ip group
visionary ventures

For a future made possible by science.

IP GROUP PLC

ANNUAL REPORT & ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023

REGISTRATION NUMBER: 04204490
STOCK CODE: IPO

CONTENTS.

IDEAS POWERED.

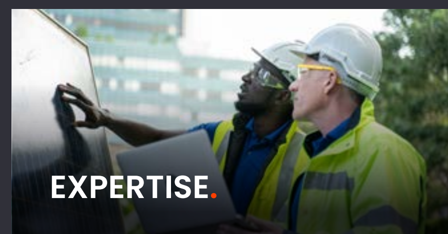
At IP Group, we understand science. We understand its impact today and its potential to shape the future.

With more than 20 years' experience evolving great ideas into world-changing businesses, we also understand that progress takes patience. That is why we choose partners with purpose, who, like us, are committed to impacting the world's greatest unmet needs.

Together, we accelerate the impact of science to transform ideas into impact, at scale. We see a future transformed by human ingenuity. And we look to make it happen by spotting the opportunities others miss.

We are one of the most active investors in university and other research-based companies in the world, with a proven track record in backing and nurturing science and technology-based businesses to deliver impact and returns. Since the Group was founded, IP Group and Parkwalk Advisors have backed over 500 companies whose compelling ideas, products and services will meaningfully contribute to a healthier, tech-enriched and regenerative future.

We aim to accelerate the impact of science for a better future.



HIGHLIGHTS.

Total portfolio[1]

£1,164.9m

2022: £1,258.5m

2023 portfolio[1] investment

£73.2m

2022: £93.5m

2023 total funds raised by portfolio companies

£667m

2022: £1,014m

2023 cash proceeds from realisations[1]

£38.6m

2022: £28.1m

[1] Note 28 details the Alternative Performance Measures ("APMs").

Maturing portfolio with multiple **near-term value creation opportunities**

Financial **strength maintained during challenging markets**

Continued commitment to **shareholder returns**

Hysata recognised as Energy Transition Changemaker by COP28 Presidency

Istesso completed recruitment in Phase 2b trials on rheumatoid arthritis

Leading scores for ESG from MSCI, Sustainalytics and ISS

Maintained high eNPS employee engagement scores

"The market environment for early-stage investing remained challenging in 2023. In response we have prioritised and heavily focused our activities and capital on developing leading portfolio opportunities in the high-growth sectors where our teams have deep expertise. The Group's portfolio successfully raised a total of £667m, with the Group investing £73.2m alongside more than fifty co-investors. Having appropriately managed our level of portfolio investment, the Group finished the year in a strong financial position with £227m gross cash, an important strategic asset in the current environment."

Greg Smith
CEO

2023 HIGHLIGHTS.

FINANCIAL HIGHLIGHTS

Net Asset Value ("NAV")
£1,190.3m
2022: £1,376.1m

NAV pence per share[1]
114.8p
2022: 132.9p

% return on NAV[1]
(13%)
2022: (20%)

Return on NAV[1]
(£172.2m)
2022: (£341.1m)

Loss for the year
(£174.4m)
2022: (£344.5m)

Total portfolio[1]
£1,164.9m
2022: £1,258.5m

Gross cash and deposits[1]
£226.9m
2022: £241.5m

Cash proceeds[1]
£38.6m
2022: £28.1m

Portfolio investment[1]
£73.2m
2022: £93.5m

Dividend
0.51p
2022[2]: 1.26p

1 Note 28 details the Alternative Performance Measures ("APMs").
2 Dividend figure for 2022 includes both interim dividend (paid in 2022) and final dividend (paid in 2023).

2023 HIGHLIGHTS.

PERFORMANCE HIGHLIGHTS

Maturing portfolio with multiple near-term value creation opportunities

- Significant portfolio inflection points, including over ten companies now in clinical studies and expecting key data by the end of 2025, expected to evidence strong value creation
- Capital allocation prioritised to high-growth sectors where we have deep expertise and experience
  - Healthier future (Life Sciences): Istesso on track to deliver Phase 2b data for Leramistat (MBS2320) in rheumatoid arthritis in H1 2024; Pulmocide Phase 3 study of novel anti-fungal for invasive pulmonary Aspergillus underway
  - Tech-enriched future (Deeptech): Featurespace posts double-digit revenue growth, significant fundraisings completed for Quantum Motion, Accelercomm and Garrison, portfolio poised to benefit from growth in 2024
  - Regenerative future (Cleantech): Significant capital ($15m) committed to Hysata Series B fund raise, which will complete in 2024. Technical milestone achieved in 2023
- £0.7bn of total capital raised by portfolio in 2023 alongside leading co-investors including Bosch Ventures, BP Ventures, Clean Energy Ventures, L&G, M&G, Merck Ventures, Morningside, Pfizer, Roche and Sofinnova (2022: £1.0bn)
- Decisive action to focus on the highest-growth opportunities, deprioritising future investment in our US platform and cessation of plans for China growth fund

Financial strength maintained during challenging markets

- Strong balance sheet and liquidity with gross cash of £226.9m (2022: £241.5m)
- £73.2m portfolio investment into 33 companies across our three high-growth sectors (2022: £93.5m; 46 companies) representing around 10% of capital raised by our portfolio (2022: 9% of total capital raised)
- Cash proceeds in line with expectations at £38.6m (2022: £28.1m)
- NAV per share declined to 114.8p (-13%), driven primarily by adjustments to the carrying values of First Light Fusion, our US platform, Hinge Health and Akamis Bio and reflecting a fair value decrease of listed holding Oxford Nanopore. Since year end, further reduction in listed portfolio of £45.4m
- Third-party managed funds of £650m (2022: £700m), with more than £100m available for investment

Continued commitment to shareholder returns

- Launched further £20m share buyback fulfilling our commitment to regular cash returns from realisations
- As announced on 18 December 2023, future cash returns are expected to be in the form of share buybacks when the share price discount to NAV exceeds 20%
- Over £75m of total cash returned to shareholders through dividends and share buybacks since 2021

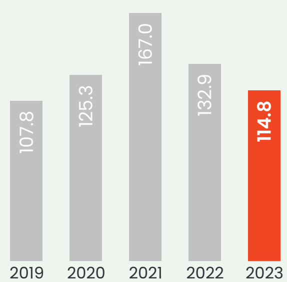
NAV/share p[1]

Net Assets divided by the number of outstanding shares in issue. A useful measure to compare to the Group's share price.

Link to strategy

Link to remuneration

Yes



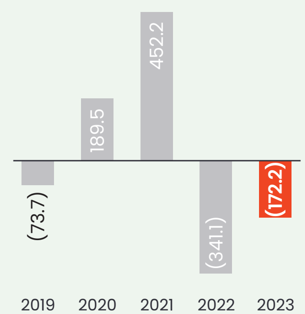
Return on NAV £[1]

Profit for the year excluding share-based payment charges. Shows a summary of the income statement gains and losses that directly impact NAV.

Link to strategy

Link to remuneration

Yes



1 Alternative performance measure. See note 28 for definition and reconciliation to IFRS primary statements.

AT A GLANCE.

IMPACT POTENTIAL

Impact is in our DNA. We aim to be the leading value-add backer of impactful early-stage innovation, differentiated by our track record, access to innovation, risk appetite, flexibility, technical and commercial acumen, sector expertise and long-term partnership model.

Inspiring partners

We form long-term partnerships with our companies, bringing them our deep technical expertise and access to networks; our decades of experience nurturing and building high-growth businesses and our access to capital.

Read about our **business model** on pages 10 to 11

Innovative people

Our purpose drives a deep, intrinsic level of commitment from our team. We look to be a home for exceptional and innovative talent, and have built a unique and attractive culture to support our goals.

Read about our **culture** on pages 19 to 20

International profile

Our international footprint gives us access to a range of opportunities and provides valuable insight and resource to support our portfolio companies as they scale and grow in the UK, US, Australia and New Zealand.

Our strategy

Accelerating the impact of science for a better future.

A future enhanced by the impact of transformative businesses we have identified, backed and grown as long-term partners.

- Have an impact on the world that counts.
- Develop our unique insights, expertise and access.
- Accelerate value creation.
- Build a truly differentiated reputation.
- Be a home for exceptional talent.

Deliver class-leading internal processes, services and controls.

Read about our **strategy** on pages 17 to 18

Three thematic focus areas:

Healthier future — Life Sciences

Read about **Life Sciences** on pages 22 to 27

Tech-enabled future — Deeptech

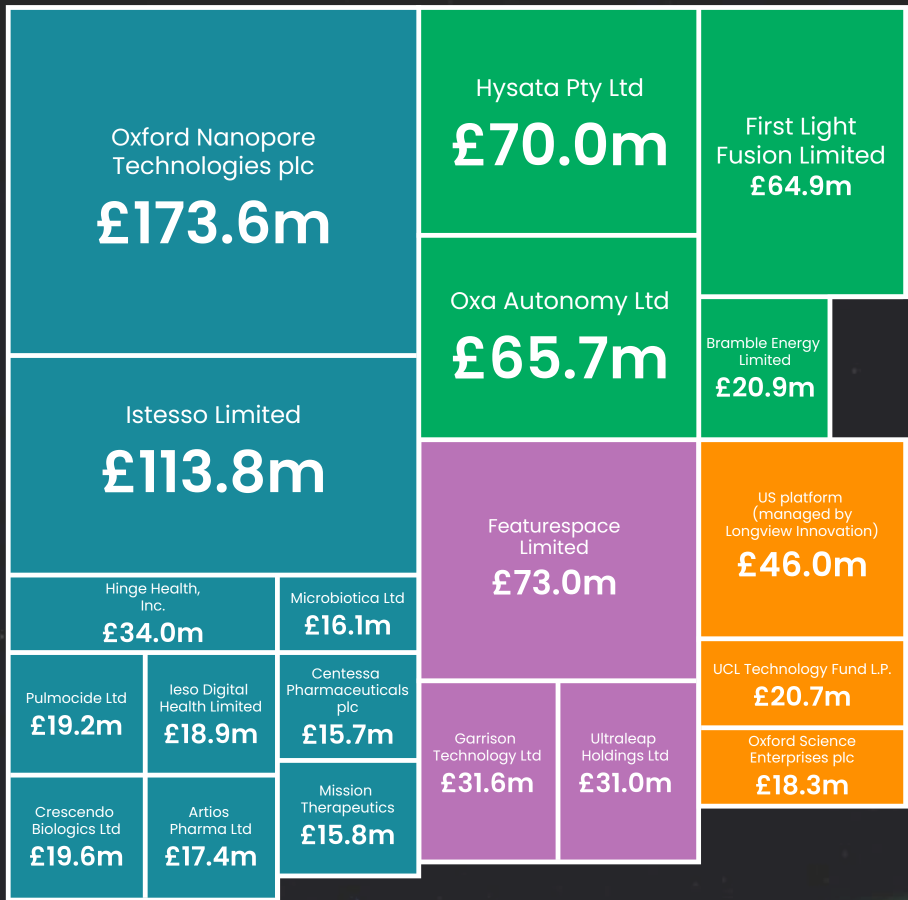
Read about **Deeptech** on pages 25 to 26

Regenerative future — Cleantech

Read about **Kiko Ventures** on pages 27 to 28

AT A GLANCE.
IMPACT POTENTIAL

Top 20 investments by fair value



KEY
- Life Sciences
- Deeptech
- Cleantech
- Platform investments

Priority companies

We place meaningful focus on a dynamic list of companies which we believe can be material in the context of overall Group performance and underpin our self-sustaining model. These include:

Oxford Nanopore Technologies: The world's first and only nanopore DNA sequencing platform, which is uniquely scalable from pocket-sized formats through to ultra-high throughput devices, enabling the genetic analysis of any living thing, by any person, in any environment. The technology offers real-time data analysis for rapid, dynamic insights and played a key role in the COVID-19 pandemic.

First Light Fusion: Inertial confinement approach to fusion, aiming to create the extreme temperatures and pressures required for fusion by compressing fuel using a hypervelocity projectile. Fusion power is safe, clean and limitless with the potential to transform the world's energy system. Achieved validated world-first fusion event in 2022.

Hysata: Hysata's unique capillary fed electrolyser technology promises an efficiency gain in the production of green hydrogen.

Istesso: Immunometabolism drug discovery and development aimed at reprogramming metabolism to treat autoimmune disease. Expects Phase 2b data for its lead drug Leramistat (MBS2320) for rheumatoid arthritis in the first half of 2024.

Featurespace: Machine learning solutions to prevent fraud and financial crime. A well-developed business with enterprise-grade solutions delivering significant revenue.

Hinge Health: The world's first digital clinic for back and joint pain with an expanding customer base.

Garrison Technology: Anti-malware solutions for enterprise cyber defences. Recently launched new Ultra cloud-based delivery model.

Pulmocide: Treatment of respiratory diseases through a novel approach to inhaled medicines. Phase 3 study of its novel anti-fungal for invasive pulmonary aspergillus underway.

Oxa: Global leader in autonomous vehicle software based on artificial intelligence engineering, machine learning and modular software design.

Beyond this list, we also focus on 8 additional companies that we believe have the potential to become priority companies over the next few years.

CHAIR'S STATEMENT.

Sir Douglas Flint
Chair

> We are increasingly encouraged by evidence of growing public policy support for science and innovation, given that we are one of the UK's leading companies supporting the transition of academic discovery and innovation to successful commercial realisation."

Rarely has the expression 'may you live in interesting times' been more apposite than when applied to the world in which we live today.

Often expressed as a 'curse' to denote times of trouble and uncertainty, its accuracy in describing the geopolitical, economic and market backdrops that set the context for our activities in 2023 and our expectations for the current year is indisputable. The carry-over from 2022 of the re-rating downwards of listed technology companies, outside of those involved in AI, was progressively reflected in reduced appetite for venture investment in private market funds. This impacted valuations as funding rounds became more challenging to close, with fresh money able to negotiate advantageous terms often to the detriment of existing investors unable to fund follow-on investment.

Fortunately, the balance sheet strength that we established in mid-2022 through raising long-term debt capital ahead of the subsequent series of interest rate rises in the UK, provided the capacity to support our portfolio companies selectively where required. Once again, we progressively pared back our initial investment plans to ensure we retained capacity to support our priority portfolio companies into 2024 and ended the year with £227m gross cash.

