Pharmaceuticals	9.15	–	–
BMS Purchased Payments (BPCR Ongdapa Limited)	6.76	8.88	7.74
OptiNose US	5.41	–	5.35
Cash and cash equivalents*	5.11	0.75	9.01
Evolus	3.77	2.71	2.80
UroGen	3.77	2.71	3.74
ImmunoGen	2.82	–	–
Reata	2.82	–	–
Akebia	1.62	3.61	2.50
Global Blood Therapeutics	–	9.58	–
Epizyme	–	7.95	–

* Cash and cash equivalents represents the Company only and does not include cash held by BPCR Limited Partnership.

16. FINANCIAL INSTRUMENTS (CONTINUED)

(II) LIQUIDITY RISK

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

At 30 June 2023, the Company had cash and cash equivalents of $67,877,000 (30 June 2022: $10,436,000 and 31 December 2022: $120,527,000), including investments in treasury bills with balances of $nil (30 June 2022: $nil and 31 December 2022: $100,480,000) and liquidity/money market funds with balances of $67,768,000 (30 June 2022: $10,237,000 and 31 December 2022: $19,601,000) and maximum unfunded commitments of $nil (30 June 2021: $nil and 31 December 2021: $nil). At 30 June 2023, BPCR Limited Partnership had cash and cash equivalents of $86,276,000 (30 June 2022: $51,317,000 and 31 December 2022: $212,462,000), including investments in treasury bills with balances of $nil (30 June 2022: $nil and 31 December 2022: $nil) and liquidity/money market funds with balances of $30,791,000 (30 June 2022: $16,079,000 and 31 December 2022: $181,697,000) and maximum unfunded commitments of $222,500,000 (30 June 2022: $87,500,000 and 31 December 2022: $50,000,000).

The Company maintains sufficient liquid investments through its cash and cash equivalents to pay accounts payable, accrued expenses and ongoing expenses of the Company. Liquidity risk is manageable through a number of options, including the Company's ability to issue debt and/or equity and by selling all or a portion of an investment in the secondary market. On 22 May 2020, BPCR Limited Partnership entered into a $200 million revolving credit facility with JPMorgan Chase Bank, which would have expired on 21 May 2023, (the "Facilities Agreement"). BPCR Limited Partnership paid a commitment fee on undrawn amounts of 200 basis points and would have paid a LIBOR margin of 400 basis points on drawn amounts. On 10 September 2021 BPCR Limited Partnership entered into an amendment including reducing the revolving credit facility from $200 million to $50 million together with changes in the accordion feature allowing for an increase in the revolving credit facility to $100 million and up to $200 million in term loans, extension of the maturity date to 22 June 2024 and a reduction on the LIBOR margin payable under the revolving credit facility from 400 basis points to 275 basis points. This facility will increase the Company's flexibility in relation to funding new lending opportunities and provide liquidity for funding outstanding obligations. As of 30 June 2023, the outstanding balance on the credit facility was $nil (30 June 2022: $138,000,000 and 31 December 2022: $nil).

The Company's liabilities as at 30 June 2023 were $5,057,000 (30 June 2022: $4,413,000, 31 December 2022: $26,563,000) of which $4,941,000 (30 June 2022: $4,002,000, 31 December 2022: $26,301,000) was repayable within one year. There is sufficient cash and cash equivalents to repay the liabilities when they become due.

(III) CREDIT RISK

This is the risk the Company's trade and other receivables will not meet their obligations to the Company. While the Company will often seek to be a secured lender for each debt asset, there is no guarantee that the relevant borrower will repay the loan or that the collateral will be sufficient to satisfy the amount owed. All of the Company's investments are senior secured investments as detailed in the Investment Manager's Report on pages 4 to 12.

The Investment Manager performs a robust credit risk analysis during the investment process for all new investments and constantly monitors the collateral on its outstanding senior secured loans so as to minimise the credit risk to the Company of default. The credit risk of the senior secured loans will increase significantly after initial recognition when borrowers are not making principal and interest payments as agreed. The fair value of the senior secured loan will be adjusted, either partially or in full, when there is no realistic prospect of recovery and the amount of the change in fair value has been determined by the Investment Manager. Subsequent recoveries of amounts previously adjusted will decrease the amount of the fair value loss recorded. Changes to a counterparty's risk profile are monitored by the Investment Manager on a regular basis and discussed with the Board at quarterly meetings.

The Company's maximum exposure to credit risk at any given time is the fair value of its investment portfolio and cash and receivables. At 30 June 2023, the Company's maximum exposure to credit risk was $1,332,938,000 (30 June 2022: $1,388,209,000 and 31 December 2022: $1,364,016,000). The Company's concentration of credit risk by counterparty can be found in the Investment Manager's Report on page 4 to 12.