The mix of our portfolio, substantially in life sciences and energy transition, plus leading companies in virtual reality, cyber resilience and fraud detection, remains highly relevant to the future desired by the societies we serve.

Increasing public policy support for science and innovation

We are increasingly encouraged by evidence of growing public policy support for science and innovation, given that we are one of the UK's leading companies supporting the transition of academic discovery and innovation to successful commercial realisation. We welcomed the Chancellor's announcement in June of a comprehensive package of policies spanning regulation, research and development ("R&D"), infrastructure, skills and planning, all aimed at driving investment, growth and innovation.

Investment capital to meet these objectives is key to delivering the economic growth and jobs needed to secure the improved lifestyle we desire to leave for future generations. Investing to enhance existing technologies and to bring through transformative new technologies aligns fully with our mission to deliver a better future for people and the planet.

Thus, we are also highly supportive of the initiatives announced by the Chancellor in the Spring Budget, the Autumn Statement and the Mansion House reforms to increase investment through UK retirement savings schemes into unlisted equities. The UK has an enviable, indeed leading, position in academic-led innovation and these reforms have highlighted the opportunities available both to scale-up investment support for such business and increase returns to retirees over their investment horizon. Once implemented, we stand to gain from the resulting investment flows.

Investment and Financial Performance in 2023

Notwithstanding the 'risk-off' sentiment across much of the market in 2023, we enjoyed some significant successes and achieved a number of critical milestones; let me draw attention to two.

In our energy transition portfolio, Hysata marked a year of outstanding progress, culminating in being recognised by the COP28 Presidency with an Energy Transition Changemaker award.

CHAIR'S STATEMENT.

Hysata's revolutionary high-efficiency electrolyser is designed to deliver the world's lowest cost green hydrogen, a key enabler of the clean energy transition. In December, the Group committed US$15m (£11.8m) to the first close of a fresh funding round for Hysata, which was externally priced at a substantial uplift to its previous round, resulting in our existing stake almost tripling in value, with a fair value uplift of £46.5m.

Istesso completed recruitment for its Phase 2b trial of Leramistat (MBS2320), its lead drug in rheumatoid arthritis, which represents a $25bn market, and expects the data by the first half of this year.

There were also disappointments; Oxford Nanopore ("ONT"), in which the Group owns a 9.8% stake, saw its share price fall markedly over the year, notwithstanding revenue growth just below the lower end of guidance. While the price decline reduced the value of our holding by £31.9m, we remain convinced of the long-term value of this investment.

Finally, First Light Fusion, which had successfully achieved fusion in 2022, has not yet completed a planned funding round given market conditions and, as a result, we wrote down our investment by £49.6m, or 43%, essentially reversing much of the unrealised gain recognised in 2022 following their announcement of achieving a fusion result.

Driven by write-downs in the portfolio, we recorded a loss of £174.4m for the year; (2022: £344.5m loss). As at 31 December 2023, our Net Asset Value stood at £1,190.3m (2022: £1,376.1m) or 114.8 pence/share (2022: 132.9pence/share). In 2023 we invested £73.2m into the portfolio, out of a total amount raised by the portfolio of £667m and we realised cash from disposals, including deferred cash from prior year disposals of £38.6m (2022 comparatives were respectively £93.5m, approximately £1bn and £28.1m). Our share price ended the year at 58.1p, marginally lower than its entry point to the year of 61.2p.

Addressing the discount to Net Asset Value ("NAV")

The Board set one of its objectives at the outset of 2023 to take steps designed to narrow the discount at which our shares trade, versus the stated NAV per share. We recognise that continuation of this discount is of considerable disappointment to our shareholders.

In conjunction with our advisors and brokers, management significantly increased the outreach made to current and potential shareholders, both in the UK and internationally. Additionally, the Board considered a wide range of alternative structures through which we could conduct our business and discussed these with advisers and, in principle, with a number of our larger shareholders. The outcome of these actions was successful in broadening interest in the Group from those who were not already invested but that has not yet resulted in material new investment. It was also clear that structural change did not offer an obvious route to a valuation uplift, and we concluded, with broad shareholder support, to continue to concentrate management effort on working with our priority portfolio companies, given the many critical events and milestones expected over the coming year. That concentration also resulted in scaling back on some of our international activities and Greg discusses this more fully in his report.

We also concluded that we should pause paying a dividend while our shares stood at a significant discount to NAV and should embark upon a modest share buyback programme, both to capture the discount and evidence whether such market intervention would meaningfully narrow the discount. We announced a buyback programme of up to £20m on 18 December 2023. To date we have bought 5,225,207 shares at an average price of 51.4p.

Director retirement

Our Non-executive colleague, Dr. Elaine Sullivan, will this year have (substantially) completed her third term of three years and, accordingly, the Company announces that she will not be standing for re-election at its annual general meeting ("AGM") on 12 June 2024 and will step down from the Company's Board of Directors effective from the close of the AGM.

Looking forward to 2024

2024 sees elections in more than 50 countries representing close to half of the world's population and GDP, with many outcomes likely to bring significant change. Two major wars are continuing with no sign of resolution and indeed risk drawing others into conflict. Inflation seems to have peaked in major Western economies, but expectations now are for a more measured pattern of interest rate reductions. Cost of living challenges remain elevated and all of the above contribute to migration patterns that are difficult to control.

As a result, it is likely that risk appetite will remain cautious until at least the electoral map has settled and potential policy changes are digested. The areas in which we invest remain critical to building the future we desire to leave to future generations so we will continue to ensure that we have the people and financial resources to support our portfolio companies as they scale up their contributions to that future. Once again, I look forward to updating you on progress at the end of a year that we anticipate will see many milestones reached.

Sir Douglas Flint
Chair
12 March 2024

CEO REVIEW.

Greg Smith
CEO

> Scientific and technological innovation with a clear focus on the three thematic areas where the Group has deep expertise and experience, will address significant societal need and market opportunity."

The overall market environment for growth companies and early-stage investing remained challenging during 2023, as Douglas has articulated above. In this context, the Group has made encouraging progress, focusing our capital and time on the most promising opportunities within the three high-growth sectors where we have deep expertise and experience, maintaining our financial strength and taking further action to deliver shareholder returns. Our overall financial performance for the year, a negative return of 13% on NAV per share, was disappointing and below our longer-term aspirations.

Our recent strategy has been one of increased focus, under which around half of our investment over the last two years has been into eight priority companies, while we have deprioritised future investment in the US and ceased plans to raise a fund in China. Nearly 80% of our portfolio value is now concentrated in 20 companies and more than 90% in 40 companies. I remain confident that this increased focus, combined with a significant number of portfolio inflection points in 2024 and beyond, has the potential to deliver compelling returns.

The market opportunity for our investment themes

The Group's overall investment thesis remains that scientific and technological innovation with a clear focus on the three thematic areas where the Group has deep expertise and experience, will address significant societal need and market opportunity allowing us to deliver financial returns with real-world impact.

For a healthier future (life sciences), rapid advancements in biotechnology, pharmaceuticals, and healthcare delivery are driving transformative changes in how we understand, treat, and prevent diseases, presenting a huge economic opportunity for innovation. Worldwide prescription drug sales are estimated to be $1.4tn in 2026, with the well-documented 'patent cliff' for blockbuster drugs putting $10bns of this at risk. EY estimates Biopharma companies have a record-equalling $1.4tn 'firepower' for business development and licensing of potential new drugs. IP Group is strategically positioned to capitalise on this megatrend, with over ten companies now in clinical studies and expecting key data by the end of 2025, including a number of later stage clinical trials.

For a tech-enriched future (Deeptech), the global "digital transformation", characterised by the comprehensive integration and relentless increase in sophistication of digital technologies in every aspect of society and business, is the most profound and pervasive megatrend shaping the future of our world. Spending in this area is forecast to reach $3.4 trillion by 2026. IP Group has been investing for many years in the fundamental technologies enabling this transition including artificial intelligence, future computing, human-machine interface and next generation communication innovations. Embracing the digital transformation megatrend not only presents lucrative investment opportunities but also reinforces our commitment to fostering innovation and driving positive change in the global economy.

CEO REVIEW.

For a regenerative future (cleantech), the global trajectory continues to converge towards adoption of clean energy solutions. Global investment in the energy transition hit $1.8 trillion in 2023, up 17% on the previous year. Our foresight in recognising this market opportunity has positioned us to capitalise on the accelerating transition towards clean energy, resource efficiency, and environmental sustainability. Leveraging our expertise and networks through our Kiko Ventures brand, we are actively identifying and nurturing disruptive startups and visionary entrepreneurs driving impactful solutions that generate attractive financial returns.

Portfolio focused on high potential opportunities reaching maturity

As noted in our RNS on 30 January 2024, we have made a number of fair value reductions in the portfolio, primarily as a result of a more difficult funding environment. This resulted in a negative return on NAV of 13% or £172.2m (2022: negative return of 20%; £341.1m). As of 31 December 2023, the value of the Group's portfolio was £1,164.9m (2022: £1,258.5m). This is summarised as follows, with further commentary in the Portfolio Review below.

All £m unless stated	Invested	Cash proceeds	Net portfolio gain/(loss)	Fair value at 31 December 2023	Simple return on capital (%)
Healthier future: Life Sciences (ex ONT)	33.9	3.7	(73.9)	**393.8**	(17%)
Healthier future: ONT	–	–	(31.9)	**173.6**	(16%)
Tech-enriched future: Deeptech	11.9	33.2	(4.9)	**231.4**	(2%)
Regenerative future: Cleantech (Kiko Ventures)	17.6	0.1	(8.7)	**275.3**	(3%)
Platform investments	9.8	1.6	(41.1)	**90.8**	(33%)
Total Portfolio	**73.2**	**38.6**	**(160.5)**	**1,164.9**	**(13%)**

- **Healthier future (Life Sciences)**: Disappointing financial performance in a difficult funding environment for life sciences companies was balanced by underlying progress within the portfolio, with ten companies expecting key clinical data in the next two years. Most notable is Istesso, which expects Phase 2b data for Leramistat (MBS2320) in rheumatoid arthritis in the first half of this year, and Pulmocide, whose Phase 3 study of its novel anti-fungal for invasive pulmonary Aspergillus is well underway. Key notable non-clinical milestones included Genomics plc's £35m financing (which closed in 2024) to help develop its advanced genetic screening business build-out, and Apollo Therapeutics' $227m Series C financing. The largest fair value reductions were Oxford Nanopore and Hinge Health where, despite continued double-digit revenue growth for both companies, lower revenue multiples applied.
- **Tech-enriched future (Deeptech)**: Our most valuable deeptech holding, Featurespace, continues to impress, posting double-digit revenue growth even at a time of a slowdown in the market more generally. Our early, maturing portfolio of assets attracted large amounts of growth capital including Accelercomm in a £21m series B and Quantum Motion Technologies closed the largest ever funding round for a European quantum computing start-up with over £40m raised. The portfolio did see some impairments caused by specific issues but as 2024 progresses it is, on the whole, well placed to capture growth.
- **Regenerative future (Cleantech)**: the majority of the Kiko portfolio performed well this year, with successful funding rounds for C-Capture, OxCCU, Hysata and Mixergy despite worsening funding conditions. We have grown the Kiko team in anticipation of softening prices for new cleantech investments and anticipate an attractive environment for new investments in the coming year. First close of Hysata Series B generated a fair value uplift of £46.5m in our holding, following significant technical progress. First Light Fusion has not yet completed its planned Series C funding round, and we have reversed the fair value increase from 2022 to reflect this, while noting that the inertial confinement fusion landscape remains buoyant. We take the outcome of COP28 climate conference as broadly positive, with agreement to transition away from fossil fuels entering the final text for the first time and agreement to triple renewables capacity by 2030.

BUSINESS MODEL.

01 Inputs and resources

Our self-sustaining business model, coupled with our strategy, enables us to systematically build businesses to maximise long-term financial and societal return from our capital and expertise.

We identify, co-found or create companies based on fundamental scientific innovation, and provide capital and expertise in return for a shareholding in the company. We work with the teams at our companies to grow the value of our holding over time, before selling down in whole or over a period to generate funds that enable us to both re-invest in the portfolio and make returns to shareholders.

The science and innovation on which our companies are based has often been generated at one or more of the world's leading universities or research institutions. Our model and expertise de-risks investment in early-stage companies for partner capital providers.

Resources

Intellectual capital
We work with some of the world's best scientists and entrepreneurs in our chosen territories and thematic focus areas.

Financial capital
We combine our balance sheet capital with third-party capital to accelerate the progress of promising companies.

Human capital
We look to be a home for exceptional talent – attracting the best people to IP Group and our portfolio businesses.

02 Investment life cycle

We take a consistent and deliberate approach to making investments, aligned to our purpose and ethical investment framework. We focus capital, resources and expertise on investments that can make a positive difference and where we can optimise returns through leveraging our existing strengths and adding value to the growth journey.

START UP

When investing in start-up opportunities, our specialists work in partnership to identify promising research and help create and develop business start-ups. Time and a limited level of capital are then deployed by IP Group, often alongside grant funding, to develop ideas to early commercial and technical validation using stringent milestones. As incubation opportunities show signs of traction, an investment case is developed for seed funding to accelerate technical and commercial developments.

SCALE-UP

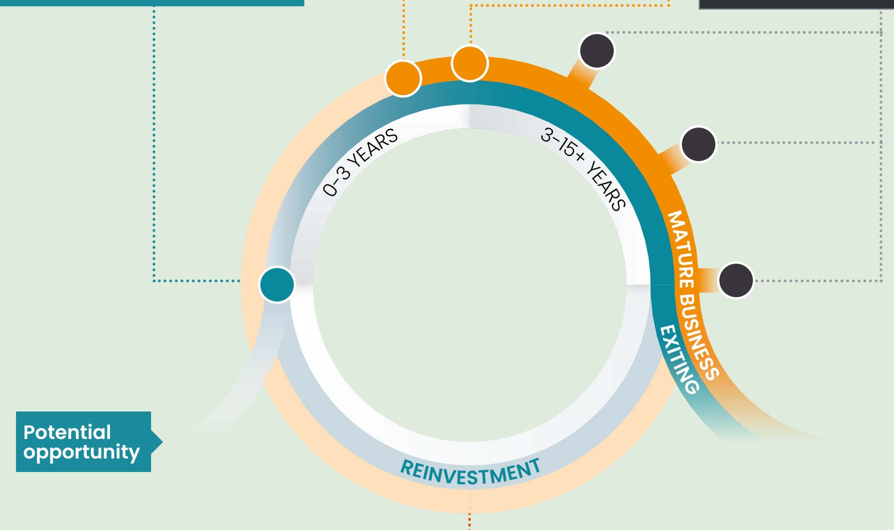
As companies mature, we proactively source co-investment. We continue to take an active role in company development, commonly through continued Board presence and by working directly with the management team, to help grow value over time. Resources and capital are focused on those opportunities that are the most attractive from a risk/reward perspective.

PRIORITY COMPANIES

We focus resource on companies which we believe have the potential to scale at >£1bn in value in the next three to five years. Additional resources and capital are allocated to these opportunities to accelerate development.

EXIT

We hold investments until they mature so that we can maximise the return we generate. Investing from our balance sheet enables us to be patient and realise value at the most appropriate time.



RE-INVESTMENT AND RETURNS TO SHAREHOLDERS

We re-invest realised funds into new opportunities and growth of our priority companies alongside returns to shareholders.

BUSINESS MODEL.

03 Our key differentiators

Purposeful thematic focus
Our purpose focuses us on impact. We are focused on backing and supporting businesses in our three investment themes where we can add value through our expertise and experience.

Access to unique opportunities
We are a global group with a strong network and relationships with world-leading academic research institutions, giving us differentiated access to an exciting portfolio of high-growth companies.

Expert teams
We aim to be a home for exceptional and highly motivated talent. Our investment teams are experts in their fields with a deep understanding of science and technology, as well as decades of experience in identifying, nurturing and exiting unique high-growth businesses.

Track record
We have a track record built over more than 20 years of turning great ideas into world-changing businesses and creating value.

Permanent capital structure
Investing from our balance sheet is a significant advantage, enabling us to be flexible and patient. This allows us to co-found and build companies, and realise value at the most appropriate time.

Imagination and flair
We are entrepreneurs at heart, bringing imagination and flair to supporting our portfolio companies through all stages of their development.

04 Outcomes with impact

Addressing the world's greatest unmet challenges

- Genetic sequencing in any environment (Oxford Nanopore)
- Treatment of autoimmune and respiratory diseases (Istesso and Pulmocide)
- Preventing fraud and financial crime (Featurespace)
- Cybersecurity (Garrison)
- Autonomous vehicle software (Oxa)
- Clean energy to address climate change (First Light Fusion and Hysata)

Economic growth and innovation

500+
companies created

~14,500
jobs created

10
new portfolio investments in 2023

Financial returns

£551m
cash realised from the portfolio over five years

£75m
returned to shareholders via dividends and share buybacks since 2021

ESG

- Leading the conversation by co-convening a working group for VC firms focusing on impact
- Partnered with the Value Balancing Alliance to co-create an impact framework and approach for developing impact KPIs for VCs

MARKET ENVIRONMENT.

Macroeconomy and public markets

2023 saw a continuation of themes emerging in 2022, with the trajectory of inflation and interest rates having a significant impact on investor sentiment over the period. The Bank of England base rate continued to rise in 2023, from 3.5% at the start of the year to 5.25% in August. In the second half of the year, following declining inflationary indicators, market commentary became increasingly focused on the specific timing and profile of central bank interest rate cuts in 2024.

Public markets, which had seen significant falls in 2022, responded to the improving macroeconomic outlook by posting solid gains for the year, with the S&P 500 up 24% in 2023, boosted by a market rally in the last quarter of the year reflecting hopes of an earlier than previously expected Fed rate cut. The other widely noted feature of public markets in 2023 was a focus on AI-related stocks, which drove a particularly strong performance within the tech 100-Technology and Cybersecurity segments of NASDAQ, which were up 67% and 39% respectively in the year, whereas the Healthcare, Biotechnology and Clean Edge Green Energy segments of NASDAQ saw little or no growth (up 7% up 4% and down 11% respectively).

Our portfolio exposure across three thematic areas continues to diversify our exposure to market sentiment within specific areas.

One notable market issue in 2023 was the sudden collapse of Silicon Valley Bank ("SVB"). The Group's financial strength was highlighted during the short period of heightened volatility prior to the announcement of rescue deals for SVB in the US and UK, where a small number of our portfolio companies were directly impacted, and we were rapidly able to offer additional liquidity in support. Fortunately, this support was not ultimately required, however it serves as a reminder of the importance of capital availability to protect value and, more broadly in the current environment, potentially access opportunities for future value creation at attractive prices.

> From a longer-term perspective, VC investment across the US and UK continues to be an area of strong annual growth, with megatrends across our thematic areas expected to be highly supportive of disruptive science-based companies."
>
> **Greg Smith**
> CEO

VC market

Moving to the private VC market which represents the majority of our portfolio exposure, 2023 saw a decline in VC investment globally of around 40%[1], which compares with a reduction in total capital raised within our portfolio of 34%. Late-stage VC median valuations dropped 16% year on year, based on Pitchbook data.

In terms of broader market trends, 2023 saw many tech sector names announce job layoffs, with over 250,000 announced job cuts in the year[2] as the sector responds to the difficult market and funding environment. More positively, 2023 saw a high level of activity in M&A deal values, with total deal values of over $230bn, up by 50% compared to 2022. Market commentary predicts similar levels of activity in 2024, which we believe will represent an attractive environment for our life sciences companies completing clinical trials in the next two years.

From a longer-term perspective, VC investment across the US and UK continues to be an area of strong annual growth, with megatrends across our thematic areas expected to be highly supportive of disruptive science-based companies. IP Group is one of the most closely aligned companies to the UK government's 'science superpower' ambition, and we are also well-placed to benefit from expected changes to the UK pensions market which will see a larger proportion of pension capital invested in high-growth UK private companies.

1 Pitchbook data show US VC stage capital invested fell from $322bn in 2022 to $205bn in 2023, a 36% year on year decline and UK VC investment fell from $28bn to $22bn, a 44% year on year decline.

2 Source: Layoffs.fyi.

MARKET ENVIRONMENT.

Megatrends in our thematic business sectors

Healthier future

Curing and preventing diseases to enable healthier lives

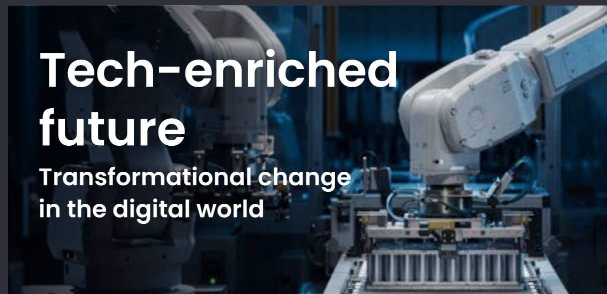
- Genetic analysis expands into population screening, testing and applied markets
- Emergence of digital healthcare and personalised medicine
- Government intervention into drug pricing favours newly approved therapies

Megatrend focus

- Understanding risk from a patient to population level
- Reprogramming cells to change their behaviour from diseased to healthy modes
- Reconditioning tissues to improve response to existing therapies
- Redirecting patient behaviour to reduce risk

Addressable markets

- DNA sequencing **$30bn** market by 2030
- Rheumatoid arthritis market **$25bn** in 2023
- Numerous other multi-$bn disease indications in which IP Group has clinical trial readouts in the next two years



Tech-enriched future

Transformational change in the digital world

- Billions of connected devices requiring real time and remote processing
- Data growth outstripping economic growth by multiple factors
- Growth of the metaverse
- Energy hungry data centres
- New technologies and powerful computing multiplying cyber threats

Megatrend focus

- Applied AI to solve problems in underserved application areas including cybersecurity
- Next generation ultra-reliable networks to deliver mission critical new applications
- Hardware and software that evolve and enhance human interaction with machines
- Future computing systems for complex problem-solving including analogue, neuromathic and quantum computing

Addressable markets

- Generative AI market **$100bn** market by 2026
- 5G network spend reaches **£$100bn** p.a. by 2030
- Augmented reality market **$90bn** by 2026
- Global chip market **$1.07tn** by 2030

Regenerative future

Civilisation-risk trajectory of climate heating driving rapid decarbonisation and climate-resistant economies

- Global consensus on Paris Agreement
- National and international regulatory environments tightening
- 4x increase in investment in clean energy technology and infrastructure from today's levels
- Government support for climate transition such as US Inflation Reduction Act

Megatrend focus

- Energy transformation: electrification and low/no carbon fuels
- Energy reduction
- Water reduction

Addressable markets

- Green hydrogen **$135bn** market by 2032, **$1.4tn** by 2050
- Industrial heat, **$1.8tn** market, needs to decarbonise
- Liquid fuels **$1.5tn** market with low penetration of low-carbon fuels

CEO REVIEW.

Geographic focus

Over the last 20 years, the Group has played a leading role in creating a vibrant ecosystem for science and technology commercialisation in the UK. We took a pioneering role in partnering with the University of Oxford, were founder investors in dedicated investment vehicles such as Oxford Science Enterprises, Cambridge Innovation Capital and the UCL Technology Fund and remain the most active backer of university spin-outs in the UK, primarily through our market-leading EIS fund manager, Parkwalk Advisors. To this end, 84% of the Group's portfolio by value is UK-based, although many companies provide their products and services to an international customer base.

Our operation in Australia is much younger. However, driven largely by the success of Hysata, a spin-out from the University of Wollongong in New South Wales, the portfolio had another strong year and has delivered the strongest returns since it was established in 2017. Australian portfolio companies are included within the relevant sectors in the portfolio analyses below.

In North America, where the Group has a 58% holding in a fund managed by Longview Innovation, the funding environment for LP funds has remained difficult. Having been unable to secure significant additional funding alongside $10m committed by the Group during 2022, the Longview team has scaled back its overheads and is focused on maximising value from its current portfolio. As part of our strategy, we have deprioritised any further capital to the US platform. While there are a number of potential value inflection points in the Longview portfolio this year, the Group has reduced the value of its holding in the US platform by around 50% to reflect these circumstances.

Further, consistent with our strategy to focus on the highest-growth opportunities, we have decided not to proceed with our plans to raise a fund in China, although continue to actively pursue co-investment from the wider Asia region.

Financial strength during challenging markets

The Group has proactively managed its level of investment during the year and, as a result, remains in a strong financial position with gross cash and deposits of £227m at year end. The Directors took proactive steps to maintain financial strength by securing a private market debt issue in 2022 and reducing investment levels to £73.2m in 2023 from £93.5m in 2022. £38.6m of cash proceeds were received in 2023. In addition, the Group's portfolio remains generally well-funded, having raised £667m in 2023.

Third-party funds under management

The Group has a flexible approach to capital that combines balance sheet monies with earlier-stage, tax-advantaged funds as well as later-stage private capital and now manages or advises £650m (2022: £700m). Having appointed a new Head of Global Capital to focus on third-party funds, the team has more than doubled its engagements with public and private investors in 2023 and continues to pursue further capital in our third-party funds platform.

Approximately three-quarters of the Group's private capital, £469m, is managed by Parkwalk Advisors, the Group's specialist EIS fund management subsidiary (2022: £477m). This includes funds managed in conjunction with the universities of Oxford, Cambridge, Bristol and Imperial College London. The Group has further integrated Parkwalk Advisors into the Group as a source of distinctive deal flow and strengthened relationships with industry peers to surface co-investment opportunities. Market data provider Beauhurst again named Parkwalk Advisors as the most active investor in the sector.

In May 2023, we received FCA approval for Parkwalk Advisors to be a full-scope AIFM (alternative investment fund manager). Parkwalk Advisors invested £45.1m in 2023 (2022: £57.4m) in the university spin-out sector across 27 companies (2022: 28). Eight new companies joined the Parkwalk Advisors portfolio, two successful exits were completed, returning £24.9m to investors, while two investments were sold for a loss and two were written-off. Parkwalk Advisors liaised closely with BEIS, the newly formed DSIT, HMT and HMRC on the financial ecosystem for knowledge-intensive spinout companies and the UK Government's 'science superpower' agenda.

The majority of our remaining funds are managed by our Australian team. The IP Group Hostplus Innovation Fund, managed for top-ten Australian Superannuation fund, Hostplus, now totals A$310m (£163m) and has invested in several of the Group's portfolio companies including Oxford Nanopore, Wave Optics, Oxa and Hysata, providing additive growth capital for companies as they scale. TelstraSuper is also investing alongside IP Group through a co-investment mandate.

CEO REVIEW.

Impact

The Group's purpose is to accelerate the impact of science for a better future, delivering financial returns alongside positive, real-world impact. Our strategy to do so is organised around five pillars of activity – 'accelerate value creation'; 'have an impact on the world that counts'; 'develop our unique insight, expertise and access'; 'build a truly distinctive reputation'; and 'be a home for exceptional talent' – underpinned by class-leading internal processes, services, and controls.

We have successfully refreshed the Group's brand identity, aimed at highlighting our expertise and clearly aligning around our impactful purpose. In terms of impact, we have partnered with the Value Balancing alliance to co-create an impact framework and approach for developing KPIs for VCs and have built an impact approach for life sciences and co-convened a working group for VC firms with the Operating Principles for Impact Management ("OPIM"), to provide a platform that will allow for the sharing of best practice and key learnings around impact. The Group is AAA rated by MSCI, ranked first for our industry group by Sustainalytics and has PRIME status in the ISS ESG corporate rating.

Talent as a key driver of success

The talent and capability within in our investment teams is a key asset for the Group. Strengthening the professional capabilities of our investment teams has been a key focus since the formation of the investment partnerships in 2018. Our investment partners have considerable experience across venture and in their respective domains of commercial specialisation, complemented by strong operational experience. The teams each have a wide network of co-investors, innovators, and entrepreneurs, which brings high-quality pipeline opportunities, complimentary capital and portfolio management talent. We continue to work hard to build stronger networks amongst potential acquirers and to expand our geographical network to help our companies with international reach.

We are also improving the external visibility and reputation of our investment teams, notably with the Kiko brand but also across all our divisions by marketing our thought leadership on social media and speaking at events. All our investment teams have now worked together for an extended period. Team processes have been professionalised and are continuously improving, with investment decision-making delegated appropriately to practitioners.