CAPITAL MANAGEMENT

The Company's primary objectives in relation to the management of capital are:

- to ensure its ability to continue as a going concern;
- to ensure that the Company conducts its affairs to enable it to continue to meet the criteria to qualify as an investment trust; and
- to maximise the long-term shareholder returns in the form of sustainable income distributions through an appropriate balance of equity capital and debt.

16. FINANCIAL INSTRUMENTS (CONTINUED)

This is to be achieved through an appropriate balance of equity capital and gearing. The Company operates a flexible gearing policy which depends on prevailing conditions. The Company may incur indebtedness up to 25 per cent. of the Company's net asset value with a maximum of up to 50 per cent. with Board approval.

17. RELATED PARTY TRANSACTIONS

The amount incurred in respect of management fees during the period to 30 June 2023 was $6,614,000 (30 June 2022: $6,860,000), of which $3,281,000 (30 June 2022: $3,431,000) was outstanding at 30 June 2023. The amount due to the Investment Manager for performance fees at 30 June 2023 was $nil (30 June 2022: $nil).

The amount incurred in respect of Directors' fees during the period to 30 June 2023 was $239,000 (30 June 2022: $207,000) of which $nil was outstanding at 30 June 2023 (30 June 2022: $nil).

A Shared Services Agreement was entered into by and between RP Management, LLC, an affiliate of the Investment Manager, and the Investment Manager on 30 November 2016 and deemed effective as of 1 January 2016. Under the terms of the Shared Services Agreement, the Investment Manager will have access to the expertise of certain Royalty Pharma employees, including its research, legal and compliance, and finance teams.

BPCR Limited Partnership and its General Partner, BPCR GP Limited, are related entities of the Company, as they are wholly-owned subsidiaries. In the period to 30 June 2023, the Company recorded income of $75,815,000 (30 June 2022: $68,684,000) from BPCR Limited Partnership and the outstanding balance on 30 June 2023 was $1,225,158,000 (30 June 2022: $1,328,732,000). BPCR GP Limited had an outstanding balance as at 30 June 2023 of $nil (30 June 2022: $nil).

On 5 May 2023, the Company and a Private Fund also managed by the Investment Manager (the "Private Fund") entered into a definitive senior secured term loan agreement with Reata Pharmaceuticals, Inc. ("Reata"). The Company (through BPCR Limited Partnership) will invest up to $137,500,000 and the Private Fund will invest up to an additional $137,500,000 in parallel, with the Company acting as collateral agent. The loan will mature in May 2028 and will bear interest at 3-month SOFR plus 7.50 per cent. per annum subject to a 2.50 per cent. floor along with a one-time additional consideration of 2.00 per cent. The additional consideration with respect to Tranche A will be paid at funding and will be due and payable with respect to the remaining tranches at the funding of those tranches. In the first half of 2023, BPCR Limited Partnership recorded interest of $656,000 (30 June 2022: $nil). The outstanding balance as at 30 June 2023 was $37,500,000 (30 June 2022: $nil).

On 17 April 2023, the Company and the Private Fund entered into a definitive senior secured term loan agreement with BioCryst Pharmaceuticals, Inc. ("BioCryst"). The Company (through BPCR Limited Partnership) will invest up to $180,000,000 and the Private Fund will invest up to an additional $270,000,000 in parallel, with the Company acting as collateral agent. The Company invested $120,000,000 at closing in the first tranche and the remaining $60,000,000 may be drawn by 30 September 2024. The loan will mature in April 2028 and will bear interest at 3-month SOFR plus 7.25 per cent. per annum subject to a 1.75 per cent. floor along with a one-time additional consideration of 1.75 per cent. The additional consideration with respect to the first tranche and 50 per cent. of the subsequent tranches was paid at funding with the remainder being payable at funding of the subsequent tranches. Additionally, BioCryst may elect to a payment in kind of 50 per cent. of interest payable for the first six quarters for which the loan would then bear interest at 3-month SOFR plus 7.25 per cent. BioCryst elected to payment in kind 50 per cent. of the interest payable for the second quarter of 2023. In the first half of 2023, BPCR Limited Partnership recorded interest of $3,059,000 (30 June 2022: $nil). The outstanding balance as at 30 June 2023 was $121,530,000 (30 June 2022: $nil).