During 2023 the Group has seen exceptionally low unplanned talent turnover and added a small number of Investment Associates into our Kiko team. We have maintained a 'high' eNPS score, completed our 'values' project and delivered on the second year of our employee-led Inclusion and Diversity ("IDP") masterplan. The Group was placed first in the 2024 Honordex Inclusive PE & VC index.

The Artificial Intelligence opportunity

As outlined above, one of the Group's investment areas includes identifying, backing and growing businesses that apply artificial intelligence and machine learning to significant market opportunities as well as the deep technology solutions that will enable the realisation of these opportunities, such as future compute and next generation networks.

We are also taking a proactive approach to the use of generative artificial intelligence (Gen AI) within our business processes, both through the deployment of market leading off-the-shelf solutions to improve team productivity, and the development of in-house, proprietary toolsets for improving efficiency across all our workstreams. We expect that the development of Gen AI tools will have a positive impact on opportunity sourcing, due diligence and market analysis in the shorter term. As an example, we have developed a proprietary IP landscaping tool that leverages the inherent power of large language models to rapidly analyse and deliver insights from bulk data, which is being used initially in our Australian business. We are also actively monitoring the use of Gen AI across the venture capital ecosystem, employing our deep understanding of technology to identify, employ and invest in differentiated solutions that align with our tech-enriched future/digital transformation investment theme.

CEO REVIEW.

Continued commitment to shareholder returns

The Group aims to deliver returns to shareholders primarily in the form of long-term capital appreciation. Subject to the Group's capital allocation policy, the majority of cash proceeds will be typically reinvested with a smaller proportion used to deliver a cash return to shareholders. Since the introduction of this approach in 2021, the Group has delivered more than £75m of cash returns to our shareholders via dividends and share buybacks.

Given the continued discount between the Company's share price and its NAV per share, which the Directors believe significantly undervalues the Group's portfolio, we launched a share buyback of up to £20m in December 2023. The Board remains committed to utilising a proportion of realisations to make regular cash returns to shareholders, which will typically be made in the form of share buybacks when the share price discount to NAV exceeds 20%. As previously announced, regular dividend payments will be suspended under such conditions, and accordingly the Board is not recommending a final dividend for 2023.

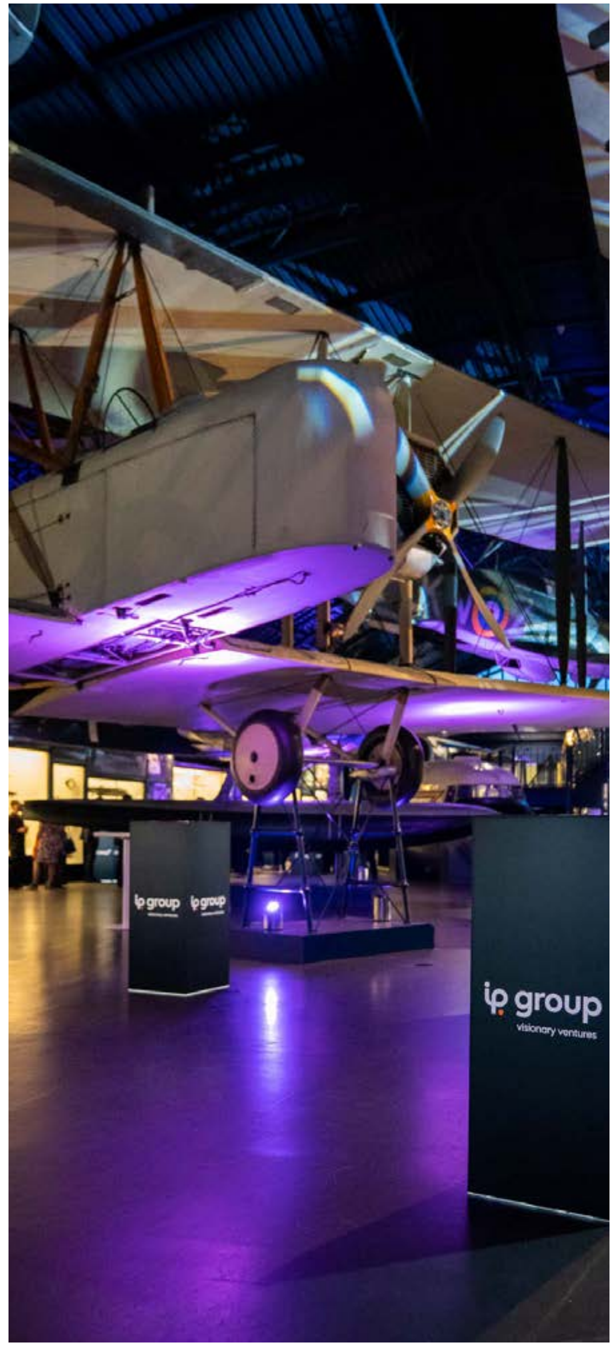
During 2023, the Group purchased 220,302 shares for £0.1m and a further 5,004,905 shares for £2.6m have been purchased in 2024. In 2023, the Group paid the final 2022 dividend of 0.76 pence per share and an interim dividend of 0.51 pence per share, a total of £13.0m for the year.

In addition, we have more than doubled our investor relations activities with further investor-focused events as well as our flagship 'Scale it up' event at London's Science Museum in May where we hosted a debate on how the UK can help support more UK innovation to become world-leading companies, showcasing a number of our portfolio companies. We have also increased the number of roadshows the Group undertakes, meeting with shareholders and non-holders in the UK, Europe, US and Middle East.

Outlook

As the UK's most active investor in university spin-outs, we continue to see huge opportunity for the Group to benefit from increasing public policy support for science and innovation with £109m capital across our third-party managed funds including Parkwalk Advisors still to invest alongside balance sheet funding. While the current macro environment remains challenging, we see continued interest in our portfolio and remain confident that investor appetite for growth companies will return. The Group and its portfolio remain well-funded and we are confident the Group will reap the benefits of our maturing portfolio given the number of key milestones anticipated over the next 12-18 months, particularly in life sciences. The Group is committed to delivering value for all stakeholders and anticipates that the next 18 months could be transformational to fair value growth.

Greg Smith
Chief Executive Officer
12 March 2024



STRATEGIC PROGRESS.

Strategy pillars		2023 progress	Link to KPIs	Objectives for 2024
Have an impact on the world that counts	• Ensure genuine impact is a core component of our processes • Focus on thematic areas driven by the intersection of commercial opportunity, societal need and IP Group's distinctive strengths • Develop industry-leading impact measurement and reporting • Maintain and develop ethical investment framework and approach	• A 'leading' ESG performer rated AAA by MSCI; ranked number one in our industry group by Sustainalytics; PRIME status in the ISS ESG corporate rating • Partnered with the Value Balancing Alliance to co-create an impact framework and approach for developing impact KPIs for VCs • Developed impact approach for life sciences currently being validated by major pharmaceutical companies • Leading the conversation by co-convening a working group for VC firms focusing on impact. Platform to be provided by Operating Principles for Impact Management ("OPIM") to share best practice and key learnings around impact, and further advance ESG and impact practice for VCs globally	03 05 08 09 10	• Validate our impact approach by completing build out of our impact frameworks and validate with industry experts and the wider VC community • Roll out the ESG platform to our portfolio companies to support them with their ESG journeys and provide insights to facilitate improvement and growth • Update our ethics framework to considering leading practice and guidance from the UN Global Compact, and reflect our values as a responsible investor in early-stage science and technology with societal impact
Develop our unique insight, expertise and access	• Build significant knowledge, presence and investments in thematic areas, maintaining deep relationships with innovators, institutions and capital providers • Continually develop aligned Group, sector and geographic investment strategies • Capture, develop and share institutional insight and knowledge	• Created and invested for the first time in 10 new companies including Parkwalk Advisors investments • Further integrated Parkwalk Advisors into the Group as a source of distinctive deal flow • Strengthened relationships with industry peers to surface co-investment opportunities • Restructured executive responsibilities to create a dedicated Investment Group to share investment plans and performance across all areas of business • Added three Investment Associates to the Kiko team	05 08	• Maintain deal flow of distinctive new opportunities • Continue to build profile as deep sector experts with institutions, innovators and capital providers through deep-dives and other activities • Further develop Kiko network • Further integrate investment activities through the Investment Group

KEY

01 NAV/share	02 Return on NAV	03 Total portfolio	04 % return on portfolio	05 Portfolio investment
06 Proceeds from sale of equity investments and debt investments	07 Net overheads %	08 Number of new portfolio investments	09 Third-party funds raised	10 ESG progress

Read about our **KPIs** on pages 36 to 37

STRATEGIC PROGRESS.

Strategy pillars		2023 progress	Link to KPIs	Objectives for 2024
Accelerate value creation	• Drive short-to-medium-term returns through priority portfolio companies that disproportionately impact returns and underpin the business model • Develop and apply capital allocation framework across sectors and geographies, maintaining financial strength through balancing investment, realisations and shareholder returns • Further develop access to capital across the funding spectrum • Explore bold ways of creating value	• Continued to allocate significant proportion of capital to leading priority companies including Istesso and Hysata • Doubled number of institutional presentations during the year to tell IP Group's story including roadshows and conferences • Appointed new Head of Global Capital to focus on third-party funds	01 02 03 04 06 07 09	• Delivery of priority company milestones • Narrow discount between share price and NAV/share • Increase managed and advised third-party capital • Deliver investment returns and portfolio realisations
Build a truly distinctive reputation	• Develop and maintain a distinctive and authentic brand for shareholders, founders and co-funders • Establish IP Group as an opinion leader in key ecosystems, including through category brands • Actively promote our financial and impact track record	• New brand successfully launched, winning industry awards; secured national media coverage on key sector issues • Completed IR programme with roadshows in the UK and Europe, the US and the Middle East; launched inaugural flagship event and delivered six capital markets webinars • Engaged with MPs and responded to various Government consultations	05 06 09	• Leverage experts and expertise to build greater understanding and awareness of the Group and its impact • Help shape the operating environment through engagement • Deliver extensive IR programme
Be a home for exceptional talent	• Develop, nurture and grow our exceptional people, building and maintaining the quality of our relatively small team • Maintain an engaging, motivating employee offer that demonstrates our uniqueness • Strongly align remuneration with the achievement of our vision • Build our culture and values, celebrating diversity, inclusion, high-challenge/high-support and regenerating success	• Exceptionally low unplanned talent turnover during the year • Completed Group Values project • Maintained 'high' average eNPS score of across the year • Continued progress against the objectives of our employee-led Inclusion and Diversity ("IDP") masterplan • Placed sixth out of more than 300 firms in the Honordex Inclusive PE & VC index	10	• Appoint new Employee Executives • Deliver 2024 IDP masterplan objectives including roll out of reverse mentoring programme • Use new Group Values to continue evolution of employee offer

KEY

01	NAV/share	02	Return on NAV	03	Total portfolio	04	% return on portfolio	05	Portfolio investment
06	Proceeds from sale of equity investments and debt investments	07	Net overheads %	08	Number of new portfolio investments	09	Third-party funds raised	10	ESG progress

Read about our **KPIs** on pages 36 to 37

A CULTURE THAT CONTRIBUTES TO OUR PURPOSE.

Be a home for exceptional talent.

Fulfilling our purpose is entirely dependent upon the quality of our people. Identifying, backing and growing transformational businesses based on disruptive scientific innovation can only be achieved by leveraging the capability and experience of highly motivated individual experts.

Our culture, and the Values that underpin it, play a significant role in achieving this by creating an environment which allows us to attract, retain and engage exceptional people. Our flexible approach to work and partnership approach to career-long learning then enables them to do their best work.

We believe our culture is, and will always remain, a key contributor to our long-term performance and sustainability.

"We aspire to be best in class in all fields of operation, developing our people and culture offering in key areas including learning and development, reward, inclusion and diversity, and communication to support this. In developing and delivering our approach, we place a very high level of importance on the opinions of employees, which we actively seek out and listen to across a number of different channels."

Anthony York
Group People Director

During 2023, our major successes have included:

- Exceptionally low unplanned turnover despite a tight labour market, demonstrating the 'true' engagement of our people with both our core mission and the quality of our employment offer
- Maintaining our eNPS score in the 'high' or 'very high' category through the year, with scores on the four Voice of IP Group ("VIP") surveys undertaken in 2023 between +44% and +27%
- Continued progress against the objectives of our employee-led Inclusion and Diversity Masterplan, a three-year programme of improvement which aims to make IP Group a market leader in inclusion, diversity and equality; and recognition of our progress through significantly improved external ratings

Maintaining our focus on employee engagement

Whilst 2023 has been a challenging year for both the Group and our people, we are proud that our average eNPS score over the year remains in the 'high' category. Despite this sustained high score, we always seek to improve our employees' experience of IP Group.

eNPS is measured using responses to "I would recommend IP Group as a great place to work" in our quarterly VIP surveys.

The question is answered on a scale of 1–5.

eNPS = % employees answering 5, less % answering 1, 2 or 3. Outcomes range from -100 (low) to +100 (high).

"IP Group really looks after its employees. It's a very caring workplace to be in."

"IP Group's culture is awesome and it translates into the way we work together as a team and the way we work with people externally."

A CULTURE THAT CONTRIBUTES TO OUR PURPOSE.

THE BUILDING BLOCKS OF OUR CULTURE

Inclusion and diversity

Our ambition is to be diverse and inclusive across all characteristics and to create a work environment where all talent thrives. We believe this approach is both responsible and sustainable, and that the investment decisions we make and the advice we give are improved when influenced by a wide and representative range of views.

Our efforts in this area are defined and implemented by our employee-led Inclusion and Diversity Project ("IDP") group and we have continued to make progress on our multi-year IDP Masterplan, which features a range of initiatives across our four key areas of focus: Education & Awareness, Positioning & Communication, Guidelines & Toolkits, and Accountability & Metrics.

Read our **diversity data** on pages 43 to 44

Employee engagement

Ensuring our people remain engaged, motivated and aligned with our purpose is as critical as ever. We clearly see the benefits of engaging with the wider team regularly via a range of channels and on a two-way basis insofar as possible.

- Our IP Connect employee forum is elected by the employee group to represent workforce views. It is consulted regularly for both general and specific feedback on cultural development, as well as other matters
- The small size of our team means that all of our people have direct and consistent access to leadership through formal channels, informally and at regular all-employee events
- Employee Executives on our Executive Committee to bring more diversity of thought and the employee perspective into decision-making processes at the top of the organisation. See page 42
- We conduct quarterly Voice of IP Group surveys and use the outcomes to inform our focus and priorities for development

Flexible and open working

We encourage a flexible and adaptable mix of office and home working. We emphasise employee choice alongside personal responsibility to develop a pattern which enables them to achieve their objectives and supports effective team operation and wider collaboration.

Talent development

We focus on ensuring our people have access to an exceptional learning and development offer. Our approach is based on working in partnership with individual employees to 'curate' an effective mix of learning programmes over the short, medium and longer term, supporting both current role and future career aspirations. Each individual plan is based upon an exploration of learning/development needs in three distinct areas:

- **Build:** Formal learning or professional training/CPD which is directly relevant to an individual's role
- **Empower:** Train and embed the skills that allow our people to maximise their professional impact
- **Protect:** Integrate the skills, knowledge and training that our people require in order to stay physically and mentally healthy

Rewarding success

We have a fair, equitable and motivating reward structure that plays a central role in inspiring our people to do exceptional things and contributes significantly to overall employee satisfaction.

Every employee participates in a shareholder aligned Annual Incentive Scheme with objectives aligned to those set for our Executive Directors (see page 113). We also operate an HMRC-registered SAYE share save scheme for all UK employees.

Read about **remuneration** from page 111

Physical and mental health

Our overall aim is to ensure that our employees remain physically healthy and effectively supported on both a practical and emotional level. We keep our people safe and run a range of wellbeing initiatives, as well as building an office community that enjoys being together. Our employees also have access to acute support services through our healthcare programme, our employee assistance programme, and fully trained mental health first aiders.

Group values

In 2023 our employees played a key role in the definition and development of our new Group Values. The Values align with our strategy and underpin what it means to work at and with IP Group.

	Integrity.	Purpose.	Growth.
	Committed to doing the right thing, in the right way.	**Bold and focused in the pursuit of our mission.**	**Driven by finding a better way to do things.**
Focus	Do the right thing, at the right time and the right way, even when no-one is looking.	Dedicated to accelerating the power of science for a better future, and to delivering market-leading returns.	Always looking for new and innovative ways to do things better.
Mindset	Set high standards for yourself and others. Trust your colleagues to make the right decisions and to deliver. Genuine care for all of the stakeholders impacted by your work.	Perseverance, collaboration and commitment. Success will not often come quickly, and cannot be achieved alone.	Relentlessly curious, open-minded and keen to learn. We're always looking for a better way to do things or a new solution to a difficult problem.

Ethical behaviour

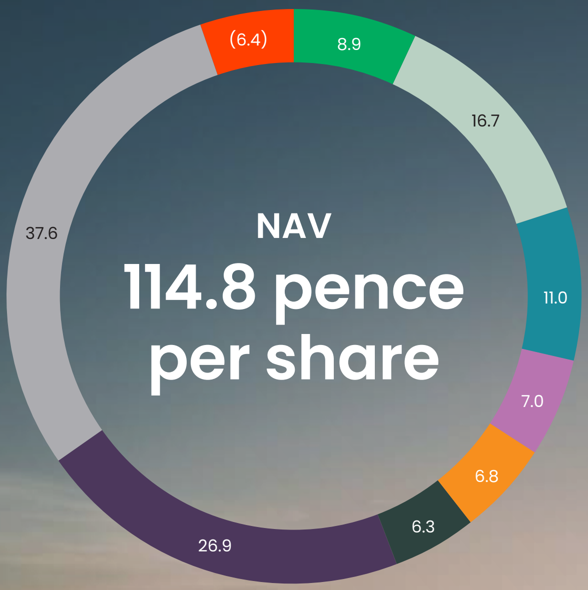
We strive to always conduct our business activities in an honest, ethical and socially responsible manner, and to comply with all laws, regulations and rules applicable to our business. We expect our portfolio companies, co-investors, employees and suppliers to hold the same high standards when conducting their respective businesses. We are committed to acting professionally and with integrity in all of our business dealings and relationships, and with consideration for the needs of all of our stakeholders.

Read about **ethics** on page 42

PORTFOLIO.

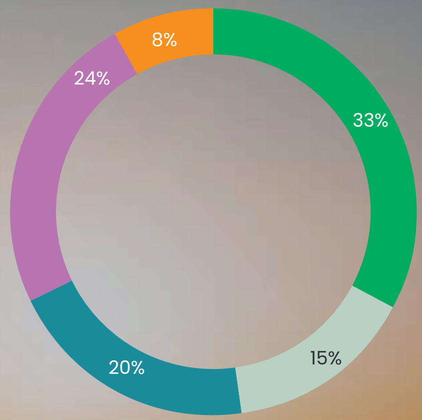
Portfolio analysis

Constituent parts of an IP Group share



Portfolio breakdown

	Number of companies	Fair value £	Fair value movement/ return on opening portfolio in 2023 £	%
Healthier future: Life Sciences	32	393.8	(73.9)	(17%)
Healthier future: Oxford Nanopore	1	173.6	(31.9)	(16%)
Tech-enriched future: Deeptech	32	231.4	(4.9)	(2%)
Regenerative future: Cleantech (Kiko Ventures)	16	275.3	(8.7)	(3%)
Platform Investments	5	90.8	(41.1)	(33%)
Total portfolio	**86**	**£1,164.9**	**(160.5)**	**(13%)**



Platform investments are funds or portfolio companies that invest in other opportunities.

PORTFOLIO REVIEW.

HEALTHIER FUTURE: LIFE SCIENCES

Dr Sam Williams
Managing Partner,
Life Sciences

IP Group's Life Sciences portfolio comprises holdings in 33 companies valued at £567.4m at 31 December 2023.

Oxford Nanopore continues to underperform on a results and share-price basis, culminating in a disappointing results announcement in March, having warned that its 2023 revenues would be lower than its previous guidance range in January 2024.

Company name	Description	Group Stake at 31 December 2023 %	Net investment/ (divestment) £m	Unrealised + realised fair value movement £m	Fair value of Group holding at 31 December 2023 £m
Oxford Nanopore Technologies plc	Enabling the analysis of any living thing, by any person, in any environment	**9.8%**	–	(31.9)	**173.6**
Istesso Limited	Reprogramming metabolism to treat autoimmune disease	**56.5%**	15.0	3.1	**113.8**
Hinge Health, Inc.	The World's First Digital Clinic for Back and Joint Pain	**1.8%**	–	(19.6)	**34.0**
Crescendo Biologics Limited	Biologic therapeutics eliciting the immune system against solid tumours	**14.4%**	0.8	–	**19.6**
Pulmocide Limited	Novel inhaled treatment for life-threatening fungal lung infections	**12.6%**	–	4.5	**19.2**
Ieso Digital Health Limited	Digital therapeutics for psychiatry	**31.6%**	0.6	(3.5)	**18.9**
Artios Pharma Limited	Novel oncology therapies	**7.3%**	–	(0.9)	**17.4**
Microbiotica Limited	Gut-microbiome based therapeutics and diagnostics	**17.7%**	–	–	**16.1**
Mission Therapeutics Limited	Targeting deubiquitylating enzymes for the treatment of CNS and mitochondrial disorders	**18.2%**	3.9	(6.3)	**15.8**
Centessa Pharmaceuticals plc	Discovery and development of medicines that are transformational for patients	**2.6%**	–	9.2	**15.7**
Other companies (23 companies)			9.9	(60.4)	**123.3**
Total			**30.2**	**(105.8)**	**567.4**

With core growth of 16% in 2023, and revised guidance towards underlying core growth of 20-30% in 2024 and 30% in the mid-term, we continue to believe that the company's long-term fundamentals remain intact. We believe that the company has now rebased its forecast, margins and growth outlook to what we feel is a realistic level, with room for outperformance.

The largest transaction in 2023 for the Group was a £15.0m investment into Istesso, primarily via a convertible note, with a further £10m convertible loan invested in January 2024. We continue to see good progress at Istesso with its Phase 2b study of Leramistat in rheumatoid arthritis due to read out in the first half of 2024. The largest funding round within the portfolio was Apollo Therapeutics' $226.5m Series C financing while, in early 2024, Genomics plc completed a £35m funding round which will help the company build upon its initial commercial traction in the field of advanced genetic screening.

PORTFOLIO REVIEW.

HEALTHIER FUTURE: LIFE SCIENCES

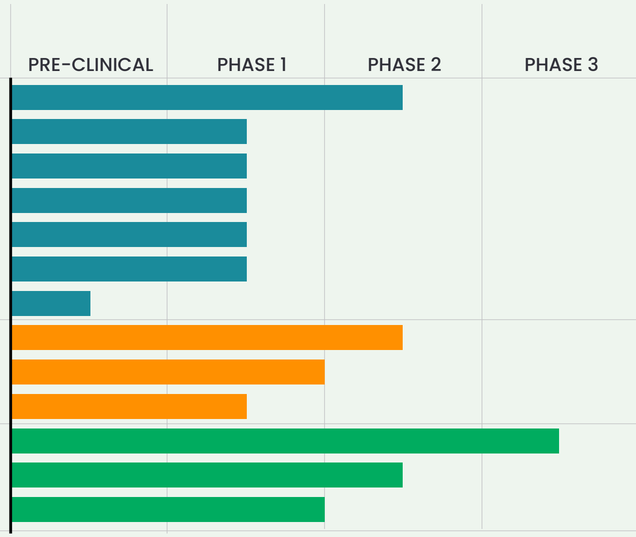
In terms of clinical progress across the portfolio, we saw Mission and Artios Pharma announcing positive Phase 1 data for their lead programmes, and Artios Pharma, Mission, Kynos and Pulmocide all initiating important clinical studies, including Pulmocide's Phase 3 study in invasive pulmonary Aspergillus. We now have ten companies in clinical studies that could provide key value-driving data over the coming two years. We also saw positive outcomes for Autifony, which announced a global licensing deal worth up to $770m with Nasdaq's Jazz Pharmaceuticals which resulted in a £6.1m fair value uplift.

In terms of NAV performance, the value of the portfolio declined by £73.9m (-17%) over the year, driven largely by significant fair value reductions in some key assets, including Hinge Health £17.8m (-33%), Akamis Bio £15.9m (-75%), Oxular £14.1m (-88%), Enterprise Therapeutics £7.9m (-39%), Mission Therapeutics £6.3m (-35%) and Oxehealth £5.2m (-50%). These write-downs resulted from independent valuation reappraisals informed by the more difficult funding and pricing environment, fundraising conducted at depressed prices or, in the case of Oxular, from clinical setbacks.

We expect a more positive year in 2024, with downward pressure on valuations reducing, and evidence that the pharma industry's appetite for acquiring the best clinical assets is only increasing, as witnessed by some very significant transactions announced in late 2023/early 2024.

Healthier future: multiple clinical readouts

THERAPEUTICS PORTFOLIO	IP GROUP VALUE £M*	COMPANY	WAITING CLINICAL READOUT
Oncology	17.4	Artios Pharma Limited	●
	19.6	Crescendo Biologics Limited	●
	9.4	Storm Therapeutics	●
	5.3	Akamis Bio	●
	4.1	Carisma Therapeutics	●
	7.6	Iksuda Therapeutics[1]	●
	16.1	Microbiotica Limited[2]	
Inflammation	113.8	Istesso Limited	●
	15.8	Mission Therapeutics Limited	
	4.0	Kynos Therapeutics	●
Other	19.2	Pulmocide Limited	●
	15.7	Centessa Pharmaceuticals plc	●
	5.0	Enterprise Therapeutics	



* Based on valuation of IP Group's stake in company at 31/12/23, including debt where applicable, and value held in IP Group's North American portfolio.

1 Should move from preclinical to Phase 1 within 18 months.

2 Should move from preclinical to Phase 1 within 18 months.

PORTFOLIO REVIEW.
HEALTHIER FUTURE: LIFE SCIENCES

Life Sciences portfolio

PORTFOLIO REVIEW.

TECH-ENRICHED FUTURE: DEEPTECH

Mark Reilly
Managing Partner, Technology

IP Group's Technology portfolio comprises holdings in 32 companies valued at £231.4m at 31 December 2023.

The IP Group Deeptech team invests in breakthrough technologies across four high growth sectors of future compute, applied AI, next generation networks and the human-machine interface, areas in which the UK excels and is increasingly becoming a dominant global force.

Company name	Description	Group Stake at 31 December 2023 %	Net investment/ (divestment) £m	Unrealised + realised fair value movement £m	Fair value of Group holding at 31 December 2023 £m
Featurespace Limited	Leading predictive analytics company	**20.1**	–	8.8	**73.0**
Garrison Technology Limited	Anti-malware solutions for enterprise cyber defences	**23.6**	3.9	–	**31.6**
Ultraleap Holdings Limited	Contactless haptic technology "feeling without touching"	**16.9**	–	(6.9)	**31.0**
Accelercomm Limited	Developing a high-performance decoding solution for 5G mobile communication	**26.5**	3.6	0.4	**12.5**
Other companies (28 companies)			(28.8)	(7.2)	**83.3**
Total			**(21.3)**	**(4.9)**	**231.4**

While 2023 was a challenging year for the global technology venture market, impacting both the availability of new capital as well as the price of funding rounds, the technology portfolio proved resilient, and we were pleased to have completed all of our key targeted transactions at uplifted or flat valuations. These included a £42m round for Quantum Motion Technologies, the largest ever single investment into a quantum computing startup in the UK, a £21.5m series B round for Accelercomm and a £15.5m round for Garrison Technologies. While there were some impairments to valuations, either where comparator valuation benchmarks reduced and/or where progress was a little slower than planned, we are pleased with the overall performance and firmly believe the deeptech portfolio remains poised for growth in 2024 and stands to benefit both from the continued acceleration of digital transformation across the economy and specifically from the huge potential of new technologies such as generative AI.