On 6 April 2023, the Company and the Private Fund entered into a definitive senior secured term loan agreement with ImmunoGen, Inc ("ImmunoGen). The Company (through BPCR Limited Partnership) will invest up to $62,500,000 and the Private Fund will invest up to an additional $62,500,000 in parallel, with the Company acting as collateral agent. The Company invested $37,500,000 at closing in the first tranche and the remaining $25,000,000 may be drawn by 31 March 2024. The loan will mature in April 2028 and will bear interest at 3-month SOFR plus 8.00 per cent. per annum subject to a 2.75 per cent. floor, along with an additional consideration of 2.00 per cent. The additional consideration with respect to the first tranche was paid at funding and will be due and payable with respect to the second tranche either at the funding of the second tranche or upon expiration of the second tranche commitment. In the first half of 2023, BPCR Limited Partnership recorded interest of $1,159,000 (30 June 2022: $nil). The outstanding balance as at 30 June 2023 was $37,500,000 (30 June 2022: $nil).

17. RELATED PARTY TRANSACTIONS (CONTINUED)

On 8 November 2022, the Company and the Private Fund entered into a definitive senior secured term loan agreement with Immunocore Limited ("Immunocore"). The Company (through BPCR Limited Partnership) will invest up to $50,000,000 and the loan will mature in November 2028. Tranche A has a fixed coupon of 9.75 per cent. and Tranche B will bear interest at SOFR plus 8.75 per cent. (subject to a 1.00 per cent. floor), with additional consideration of 2.50 per cent. of the total loan amount. The Company funded Tranche A of $25,000,000 on 8 November 2022. In the first half of 2023, BPCR Limited Partnership recorded interest of $1,226,000 (30 June 2022: $nil). The outstanding balance as at 30 June 2023 was $25,000,000 (30 June 2022: $nil).

On 19 October 2022, the Company and the Private Fund entered into a definitive senior secured term loan agreement with Insmed, Inc. ("Insmed"). The Company (through BPCR Limited Partnership) invested $140,000,000 on 19 October 2022. The loan will mature in October 2027 and will bear interest at 3-month SOFR plus 7.75 per cent. per annum subject to a 2.50 per cent. floor along with a one-time additional consideration of 2.00 per cent. of the loan amount payable upon funding. In the first half of 2023, BPCR Limited Partnership recorded interest of $8,822,000 (30 June 2022: $nil). The outstanding balance as at 30 June 2023 was $146,118,000 (30 June 2022: $nil).

On 7 March 2022, the Company and the Private Fund entered into a definitive senior secured term loan agreement with UroGen Pharma, Inc., guaranteed by its parent, UroGen Pharma Ltd. ("UroGen"). The Company (through BPCR Limited Partnership) will invest up to $50,000,000 and the loan will mature in March 2027. The loan will bear interest at 3-month LIBOR plus 8.25 per cent. per annum subject to a 1.25 per cent. floor along with a one-time additional consideration of 1.75 per cent. of the total loan amount payable upon funding of the first tranche. The Company funded the first and second tranches of $37,500,000 and $12,500,000 on 16 March 2022 and 16 December 2022. On 29 June 2023, the Company and the Private Fund entered into an amendment which modified the loan interest rate to 3-month SOFR plus 8.25 per cent. In the first half of 2023, BPCR Limited Partnership recorded interest of $3,328,000 (30 June 2022: $1,059,000). The outstanding balance as at 30 June 2023 was $50,000,000 (30 June 2022: $37,500,000).

On 5 January 2022, the Company and the Private Fund entered into a definitive senior secured term loan agreement with Coherus Biosciences, Inc. ("Coherus"). The Company (through BPCR Limited Partnership) was orginally due to invest up to $150,000,000 ($50,000,000 in the first tranche, $50,000,000 million by 1 April 2022 and up to an additional $50,000,000 by 17 March 2023). The loan will mature in January 2027 and will bear interest at 3-month LIBOR plus 8.25 per cent. per annum subject to a 1.00 per cent. floor along with a one-time additional consideration of 2.0 per cent. of the total loan amount payable upon funding of the first tranche. The Company funded the first tranche of $50,000,000 on 5 January 2022, the second tranche of $50,000,000 on 31 March 2022 and the third tranche of $25,000,000 on 14 September 2022. On 6 February 2023, the Coherus loan was amended to allow for a short term waiver to the sales covenant, as well switching the LIBOR component of the loan coupon to SOFR. The remaining $25,000,000 commitment lapsed and therefore there are no additional funding commitments. In the first half of 2023, BPCR Limited Partnership recorded interest of $8,307,000 (30 June 2022: $3,456,000). The outstanding balance as at 30 June 2023 was $125,000,000 (30 June 2022: $100,000,000).