In 2023, Featurespace continued to deliver healthy growth with double-digit increases to revenue, a trend which was replicated elsewhere in the portfolio in companies including Itaconix. Garrison, which eliminates cyberthreats whilst delivering full web access without putting an organisation's sensitive data and systems at risk, hit its revenue targets to the year ended March 2023 and raised £15.5m of new investment from Legal and General and British Patient Capital, alongside existing investors including IP Group. The company has grown rapidly over the last four years, compounding revenues at 64% year on year over this period, with continued attractive growth expected this year.

It was also pleasing to see the completion of a £21.5m series B investment round at our portfolio company Accelercomm, which is supercharging the world's wireless infrastructure. The round was led by Swisscom Ventures and Parkwalk Advisors alongside Hostplus with follow-on funding from all the existing investors. Accelercomm's technology, which can halve the cost of spectrum and power in 5G networks by increasing

PORTFOLIO REVIEW.

TECH-ENRICHED FUTURE: DEEPTECH

throughput and reducing latency, is already being used by several of the world's largest corporates, and the company continues to grow through evolving partnerships with the likes of AMD, Vodafone and Lockheed Martin.

Quantum Motion Technologies closed a £42m funding round, the largest ever single investment into a quantum computing startup in the UK. The investment, which the company will use to develop its silicon-based approach to building a cost-effective and scalable quantum computer, was provided by Robert Bosch Venture Capital alongside Porsche SE and British Patient Capital. IP Group and Parkwalk Advisors participated alongside all of the company's other existing investors (Inkef, NSSIF, Octopus Ventures and OSE). Another of our quantum computing portfolio companies, Oxford Quantum Circuits, announced its $100m funding round and the public availability of "OQC Toshiko", the world's first enterprise-ready quantum computing platform. IP Group was instrumental in the formation of both these quantum computing companies, and we are proud of their progress in this pioneering field that has the potential to shape the future of computing.

Elsewhere in the portfolio, Audioscenic launched its first commercial product at CES 2023 as the power behind Razer's latest gaming soundbar, the Leviathon V2 Pro (which won a dozen awards), and they showcased new products in both laptops and PC monitors at CES 2024. Intrinsic Semiconductor Technologies, a game-changing company with technology aiming to revolutionise the $100bn non-volatile memory market, far exceeded its technical milestones and will now greatly accelerate its commercial development.

In terms of fair value reductions, we reduced the value of our holding in Teya by £4.5m due to stronger than expected market headwinds although we continue to believe the business has strong growth prospects and excellent fundamentals. Ultraleap also faced challenging conditions in the key eXtended Reality ("XR") market which has been slow to materialise, and we have reduced the fair value of our holding by £6.9m. Ultraleap has, nonetheless, secured several key licence agreements in the period with well-recognised names and we remain bullish on the longer-term adoption of XR technologies.

In 2023, the team backed two new opportunities including one in Australia as well as a £3m investment into DeepRender which is developing the next generation of image and video compression technology using an AI-first approach. DeepRender already has commercial engagement with several of the world's top content streamers and looks set to significantly disrupt this market in the years to come. As 2024 unfolds, we expect to see strong growth across our focus portfolio as software sales rebound in the more mature assets, and technologies deployed into new products in our mid and early-stage portfolio. Together this positions the asset base well for value accrual provided the market provides continued access to additional growth and expansion capital.

Deeptech portfolio

PORTFOLIO REVIEW.

REGENERATIVE FUTURE: CLEANTECH (KIKO VENTURES)

From left to right:

Robert Trezona, Arne Morteani, Jamie Vollbracht
Founding Partners, Kiko Ventures.

The Cleantech (Kiko Ventures) portfolio comprises holdings in 16 companies valued at £275.3m at 31 December 2023.

An early highlight of the year was the $140m Series C fund raise by autonomous vehicle pioneer Oxa in January 2023.

Company name	Description	Group Stake at 31 December 2023 %	Net investment/ (divestment) £m	Unrealised + realised fair value movement £m	Fair value of Group holding at 31 December 2023 £m
Hysata Pty Limited	Developing a new type of breakthrough hydrogen electrolyser and accelerating the global transition to net zero	**36.8**	4.7	46.5	**70.0**
Oxa Autonomy Limited	Software to enable every vehicle to become autonomous	**11.8**	–	(0.2)	**65.7**
First Light Fusion Limited	Solving fusion with the simplest possible machine	**27.5**	–	(49.6)	**64.9**
Bramble Energy Limited	The fuel cell company with Gigafactories	**31.4**	–	–	**20.9**
Nexeon Limited	Silicon anodes for next generation lithium-ion batteries	**5.2**	–	(4.7)	**11.8**
Other companies (11 companies)			12.8	(0.7)	**42.0**
Total			**17.5**	**(8.7)**	**275.3**

The fundraising, which saw new investor Google join the share register, was the largest by a cleantech company in IP Group's history. Google and Oxa have already worked together on simulation and testing technology, and it was highly encouraging to see one of the world's most valuable technology companies take a stake in one of our cleantech assets. Another highlight was electrolyser company Hysata achieving its Series A technical milestone months ahead of schedule, triggering the second tranche of its oversubscribed £24m Series A. The technical progress was impressive with Hysata demonstrating stacks operating at the same exceptionally high 95% efficiency as the single cell experiment reported in Nature in 2021. Hysata subsequently launched its Series B funding round, achieving a first close in January 2023, supported by both Kiko and IP Group Australia. The round achieved a significant uplift to the Series A, reflecting the impressive technical progress made by the company. This resulted in a fair value gain of £46.5m. It is encouraging to see large up-rounds in our cleantech companies against a backdrop of falling valuations in the wider venture ecosystem.

Earlier-stage assets were also successful in fund raising with Oxford spin-outs OxCCU and Mixergy both raising up-rounds. In May, OxCCU, which has breakthrough technology for the synthesis of sustainable aviation fuels ("SAFs"), raised an oversubscribed £18m Series A. The round was led by well-established US cleantech VC Clean Energy Ventures and was their first investment in a UK company. In January, smart home heating company Mixergy completed a £9m Series B raise, led by OSE, with new investors Nesta and EDP Ventures joining the share register. Mixergy has continued to make good progress and has doubled revenue each year for the past three years. In addition to the four new investments made in 2022, the team completed one new investment in 2023 into smart home energy pioneer Tado°. Tado° is the European leader in smart home energy technology and its smart thermostats, protected by a strong patent portfolio, lead to reductions in home energy costs of 22%

PORTFOLIO REVIEW.

REGENERATIVE FUTURE: CLEANTECH (KIKO VENTURES)

on average. The company's offerings are particularly welcome and impactful at the current time of high energy prices and it has now sold a total of 3 million thermostats. Kiko jointly led a €43m funding round in January 2023 to help the company expand its offering into home energy management, combining its thermostats with time-of-use energy tariffs.

In less welcome news, First Light Fusion has not yet completed its Series C funding round, which was planned to conclude in 2023, leveraging momentum following its fusion result in 2022. While there is still activity in the fusion funding market, there has been a decline in multi-hundred-million funding rounds like those seen in 2021 and targeted by First Light. Given this delay to funding and the change to fusion market sentiment, we have carried out a re-evaluation of our holding in First Light using expert third-party input. This has led to a reduction in our holding value of £49.6m. Following the announcement this year of further improvement to net positive gain achieved at the National Ignition Facility lab in the US, there is growing interest in inertial confinement fusion ("ICF") technology, as pursued for commercialisation by First Light. The company recently entered into a technology collaboration on ICF with the Sandia federal lab in the US giving access to the Z-machine, the world's most powerful pulse power driver. First Light is the first privately funded fusion company to fire a shot on the Z-machine and its amplifier technology enabled a new pressure record to be set for the facility.

We have also continued to build the ecosystem around the Kiko brand with a wide range of speaking and clean energy innovation engagement policy activities. As one of the founders of Cleantech for UK, a new cleantech policy initiative, backed by Bill Gates' Breakthrough Energy Ventures, Kiko helped convene a total of £6bn of funds to support the initiative. Cleantech for UK aims to promote UK cleantech champions, drawing on the country's world-class research facilities and investor base, and was launched at Imperial College in February at an event attended by Bill Gates and the Prime Minister. We continue to be a member of the leading energy think tank, the Energy Transitions Commission ("ETC"), which published an assessment of the role of fossil fuels in the transition ahead of the UN climate change conference COP28 in Dubai. Our view of the COP28 outcome was that the acknowledgement of the need to transition away from fossil fuels represents an important step in the right direction. ETC analysis shows that coal use can and must fall by 85% by 2050, gas by 70% and oil by 95% in order to meet the UN climate goals of limiting global heating to safe levels. The agreements to triple renewables and double the rate of energy efficiency improvement also follow longstanding ETC recommendations. Despite wider headwinds in the venture ecosystem, the need for clean energy technology remains clear and was reiterated at COP28.

Cleantech portfolio

PORTFOLIO REVIEW.

PLATFORM INVESTMENTS

IP Group's Platform Investments portfolio comprises holdings in two companies and three interests in Limited Partnerships, valued at £90.8m at 31 December 2023.

The Platform Investments portfolio contains holdings in funds and companies that operate in a similar way to IP Group, most significantly our interest in our US platform, managed by Longview Innovation, Oxford Science Enterprises Limited, Cambridge Innovation Capital Limited, and the UCL Technology Fund in all of which IP Group was a founding investor.

Company name	Description	Group Stake at 31 December 2023 %	Net investment/ (divestment) £m	Unrealised + realised fair value movement £m	Fair value of Group holding at 31 December 2023 £m
US platform (managed by Longview Innovation)	Commercialising world class research in the US	**58.1**	8.1	(42.1)	**46.0**
Interest in UCL Technology Fund L.P.	Commercialising world class research from UCL	**46.7**	0.8	3.0	**20.7**
Oxford Science Enterprises plc	University of Oxford preferred IP partner under 15-year framework agreement	**1.8**	–	(2.3)	**18.3**
Other companies (2 companies/LPs)			(0.7)	0.3	**5.8**
Total			**8.2**	**(41.1)**	**90.8**

Having been unable to secure additional significant funding from third parties other than $10m which the Group committed in 2022, Longview Innovation has taken proactive steps to focus its resources on a smaller number of its most promising portfolio companies, resulting in a rationalisation of the portfolio and a corresponding portfolio fair value reduction of £42.1m.

Number of investments by sector

	As at 31 December 2023		As at 31 December 2022	
Sector	**Number**	**%**	**Number**	**%**
Healthier future: Life Sciences (ex-ONT)	**32**	**37%**	38	40%
Healthier future: Life Sciences (ONT)	**1**	**1%**	1	1%
Tech-enriched future: Deeptech	**32**	**37%**	34	36%
Regenerative future: Cleantech (Kiko Ventures)	**16**	**19%**	15	16%
Platform investments	**5**	**6%**	7	7%
Total number of portfolio investments[1]	**86**	**100%**	**95**	**100%**

[1] Excludes de minimis holdings, which have a small value to the Group and are not actively managed to the same extent as core holdings.

PORTFOLIO REVIEW.

PLATFORM INVESTMENTS

Number of investments

	United Kingdom	North America	Australia & New Zealand	Total
1 January 2023	81	1	13	95
Additions	1	–	2	3
Exited & acquired	(1)	–	–	(1)
Being closed/liquidated	–	–	(1)	(1)
Reclassified to de minimis[1]	(6)	–	(4)	(10)
31 December 2023	**75**	**1**	**10**	**86**

[1] De minimis holdings have a small value to the Group and are not actively managed to the same extent as core holdings, and are accordingly not included in the stated number of companies.

Co-investment analysis

Including the £73.2m of capital invested by the Group, the Group's portfolio raised £667m during 2023 (2022: £1.0bn). Co-investment from parties or funds with a greater than 1% shareholding in IP Group plc totalled £1.0m (2022: £24.9m). An analysis of this co-investment by source is as follows:

	2023		2022	
Portfolio capital raised	**£m**	**%**	**£m**	**%**
IP Group[1]	**73.2**	**11%**	89.8	9%
IP Group managed funds[2]	**12.9**	**2%**	35.6	4%
IP Group plc shareholders (>1% holdings)	**1.0**	**0%**	24.9	2%
Institutional investors	**317.7**	**48%**	249.7	25%
Corporate, other EIS, individuals, universities and other	**262.2**	**39%**	364.0	35%
Capital into multi-sector platforms	**–**	**0%**	250.0	25%
Total	**667.0**	**100%**	**1,014.0**	**100%**

[1] Reflects primary investment only; during 2023 the Group invested £nil via secondary purchase of shares (2022: £3.7m).

[2] Includes Parkwalk Advisors and other funds managed by IP Group.

Portfolio funding position

The following table lists information on the expected cash-out dates for portfolio companies IP Group's investment holding value is greater than £4m.

Company name	Fair value of Group holding at 31 December 2023 £m	%
Funded to breakeven	**345.8**	35%
2024 H1	**69.8**	7%
2024 H2	**57.7**	6%
2025	**410.8**	41%
2026	**104.2**	10%
2027	**10.7**	1%
Total companies > £4m value	**999.0**	100%
Companies < £4m value	**75.1**	
Interest in Limited Partnerships and Platforms	**90.8**	
Total portfolio	**1,164.9**	

CFOO REVIEW.

David Baynes
Chief Financial and Operating Officer

"We continue to navigate carefully through difficult markets. With £227m gross cash and only 13% of our portfolio needing to raise money in 2024, we are well-positioned for an improvement in investor appetite."

- Loss for the period of (£174.4m) (2022: loss of £344.5m)
- Net assets were £1,190.3m (2022: £1,376.1m)
- Net assets per share were 114.8p (2022: 132.9p)
- Final 2022 dividend of 0.76pps and 2023 interim dividend of 0.51pps paid in period, talking total cumulative dividends and share buybacks since 2021 to over £75m
- £60m second tranche of long-term private loan notes drawn

Consolidated statement of comprehensive income

A summary analysis of the Group's performance is provided below:

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Net portfolio (loss)[1]	(160.5)	(309.1)
Net overheads[2]	(22.1)	(20.2)
Administrative expenses – consolidated portfolio companies	–	(0.1)
Administrative expenses –share-based payments charge	(2.6)	(2.9)
Carried interest plan provision credit/(charge)	4.7	(12.0)
Net finance income	4.2	0.8
Taxation	1.9	(1.0)
Loss for the year	(174.4)	(344.5)
Other comprehensive (expense)/income	(0.4)	0.5
Total comprehensive loss for the year	(174.8)	(344.0)
Exclude:		
Share-based payment charge	2.6	2.9
Return on NAV[1]	(172.2)	(341.1)

1 Defined in note 28 Alternative Performance Measures.
2 See net overheads table below and definition in note 28 Alternative Performance Measures.

Net portfolio gains/(losses) consist primarily of realised and unrealised fair value gains and losses from the Group's equity and debt holdings in portfolio companies.

CFOO REVIEW.

Fair value movements

A summary of the unrealised and realised fair value gains and losses is as follows:

	2023 £m	2022 £m
Quoted equity & debt investments	**(31.8)**	(428.5)
Private equity & debt investments	**(83.8)**	101.4
Investments in Limited Partnerships	**(36.5)**	(6.4)
Foreign exchange movements	**(8.4)**	24.4
Net portfolio losses	**(160.5)**	**(309.1)**

A summary of the largest unrealised and realised fair value gains and losses by portfolio investment is as follows:

Gains	£m
Hysata Pty Ltd	46.5
Centessa Pharmaceuticals plc	9.7
Featurespace Limited	8.8
Autifony Therapeutics Limited	6.1
Pulmocide Limited	5.0
Apollo Therapeutics Group Limited	3.3
Other quoted	1.2
Other private	22.8
Foreign exchange	0.1
Total	**103.5**

Losses	£m
First Light Fusion Limited	(49.6)
US Platform (managed by Longview Innovation)	(39.8)
Oxford Nanopore Technologies plc	(31.9)
Hinge Health, Inc.	(17.8)
Akamis Bio Limited	(15.9)
Oxular Limited	(14.1)
Other quoted	(10.8)
Other private	(75.7)
Foreign exchange	(8.5)
Total	**(264.1)**

Net overheads

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Other income	**5.9**	7.1
Administrative expenses – all other expenses	**(25.8)**	(24.3)
Administrative expenses – annual incentive scheme	**(2.6)**	(3.0)
Net overheads	**(22.5)**	**(20.2)**

Other income

Other income comprises fund management fees and licensing and patent income. In 2023 other income totalled £5.9m (2022: £7.1m), a decrease from 2022, primarily due to a £0.6m decrease in revenues from the Group's patent and license portfolio, and a £0.4m reduction in corporate finance fees due to our decision to largely cease this activity.

Other central administrative expenses

Other central administrative expenses, excluding performance-based staff incentives and share-based payments charges, have increased by £1.6m from the prior year to £25.8m (2022: £24.3m) as a result of increases in non-staff cost across a number of expense categories.

The charge of £2.6m (2022: £3.0m) in respect of the Group's Annual Incentive Scheme, reflects a provisional assessment of performance against 2023 AIS targets which include Group, Team, and Individual performance elements as described in the Directors Remuneration Report.

Other income statement items

The share-based payments charge of £2.6m (2022: £2.9m) reflects the accounting charge for the Group's Restricted Share Plan, Long-Term Incentive Plan and Deferred Bonus Share Plan. This non-cash charge reflects the fair value of services received from employees, measured by reference to the fair value of the share-based payments at the date of award, but has no net impact on the Group's total equity or net assets.

Carried interest plan charge

The carried interest plan credit of £4.7m (2022: £12m charge) relates to the recalculation of liabilities under the Group's carry schemes, with the credit in the year reflecting this year's reduction in value of assets within the scheme. As at 31 December 2023, 70% by value of the Group's equity & debt investments were included within carry scheme arrangements (2022: 67%). The liabilities are calculated based upon any excess of current fair value above cost and hurdle rate of return within each scheme or vintage. Any payments will only be made following the full achievement of cost and hurdle via cash realisations and are only paid on the event of a cash realisation.

CFOO REVIEW.

Consolidated statement of financial position

A summary analysis of the Group's assets and liabilities is provided below:

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Portfolio	**1,164.9**	1,258.5
Other non-current assets	**10.2**	7.7
Other net current assets/(liabilities)	**(7.5)**	33.2
Cash and deposits	**226.9**	241.5
Borrowings	**(135.2)**	(81.4)
Other non-current liabilities	**(69.0)**	(83.4)
Total Equity or Net Assets ("NAV")	**1,190.3**	1,376.1
NAV per share	**114.8p**	132.9p

The composition of, and movements in, the Group's portfolio are described in the portfolio review above.

Portfolio valuations

Given the public market valuation reductions in the year and slowdown in private company fundraise activity, we have carried our year-end private portfolio valuations against a backdrop of heightened valuation uncertainty. As a response, we have carried out an enhanced valuation process in the period, including obtaining external valuations for eleven (2022: ten) of our largest private assets (Istesso, Featurespace, Oxa, First Light Fusion, Hinge Health, Ultraleap, Ieso Digital Health, Artios Pharma, Mission Therapeutics, Akamis Bio and MOBILion) accounting for 46% (2022: 44%) of the private portfolio value.

In the case of Featurespace, our third-party valuers recommended an increase in valuation in the year, because of strong performance against milestones. In the case of First Light Fusion, Hinge Health, Ultraleap, Ieso Digital Health and Mission Therapeutics they recommended a reduction in our carrying values, reflecting the impact of reduced public market valuations the more challenging fundraise environment and company-specific performance. Valuations of Istesso, Oxa, MOBILion and Artios Pharma were broadly unchanged. In all cases, our carrying values reflect the mid-point or below of the valuation ranges we received from our external valuation consultants.

Although we saw an increase in the proportion of down rounds within our portfolio (i.e. where a funding round is agreed at a lower valuation than the previous funding round price), most of our portfolio fundraises were at higher valuations than the previous funding round. An analysis of funding rounds within our portfolio is as follows:

	Year ended 31 December 2023		Year ended 31 December 2022	
Analysis of priced funding rounds in private portfolio	**No.**	**%**	**No.**	**%**
Up round	**13**	**62%**	18	62%
Flat round	**3**	**14%**	8	28%
Down round	**5**	**24%**	3	10%
Total	**21**	**100%**	29	100%

The above table reflects priced funding rounds in the private portfolio (excluding organic and de minimis companies) and excludes debt funding and funding transactions where a subsequent tranche is drawn based on pre-agreed pricing.

Most of our portfolio remains well funded, with many of our more mature companies evidencing commercial progress or anticipating technical or funding milestones in the next 12-24 months, therefore we remain confident around the resilience of our portfolio.

The table below summarises the valuation basis for the Group's portfolio. Further details on the Group's valuation policy and approach can be found in notes 13 and 14.

	Year ended 31 December 2023 £m	Audited Year ended 31 December 2022 £m
Quoted	**203.8**	228.7
Financing transaction (<12 months)	**187.9**	289.8
Financing transaction (>12 months)	**162.7**	117.8
Other: Future market/commercial events	**25.0**	40.7
Other: Adjusted financing price based on past performance – upwards	**99.9**	151.8
Other: Adjusted financing price based on past performance – downwards	**203.9**	154.5
Other: Discounted cash flow ("DCF")	**126.6**	97.7
Other: Revenue multiple	**85.4**	77.9
Statements from LP	**69.7**	99.6
Total Portfolio	**1,164.9**	1,258.5

CFOO REVIEW.

Further context: Parkwalk Advisors portfolio valuations

Thirteen portfolio companies closed funding rounds at uplifts in valuation, six unchanged and nine at lower valuations than the previously held value.

Other assets

The majority of other long-term and short-term assets relate to amounts receivable on sale of equity and debt investments, representing deferred and contingent consideration amounts to be received in more than one year. Property, plant and equipment includes the lease asset relating to the Group's Kings Cross head office, which increased in the period due to an extension of the lease.

Other long-term liabilities relate to carried interest and revenue share payables, and loans from LPs of consolidated funds. The Group consolidates the assets of a fund in which it has a significant economic interest, IP Venture Fund II LP. Loans from third parties of consolidated funds represent third-party loans into this partnership. These loans are repayable only upon these funds generating sufficient realisations to repay the Limited Partners.

Borrowings

On 2 August 2022, the Group signed a Note Placing Agreement ("NPA") to issue a £120m debt private placement to London-based institutional investors (primarily Phoenix Group). £60m of this was drawn in December 2022 and the balance was drawn in June 2023, with three equal repayment maturities in December in 2027, 2028 and 2029. The interest rate is fixed at an average of 5.25%. Approximately £15m of the proceeds were used to repay early the shorter-dated portion of our EIB debt, leaving £15.6m of EIB debt to be progressively repaid between now and January 2026 (£6.3m of the EIB debt will be repaid within twelve months of the period end).

Under the terms of the NPA, the Group is required to maintain a minimum cash balance of £25m at any time, equity must be at least £500m and gross debt less restricted cash must not exceed 25% of total equity as at the Group's 30 June and 31 December reporting dates. The NPA also includes 'Cash Trap' provisions which stipulate that the Group is required to maintain cash and cash equivalents of not less than £50m at any time and equity must be at least £750m, gross debt less restricted cash must not exceed 20% of total equity as at the Group's 30 June and 31 December reporting dates. In the event of the Cash Trap being triggered, the Group is not permitted to pay or declare a dividend or purchase any of its shares. In addition, investments are restricted to £2.5m per calendar quarter other than those legally committed to. The Group is also required to place the net proceeds of all realisations (over a threshold of £1m) into a blocked bank account. Entering a Cash Trap does not constitute a default under the NPA.

For further details of the Group's loans including covenant details see note 18.

Cash and deposits

At 31 December 2023, the Group's cash and deposits totalled £226.9m, a decrease of £14.6m from a total of £241.5m at 31 December 2022, predominantly due to outflows from portfolio investment of £73.2m, a £19.3m net cash outflow from operations, £13.1m of dividend payments and share buybacks, offset by net drawdown of debt of £53.8m and realisations of £38.6m.

The principal constituents of the movement in cash and deposits during the period are as follows:

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Net cash (used) in operating activities	**(19.3)**	(24.3)
Investments	**(73.2)**	(93.5)
Realisations	**38.6**	28.1
Other investing	**(0.6)**	(0.3)
Interest received on deposits	**4.1**	–
Net cash (outflow) from investing activities	**(31.1)**	(65.7)
Dividends paid	**(13.0)**	(12.3)
Purchase of treasury shares	**(0.1)**	(8.0)
Interest paid	**(5.5)**	–
Repayment of debt facility	**(6.2)**	(30.4)
Drawdown of loan notes	**60.0**	60.0
Other financing activities	**(0.5)**	(0.5)
Net cash inflow from financing activities	**34.7**	8.8
Effect of foreign exchange rate changes	**(0.2)**	–
Movement during period	**(14.5)**	(80.4)

CFOO REVIEW.

Investments and realisations

The Group invested a total of £73.2m across 33 portfolio companies during the year (2022: £93.5m; 46), and realised cash proceeds of £38.6m (2022: £28.1m).

Largest investments and realisations by portfolio company:

Investments	£m
Istesso Limited	15.0
US platform (managed by Longview Innovation)	8.1
Hysata Pty Ltd	4.7
Tado GmbH	4.4
Mission Therapeutics Limited	3.9
Other	37.1
Total	**73.2**

Cash Realisations	£m
Wave Optics Limited	30.8
Zihipp Limited[1]	3.4
Reinfer Limited	1.5
UCL Technology Fund L.P.	0.9
Cambridge Innovation Capital Limited	0.7
Other	1.3
Total	**38.6**

1 Plus, deferred consideration valued at £1.5m (2022: £nil).

Deferred consideration estimated at £9.1m was outstanding at year end (2022: £48.2m), relating to the Group's realisation of Enterprise Therapeutics (£7.6m, exited in 2020) and Zihipp Limited (£1.5m, exited in 2023).

Treasury policy

It remains the Group's policy to place cash that is surplus to near-term working capital requirements on short-term and overnight deposits with financial institutions that meet the Group's treasury policy criteria or in low-risk treasury funds rated prime or above. The Group's treasury policy is described in detail in note 2 to the Group financial statements alongside details of the credit ratings of the Group's cash and deposit counterparties. On 31 December 2023, the Group had a total of £0.1m (2022: £0.1m) held in US Dollars, £nil (2022: £nil) held in Euros, £0.8m (2022: £0.7m) held in Australian Dollars and £0.9m (2022: £0.7m) held in Hong Kong Dollars.

Dividend and share buyback

As announced in the Group's half-yearly results, an interim 2023 dividend of 0.51p per ordinary share was paid in September 2023, totalling £5.3m.

On 18 December 2023, the Group announced that, in light of the prevailing discount between the Company's share price and its NAV per share, it had initiated a share buyback of up to £20m. The Board remains committed to making regular cash returns to shareholders from realisations. In future these regular cash returns will normally be made in the form of share buybacks when the share price discount to NAV exceeds 20%. Regular dividend payments will be suspended under such conditions, including consideration of any final dividend for 2023.

Taxation

The Group's business model seeks to deliver long-term value to its stakeholders through the commercialisation of fundamental research carried out at its partner universities. To date, this has been largely achieved through the formation of, and provision of services and development capital to, spin-out companies formed around the output of such research. The Group primarily seeks to generate capital gains from its holdings in spin-out companies over the longer term but has historically made annual net operating losses from its operations from a UK tax perspective. Capital gains achieved by the Group would ordinarily be taxed upon realisation of such holdings; however, since the Group typically holds more than 10% in its portfolio companies and those companies are themselves trading, the majority of the portfolio will qualify for the Substantial Shareholdings Exemption ("SSE") on disposal.

This exemption provides that gains arising on the disposal of qualifying holdings are not chargeable to UK corporation tax and, as such, the Group has continued not to recognise a provision for deferred taxation in respect of uplifts in value on those equity holdings that meet the qualifying criteria. Gains arising on sales of holdings which do not qualify for SSE will ordinarily give rise to taxable profits for the Group, to the extent that these exceed the Group's ability to offset gains against current and brought forward tax losses (subject to the relevant restrictions on the use of brought-forward losses). In such cases, a deferred tax liability is recognised in respect of estimated tax amount payable.

The Group complies with relevant global initiatives including the US Foreign Account Tax Compliance Act ("FATCA") and the OECD Common Reporting Standard.