On 14 December 2021, the Company and the Private Fund entered into a definitive senior secured term loan agreement with Evolus, Inc. ("Evolus"). The Company (through BPCR Limited Partnership) will invest up to $62,500,000 and the Company funded $37,500,000 on 29 December 2021 and $12,500,000 on 31 May 2023. The loan will mature in December 2027 and will bear interest at 3-month LIBOR plus 8.50 per cent. per annum subject to a 1.00 per cent. floor along with a one-time additional consideration of 2.25 per cent. of the total loan amount payable upon funding of the first tranche. On 9 May 2023, the Company and the Private Fund entered into an amendment which modified the loan interest rate to 3-month SOFR plus 8.50 per cent and Evolus agreed to borrow fifty per cent. of the Tranche B loan amount on each of 31 May 2023 and 15 December 2023. In the first half of 2023, BPCR Limited Partnership recorded interest of $2,695,000 (30 June 2022: $1,791,000). The outstanding balance as at 30 June 2023 was $50,000,000 (30 June 2022: $37,500,000).

On 23 March 2021, the Company and the Private Fund entered into a definitive senior secured term loan agreement for $300,000,000 with LumiraDx Group Limited ("LumiraDx"). The Company' (through BPCR Limited Partnership) will invest up to $150,000,000 and the Company funded the term loan on 29 March 2021. The loan will mature in March 2024 and will bear interest at 8.00 per cent. per annum along with a one-time additional consideration of 2.50 per cent. of the loan amount payable upon funding plus an additional 1.50 per cent. of the loan payable at maturity. On 28 September 2021, LumiraDx became public via a SPAC transaction with CA Healthcare Acquisition Corporation and began trading on NASDAQ under the ticketer LMDX. The Company received 742,924 warrants exercisable into common stock of LumiraDx under the terms of the transaction. On 17 June 2022, the LumiraDx loan was amended to provide LumiraDx with certain waivers in exchange for increasing the fee payable at maturity from 1.50 to 3.00 per cent of the loan. On 25 July 2022, LumiraDx raised $100 million in a follow on offering at a price of $1.75. As part of the financing, the Company (through BPCR Limited Partnership) and the Private Fund re-tiered its sales covenants, received a facility fee, and was issued new five- year warrants, with the original warrants being cancelled. On 22 February 2023, the LumiraDx loan was amended to provide LumiraDx with certain waivers in exchange for increasing the fee payable at maturity from 3.00 to 9.00 per cent of the loan. On 7 June 2023, the LumiraDx loan was amended to provide for, among other things, revisions to the minimum net sales and the minimum liquidity covenants in the loan agreement.

17. RELATED PARTY TRANSACTIONS (CONTINUED)

In exchange LumiraDx has agreed to, among other things, pay additional payment-in-kind interest with respect to amounts outstanding under the Loan Agreement in an amount equal to three month term SOFR. On 30 June 2023, the LumiraDx loan was further amended to extend the time that LumiraDx has to comply with certain minimum net sales and minimum liquidity covenants in the Loan Agreement until 17 July 2023. In the first half of 2023, BPCR Limited Partnership recorded interest of $6,559,000 (30 June 2022: $6,033,000). The outstanding balance as at 30 June 2023 was $150,000,000 (30 June 2022: $150,000,000). The number of warrants outstanding as at 30 June 2023 was 742,924 (30 June 2022: 742,924).

On 6 February 2020, the Company and the Private Fund entered into a definitive senior secured term loan agreement for $200,000,000 with Collegium Pharmaceuticals, Inc. (Nasdaq: COLL) ("Collegium"). The Company (through BPCR Limited Partnership) will invest up to $165,000,000 and the Company funded the term loan on 13 February 2020. The loan was originally due to mature in January 2024 and bore interest at 3-month LIBOR plus 7.50 per cent. per annum subject to a 2.00 per cent. floor along with a one-time additional consideration of 2.50 per cent. of the loan amount which was paid at funding. On 14 February 2022, the Company (through BPCR Limited Partnership) and the Private Fund provided Collegium a commitment to enter into a new senior secured term loan agreement for $650,000,000. Proceeds from the new loan were used to fund Collegium's acquisition of BioDelivery Sciences International, Inc. as well as repay the outstanding debt of Collegium and BDSI. Under the terms of the new loan, the Company (through BPCR Limited Partnership) invested $325,000,000 million in a single drawing. The four-year loan for the Company's investment will have $50,000,000 in amortization payments during the first year and the remaining $275,000,000 balance will amortize in equal quarterly installments. The loan will bear interest at 3-month LIBOR plus 7.50 per cent. per annum subject to a 1.20 per cent. floor along with a one-time additional consideration of 2.00 per cent. of the loan amount payable at signing and 1.00 per cent. of the loan amount payable at funding. On 23 June 2023, the Company and the Private Fund entered into an amendment which modified the loan interest rate to 3-month SOFR plus 7.50 per cent. In the first half of 2023, BPCR Limited Partnership recorded interest of $17,672,000 (30 June 2022: $9,917,000). The outstanding balance as at 30 June 2022 was $252,083,000 (30 June 2022: $312,500,000).

On 17 December 2019, the Company and the Private Fund entered into a definitive senior secured term loan agreement with Global Blood Therapeutics (Nasdaq: GBT) ("GBT"). GBT drew down $75,000,000 at closing on 20 December 2019 and $75,000,000 of the second tranche on 20 November 2020. On 14 December 2021 the loan agreement was amended and restated. The amendment increased the aggregate principal amount of the loan to $250,000,000 through a $100,000,000 third tranche, which was drawn on 22 December 2021. The Company and its subsidiaries funded $132,500,000 across all three tranches. The loan was originally due to mature in December 2027 and bore interest at three-month LIBOR plus 7.00 per cent. per annum subject to a 2.00 per cent. floor along with a one-time additional consideration of 1.50 per cent. of the total loan amount paid upon funding and an additional 2.00 per cent. payable upon the repayment of the loan. The third tranche also incurred additional consideration of 1.50 per cent. at the time of funding. As a part of the amendment in 2021, the Company and its subsidiaries received a one-time fee equal to 1.25 per cent. of the first two tranches and the three-year make-whole period was reset to December 2021. On 5 October 2022, Pfizer acquired GBT and, as a result, GBT repaid its $132,500,000 senior secured loan to the Company. The Company received $175,000,000 including $43,000,000 in accrued income, paydown, prepayment and make-whole fees. In the first half of 2023, BPCR Limited Partnership recorded interest of $nil (30 June 2022: $5,996,000). The outstanding balance as at 30 June 2023 was $nil (30 June 2022: $132,500,000).

On 13 December 2019, the Company and the Private Fund entered into a definitive senior secured term loan agreement for up to $500,000,000 with Sarepta Therapeutics (Nasdaq: SRPT) ("Sarepta"). On 24 September 2020 the Sarepta loan agreement was amended and the loan amount was increased to $550,000,000. Sarepta drew down the first $250,000,000 tranche on 20 December 2019 and the second $300,000,000 tranche on 2 November 2020. The Company (through BPCR Limited Partnership) funded $175,000,000 of each tranche for a total investment of $350,000,000 and the Private Fund invested the remaining $200,000,000. The first tranche was originally due to mature in December 2023 and the second tranche in December 2024. The loan bore interest at 8.50 per cent. per annum along with a one-time additional consideration of 1.75 per cent. of the first tranche and 2.95 per cent. of the second tranche payable upon funding and an additional 2.00 per cent. payable upon the repayment of the loan. On 12 September 2022, Sarepta repaid its senior secured loan and the Company received $372,000,000 including $16,000,000 in prepayment and make-whole fees. In the first half of 2023, BPCR Limited Partnership recorded interest of $nil (30 June 2022: $14,958,000). The outstanding balance as at 30 June 2023 was $nil (30 June 2022: $350,000,000).

Notes to the financial Statements continued

17. RELATED PARTY TRANSACTIONS (CONTINUED)

On 11 November 2019, the Company and the Private Fund entered into a definitive senior secured term loan agreement for up to $100,000,000 with Akebia Therapeutics, Inc. (Nasdaq: AKBA) ("Akebia"). Akebia drew down the first $80,000,000 on 25 November 2019 and the second $20,000,000 tranche on 10 December 2020. The Company (through BPCR Limited Partnership) invested $40,000,000 and $10,000,000 of the first and second tranche, respectively. The loan will mature in November 2024 and will bear interest at LIBOR plus 7.50 per cent. per annum along with a one-time additional consideration of 2.00 per cent. of the total loan amount. On 15 July 2022, the Company and the Private Fund entered into the second amendment and waiver with Akebia which amended and waived certain provisions of the loan agreement. As a result of this amendment Akebia made a $12,500,000 pre-payment, triggering a 2.0 per cent. prepayment fee on the $12,500,000. On 30 June 2023, the Company and the Private Fund entered into an amendment which modified the loan interest rate to 3-month SOFR plus 7.50 per cent. In the first half of 2023, BPCR Limited Partnership recorded interest of $1,473,000 (30 June 2022: $2,388,000). The outstanding balance as at 30 June 2023 was $21,500,000 (30 June 2022: $50,000,000).

On 4 November 2019, the Company and the Private Fund entered into a definitive senior secured term loan agreement for up to $70,000,000 with Epizyme, Inc. (Nasdaq: EPZM) ("Epizyme"). On 3 November 2020, the Epizyme loan agreement was amended and the loan amount was increased to $220,000,000. Epizyme drew down the $25,000,000 on 18 November 2019 and an additional $195,000,000 during 2020. The Company (through BPCR Limited Partnership) funded a total of $110,000,000 of the Epizyme loan. The first three tranches of the loan were due to mature in November 2024 and the fourth tranche was due to mature in November 2026. The loan will bore interest at LIBOR plus 7.75 per cent. per annum along with a one-time additional consideration of 2.00 per cent. of the total loan amount. On 4 November 2019, Royalty Pharma, an affiliate of the Investment Manager, announced an agreement to purchase future royalties on tazemetostat net sales outside of Japan owned by Eisai Co. for $330,000,000 and a separate $100,000,000 equity investment directly in Epizyme. Pablo Legorreta, a principal of the Investment Manager and RP management was named to the Epizyme board of directors. On 27 June 2022, Ipsen announced a definitive agreement pursuant to Ipsen would acquire Epizyme. Upon closing, Epizyme was required to repay the $110,000,000 senior secured loan. On 12 August 2022, Epizyme repaid its $110,000,000 senior secured loan and the Company received $9,000,000 in prepayment and makewhole fees. In the first half of 2023, BPCR Limited Partnership recorded interest of $nil (30 June 2022: $5,392,000). The outstanding balance as at 30 June 2023 was $nil (30 June 2022: $110,000,000).

On 12 September 2019, the Company and the Private Fund, entered into a definitive senior secured note purchase agreement for the issuance and sale of senior secured notes in an aggregate original principal amount of up to $150,000,000 by OptiNose US, Inc. ("OptiNose"). OptiNose is a wholly-owned subsidiary of OptiNose (Nasdaq: OPTN), a commercial-stage specialty pharmaceutical company. OptiNose drew a total of $130,000,000 in three tranches: $80,000,000 on 12 September 2019, $30,000,000 on 13 February 2020 and $20,000,000 on 1 December 2020. There are no further funding commitments. The notes mature in September 2024 and bear interest at 10.75% per annum along with a one-time additional consideration of 0.75% of the aggregate original principal amount of senior secured notes, and 810,357 warrants exercisable into common stock of OptiNose. The Company funded a total $71,500,000 across all tranches and was allocated 445,696 warrants. In prior years, there were two amendments to the OptiNose note purchase agreement, resulting in retiered sales covenants, permission for an equity issuance, amended amortisation and make-whole provisions, and the issuance of new three-year warrants, with the original warrants being canceled. On 10 August 2022, the OptiNose note and purchase agreement was amended resulting in re-tiered sales covenants in exchange for an amendment fee of $780,000, payable upon repayment, of which the Company was allocated $429,000. On 9 November 2022, OptiNose negotiated certain waivers in exchange for a waiver fee, of which the Company earned $715,000 of the total $1,300,000 waiver fee. On 21 November 2022, OptiNose entered into the A&R NPA. As part of the A&R NPA, the Company (through BPCR Limited Partnership) and the Private Fund revised the sales covenants, amended the amortization and make-whole, and modified the loan interest rate to 3-month SOFR plus 8.50 per cent., subject to a 2.50 per cent. floor, in exchange for an amendment fee. In the first half of 2023, BPCR Limited Partnership recorded interest of $4,760,000 (30 June 2022: $3,865,000). The outstanding balance as at 30 June 2023 of the outstanding notes was $71,500,000 (30 June 2022: $71,500,000). The number of warrants outstanding as at 30 June 2023 was 1,375,000 (30 June 2022: 1,375,000).

On 8 December 2017, the Company's wholly-owned subsidiary BPCR Ongdapa Limited entered into a purchase, sale and assignment agreement with RPI Acquisitions (Ireland) Limited ("RPI Acquisitions"), an affiliate of Royalty Pharma, for the purchase of a 50 per cent. interest in a stream of Purchased Payments acquired by RPI Acquisitions from Bristol-Myers Squibb through a purchase agreement dated 14 November 2017. As a result of the arrangements, RPI's subsidiary and the Company's subsidiary are each entitled to the benefit of 50 per cent. of the Purchased Payments under identical economic terms. The Purchased Payments are linked to tiered worldwide sales of Onglyza and Farxiga, diabetes agents marketed by AstraZeneca, and related products. The Company funded all of the Purchased Payments based on sales from 1 January 2018 to 31 December 2019 for a total of $162 million. In the first half of 2023, BPCR Limited Partnership recorded interest of $5,990,000 (30 June 2022: $8,060,000).

The Private Fund, and RPI Acquisitions are related entities of the Company due to a principal of the Investment Manager having significant influence over each of these entities.

18. CONTINGENCIES, GUARANTEES AND FINANCIAL COMMITMENTS

At 30 June 2023, there were no outstanding commitments at the Company (30 June 2022: $nil) in respect of investments (see Note 17 for further details). At 30 June 2023, the Company's financing subsidiary, BPCR Limited Partnership, had commitments of $222,500,000 (30 June 2022: $87,500,000).

19. SUBSEQUENT EVENTS

On 10 July 2023 and 11 July 2023, the Company repurchased 1,260,909 and 700,000 shares respectively. The Company currently holds 71,252,875 of its ordinary shares in treasury and has 1,302,679,192 ordinary shares in issue (excluding treasury shares).

On 10 July 2023, the Company funded Tranche B of the Reata loan for $25,000,000.

On 17 July 2023, the LumiraDx loan was amended to extend the time that LumiraDx has to comply with certain minimum net sales and minimum liquidity covenants in the Loan Agreement until 20 July 2023.

On 20 July 2023, the Company entered into a ninth amendment and waiver to the loan agreement with LumiraDx (the "Ninth Amendment"). Pursuant to the Ninth Amendment, among other things, (i) the minimum liquidity covenant in the Loan Agreement is waived until 1 September 2023; provided that the consolidated liquidity of LumiraDx and its subsidiaries during this waiver period (and tested on a weekly basis) must be at least $5,000,000, (ii) the minimum net sales covenant for the trailing twelve-month period ended 30 June 2023 will be tested on 1 September 2023, and (iii) the lenders have agreed to provide, subject to the terms of the loan agreement as amended by the Ninth Amendment, additional term loans to LumiraDx during the waiver period, in an aggregate amount of up to $31,000,000 (the "New Term Loans"). The New Term Loans will be subject to an interest rate of SOFR plus 8.0 per cent. per annum, payable in quarterly installments, with the first interest payment due on 30 September 2023. All amounts outstanding under the loan agreement, including the New Term Loans, will mature on 29 March 2024. In exchange for the amendments described above, LumiraDx has agreed to, among other things, permit the lenders to designate two individuals to serve on LumiraDx's board of directors as observers, with the authority to attend and receive materials relating to (but not vote at) meetings of LumiraDx's Board of Directors. Each such appointment shall be terminated immediately upon the payment in full of all of LumiraDx's obligations under the loan agreement. LumiraDx has also agreed to engage advisors to conduct a strategic review of the business of LumiraDx and its subsidiaries and advise on available options.

On 24 July 2023, the Company funded Tranche B of the LumiraDx loan for $7,500,000.

On 28 July 2023, Biogen announced a definitive agreement pursuant to which Biogen will acquire Reata. On 26 September 2023, Biogen closed on its acquisition of Reata and Reata paid $62,500,000 to the Company and the Company also received $15,600,000 in prepayment and make whole fees.

On 28 August 2023, the Company, entered into a tenth amendment to the loan agreement with LumiraDx. Pursuant to the tenth amendment (i) the minimum liquidity covenant in the loan agreement is waived until 18 September 2023; provided that the consolidated liquidity of LumiraDx and its subsidiaries during this waiver period (and tested on a weekly basis) must be at least $5,000,000, and (ii) the minimum net sales covenant for the trailing twelve-month period ended 30 June 2023 will be tested on 18 September 2023.

On 29 August 2023, the Company funded Tranche C of the LumiraDx loan for $8,000,000.

On 18 September 2023, the Company, entered into an eleventh amendment to the loan agreement with LumiraDx. Pursuant to the eleventh amendment (i) the minimum liquidity covenant in the Loan Agreement is waived until 29 September 2023; provided that the consolidated liquidity of the Company and its subsidiaries during this waiver period (and tested on a weekly basis) must be at least $5 million, and (ii) the minimum net sales covenant for the trailing twelve-month period ended 30 June 2023 will be tested on 29 September 2023.

On 25 September 2023, the Company entered into a twelfth amendment to the loan agreement with LumiraDx. Pursuant to the twelfth Amendment, among other things, (i) the minimum liquidity covenant in the loan agreement is waived until 11 October 2023, provided that the consolidated liquidity of the Company and its subsidiaries during this waiver period (and tested on a weekly basis) must be at least $5 million, (ii) the minimum net sales covenant for the trailing twelve-month period ended 30 June 2023 is waived, (iii) the minimum net sales covenant for the trailing twelve-month period ended 30 September 2023 will be tested on 11 October 2023, (iv) subject to certain conditions, the interest on the principal amount outstanding under the Tranche A, Tranche B and Tranche C term loans for the interest period ending 30 September 2023, shall be PIK Interest (as defined in the Loan Agreement) instead of being paid in cash, and (v) the lenders have agreed to provide, subject to the terms of the loan agreement as amended by the twelfth amendment, additional term loans to the Company, in an aggregate amount of up to $15 million (the "Twelfth Amendment New Term Loans"). The Twelfth Amendment New Term Loans will be subject to an interest rate of SOFR plus 8.0 per cent. per annum, payable in quarterly installments. All amounts outstanding under the loan agreement, including the Twelfth Amendment New Term Loans, will mature on 29 March 2024.

Glossary of Terms and Alternative Performance Measures (APM)

NET RETURN PER ORDINARY SHARE

Net return per share is the net revenue for the period divided by the weighted average number of ordinary shares for the period.

NAV PER ORDINARY SHARE

Net Asset Value (NAV) is the value of total assets less liabilities. The NAV per share is calculated by dividing this amount by the number of ordinary shares outstanding.

PREMIUM (DISCOUNT) TO NAV PER ORDINARY SHARE

As stock markets and share prices vary, an investment trust's share price is rarely the same as its NAV. When the share price is lower than the NAV per share it is said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and it is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, it is said to be trading at a premium.

RETURN PER ORDINARY SHARE

Revenue return per Ordinary share is based on the net revenue after taxation divided by the weighted average number of Ordinary Shares for the period. Capital return per Ordinary Share is based on net capital gains divided by weighted average number of Ordinary Shares for the period.

ONGOING CHARGES

Ongoing charges are the Company's expenses expressed (excluding and including performance fee) as a percentage of its average monthly net assets and follows the AIC recommended methodology. Ongoing charges are different to total expenses as not all expenses are considered to be operational and recurring.

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Company Information

The Company is a closed-ended investment company incorporated on 24 October 2016. The Ordinary Shares were admitted to trading on the Specialist Fund Segment of the Main Market of the LSE and TISE on 27 March 2017.

The Company's shares were transferred to the premium segment of the Main Market on 5 October 2021. The Company introduced a GBP quote to appear alongside its USD quote on this date.

The Company delisted from the TISE on 8 October 2021.

The Company intends to carry on business as an investment trust within the meaning of Chapter 4 of Part 24 of the Corporation Tax Act 2010 and an investment company within the meaning of Section 833 of the Companies Act 2006.

INVESTMENT OBJECTIVE

The Company aims to generate long-term Shareholder returns, predominantly in the form of sustainable income distributions from exposure to the life sciences industry.

SUMMARY OF INVESTMENT POLICY

The Company will seek to achieve its investment objective primarily through investments in debt assets secured by royalties or other cash flows derived from sales of approved life sciences products. Subject to certain restrictions and limitations, the Company may also invest in unsecured debt and equity issued by companies in the life sciences industry.

The Investment Manager will select investment opportunities based upon in-depth, rigorous analysis of the life sciences products backing an investment as well as the legal structure of the investment. A key component of this process is to examine future sales potential of the relevant product which is affected by several factors, including but not limited to; clinical utility, competition, patent estate, pricing, reimbursement (insurance coverage), marketer strength, track record of safety, physician adoption and sales history.

The Company will seek to build a diversified portfolio by investing across a range of different forms of assets issued by a variety of borrowers. In particular, no more than 30 per cent. of the Company gross assets will be exposed to any single borrower.

Shareholder Information

KEY DATES

March	Annual results announced Payment of fourth interim dividend
May	Annual General Meeting
June	Company's half-year end Payment of first interim dividend
September	Half-yearly results announced Payment of second interim dividend
December	Company's year end Payment of third interim dividend

FREQUENCY OF NAV PUBLICATION

The Company's NAV is released to the LSE on a monthly basis and is published on the Company's website.

ANNUAL AND HALF-YEARLY REPORT

Copies of the Company's Annual and Half-yearly Reports, stock exchange announcements and further information on the Company can be obtained from the Company's website www.bpcruk.com.

IDENTIFICATION CODES

SEDOL:	BDGKMY2
ISIN:	GB00BDGKMY29
TICKER:	BPCR
LEI:	213800AV55PYXAS7SY24

CONTACTING THE COMPANY

Shareholder queries are welcomed by the Company. While any queries regarding your shareholding should be directed to the Registrar, shareholders who wish to raise any other matters with the Company may do so using the following contact details:

Company Secretary – biopharmacreditplc@linkgroup.co.uk

Chairman – chairman@bpcruk.com

Senior Independent Director – sid@bpcruk.com

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