Alternative Performance Measures ("APMs")

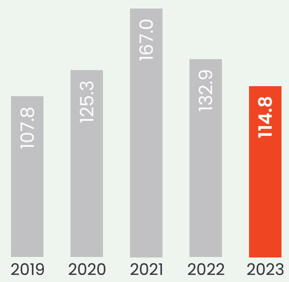
The Group discloses alternative performance measures, such as NAV per share and Return on NAV, in this Annual Report. The Directors believe that these APMs assist in providing additional useful information on the underlying trends, performance, and position of the Group. Further information on APMs utilised in the Group, including the details of a new APM for Cash proceeds is set out in note 28.

KEY PERFORMANCE INDICATORS.

Our KPIs measure performance against our strategy.

01 NAV/share p[1]

Net Assets divided by the number of outstanding shares in issue. A useful measure to compare to the Group's share price.



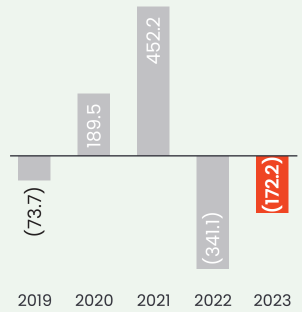
Link to strategy

Link to remuneration

Yes

02 Return on NAV £[1]

Profit for the year excluding share-based payment charges. Shows a summary of the income statement gains and losses that directly impact NAV.



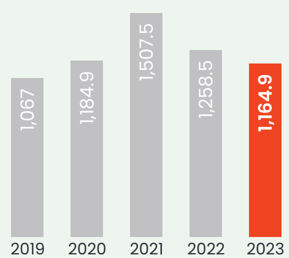
Link to strategy

Link to remuneration

Yes

03 Total portfolio £m

Equity and debt investments plus investments into limited partnership interests. Shows assets under the Group's control.



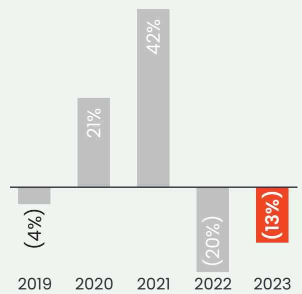
Link to strategy

Link to remuneration

Yes

04 % return on portfolio

Net portfolio gains or (losses) as a percentage of total portfolio value. A useful measure to compare annual returns.



Link to strategy

Link to remuneration

Yes

KEY

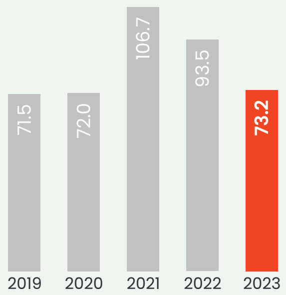
- Have an impact on the world that counts
- Develop our unique insight, expertise and access
- Accelerate value creation
- Build a truly differentiated reputation
- Be a home for exceptional talent

1 Alternative performance measure. See note 28 for definition and reconciliation to IFRS primary statements.

KEY PERFORMANCE INDICATORS.

05 Portfolio investment £m[1]

The purchase of equity and debt investments plus investments into limited partnership interests. A useful measure to compare annual investment in the portfolio.



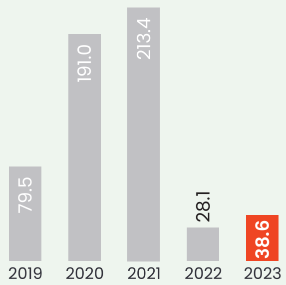
Link to strategy

Link to remuneration

Yes

06 Proceeds from sale of equity and debt investments £m

The total amount received from the disposal of interests in portfolio companies. A measure of realisation success. Realised funds are invested into new opportunities or returned to shareholders.



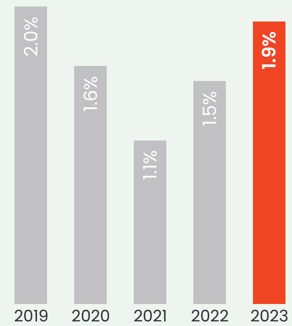
Link to strategy

Link to remuneration

Yes

07 Net overheads %[1]

The Group's core overheads less operating income as a percentage of net assets. Reflects the Group's controllable 'cash-equivalent' cost base in proportion to net assets.



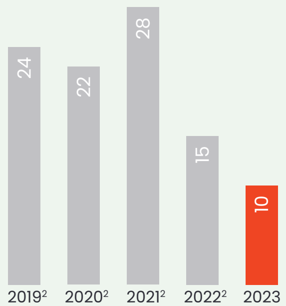
Link to strategy

Link to remuneration

Yes

08 Number of new portfolio investments

The number of portfolio investments that received initial capital from the Group during the year. A measure of the Group's ability to find and invest in new opportunities. Revised in 2023 to include Parkwalk Advisors investments.



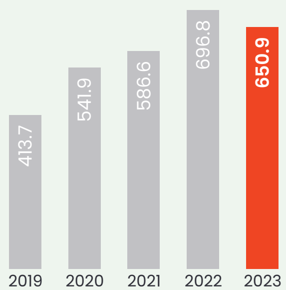
Link to strategy

Link to remuneration

Yes

09 Third-party assets under management £m (NEW)

Third-party funds and capital managed or advised by the Group. Shows progress against the Group's stated objective to increase capital managed on behalf of third-party investors.



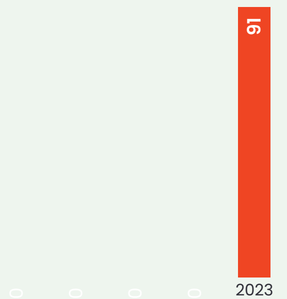
Link to strategy

Link to remuneration

Yes

10 ESG progress % (NEW)

A hybrid metric that demonstrates the Group's commitment to having an impact on the world that counts. 50% relates to outperforming sector ESG benchmarks under Refinitiv, MSCI and ISS and 50% relates to progressing the collection and analysis of data and development of impact metrics for the portfolio.



Link to strategy

Link to remuneration

Yes

1 Alternative performance measure. See note 28 for definition and reconciliation to IFRS primary statements.

2 Restated to include Parkwalk Advisors.

MEANINGFUL IMPACT.

We are focused on having an impact on the world that counts

Driven by our purpose, we are working at the cutting edge of sectors that are changing the world. Our three investment themes align our efforts with some of the most pressing challenges facing humanity and our planet: curing and preventing disease; managing complex data to solve complex problems; and the decarbonisation of energy systems to limit climate change. At the same time, we consider how the way we run our business can maximise impact – through strong governance and ethical practice; for our exceptionally talented people; for our communities and the environment; and by supporting our portfolio companies to do the same.

Read our **impact** in our
2023 Meaningful Impact report

Environment and climate

IP Group's carbon footprint and exposure to climate risk as an organisation is low but, through our investments in carbon capture, nuclear fusion and hydrogen technology, we have a significant opportunity to support the global transition away from fossil fuels in support of the Paris Climate Agreement. In addition, IP Group's deeptech investments include technologies that are working to improve product performance whilst reducing energy consumption, from new computing architectures to next generation wireless networks. Science, technology and innovation funding have also been identified by the UN as one of the main means of implementation for the achievement of the 2030 Sustainable Development Goals ("SDGs"). The Group is required to comply with UK-CFD requirements for the first time this year.

MEANINGFUL IMPACT.

Social

We are a responsible organisation that seeks to have a positive impact on people and society through our investments and the way we operate. We conduct all of our operating and business activities in an honest, ethical and socially responsible manner, acting professionally, fairly and with integrity in all business dealings and relationships. Our culture and internal frameworks guide our behaviour and help us focus on the things that really matter, such as meeting our commitments, developing and supporting our people, furthering diversity and inclusion, and making a difference in our communities. We are building companies in our Life Sciences portfolio for a healthier future and in our deeptech portfolio that will support current and future societal needs in computing, communication and mobility. Our investments in the human-machine interface, for example Ultraleap, are just one way we seek to make a positive social change: for example, by allowing all human users the ability to interact digitally through means other than a keyboard – through touch, sound and immersion.

Governance

IP Group endeavours to conduct business in accordance with established best practice, to be a responsible employer, and to adopt appropriate values and standards. The Group's Board of Directors oversees the Group's approach to ESG and ensures that ESG factors are incorporated into the Board decision-making process. Further details on the day-to-day responsibility for ESG matters is set out on page 47. The ESG and Ethics Committees report to the Executive Committee, which, in turn, reports up to the Board. Both of the Executive Directors and a Non-executive Director, Anita Kidgell, sit on the ESG Committee. A written ESG report is included in each Executive Committee and Board pack, and relevant issues are discussed at the Executive Committee and/or Board as appropriate. Furthermore, the Group's Head of ESG attends the Board on a biannual basis to present on the Group's ESG workstreams and progress.

MEANINGFUL IMPACT.
OUR ESG FORWARD AGENDA

ESG Forward is our ambitious agenda to fulfil our first Group strategic pillar: to have an impact on the world that counts. We aim to take ESG to the next level, focusing on where we can create the most meaningful impact for society and the environment by fully integrating ESG into our business processes and those of our portfolio companies.

Our approach speaks to our duty as active, responsible investors and stewards, and to delivering clear outcomes that marry both financial and social returns and generate long-term sustainable value across the triple bottom lines of social, economic and environmental impact.

In 2023 an updated hybrid ESG metric was included in the Group's Annual Incentive Scheme ("AIS"). 50% relates to outperforming sector ESG benchmarks and 50% relates to progressing the collection and analysis of data and development of impact metrics for the portfolio. This will continue in 2024. See page 115.

ESG Forward

Our stakeholders
Meaningful impact through engagement with our stakeholders

Our investments
Meaningful impact through our investments

Our community
Meaningful impact in the communities in which we operate

Our Group
Meaningful impact through the way we run our business

IDEA methodology

Innovate	Back impactful companies, funding research and developing solutions to clear societal and environmental issues
Demonstrate	Co-create Group and portfolio company KPIs, working with our investors and stakeholders, that are meaningful, appropriate and transparent
Elevate	Raise the profile of ESG matters in our organisation and in our portfolio companies
Accelerate	Provide the tools, funding, support and management expertise to help portfolio companies achieve impact, incorporating a just and equitable approach

MEANINGFUL IMPACT.

OUR ESG FORWARD AGENDA

Progress on our ESG Forward agenda

Focus area	Progress in 2023	Accelerating in 2024
Further integrate ESG into IP Group's overall strategy and across all of our business units	• Introduced an ESG component to our Annual Incentive Scheme that has two parts. Each part is designed to engage different teams within the organisation and embed ESG thinking and considerations across the organisation. Part A addresses ESG best practice and involves all operational and investment teams; part B seeks to embed impact and impact reporting and involves all investment teams and deepens the engagement with portfolio companies	• Provide more customised guidance to teams around ESG • Develop clearer guidance around impact tracking and reporting • Further develop impact scoring framework
Engage internal stakeholders with ESG including relevant training	• Developed an internal reporting format to provide regular updates on key ESG activities via CEO communications as well as via internal All Staff presentations on ESG initiatives • Conducted internal ESG training for Parkwalk Advisors team	• Create training course for entire organisation around ESG and impact
Improve data collection and reporting, particularly around material factors as identified by our materiality assessment	• Invested in an ESG data platform to be rolled out in the coming year to our portfolio companies. This will give our portfolio companies access to a tool that they can use to help them on their ESG and impact journey and will support reporting	• Embed data tool within portfolio companies • Co-create dashboards for portfolio companies to enable them to track key metrics for their ESG and impact journeys
Consider formal environmental targets aligned to Net Zero at operational and portfolio level	• Joined the Initiative Climat International ("iCI"), a global, practitioner-led community of private markets investors that seek to better understand and manage the risks associated with climate change • Agreed to participate in the '10 in 10' collective energy reduction campaign at our office estate. The goal is to achieve a 10% reduction in energy consumption during a ten-week period • We are in the process of collating our Scope 3 emissions to better understand our financed emissions and create a meaningful reduction plan	• Collect and analyse emission data from portfolio companies • Work with portfolio companies to develop meaningful Scope 3 emissions reduction plan
Explore ways in which the positive impact of our portfolio can be further tracked, measured and disclosed. Engage portfolio companies on key ESG factors such as diversity	• Partnered with the Value Balancing Alliance to co-create an impact methodology that will allow us to articulate our impact in a clearer manner. We have also developed a set of impact KPIs across our Cleantech, Deeptech and Life Sciences portfolios • Co-convened a working group, with the Operating Principles of Impact Management to help advance the thinking around impact measurement and reporting across the VC ecosystem • Attended COP28 and, along with our portfolio companies, participated in various panels and round tables	• Publish joint paper on impact with the Value Balancing Alliance • Embed impact approach with portfolio companies and collate impact data from portfolio companies

MEANINGFUL IMPACT.
ESG DISCLOSURES

Engaging our team

Ensuring our people remain engaged, motivated and aligned with our purpose is as critical as ever. We clearly see the benefits of engaging with the wider team regularly via a range of channels and on a two-way basis insofar as possible. Our primary measure of engagement is taken from our Voice of IP Group ("VIP") surveys.

Read about our **2023 VIP surveys** on page 19

In addition to our regular employee surveys, we use multiple channels to ensure we are able to develop a positive two-way dialogue with individual employees and representative groups.

Our Designated Non-executive Director, Aedhmar Hynes, remains directly responsible for workforce engagement, acting as a conduit between the Board and the wider team. Anthony York, Group People Director, fulfils this role for the Executive Committee. Both Aedhmar and Anthony attend the regular meetings of our employee forum, IP Connect.

IP Connect is a group of employees elected by the employee group to represent workforce views. It is consulted regularly for both general and specific feedback on cultural development as well as other matters. During 2023, the group continued to meet regularly and provided valuable feedback on a number of key areas, including Executive and wider remuneration issues, flexible working arrangements, our new Group Values, policy developments, group strategy, performance and our approach to employee engagement.

Finally, the small size of our overall team means that we are able to ensure that all of our people have direct and consistent access to leadership, both informally on a day-to-day basis and through more formal channels, and at regular all-employee events.

Employee Executives

In 2021 IP Group announced it would be including two Employee Executives on the Executive Committee, a pioneering move with the primary purpose of bringing more diversity of thought into decision-making processes at the top of the organisation.

These positions were assigned to employees who put themselves forward for selection, with our two initial Employee Executives being Lisa Patel, a Partner in the Life Sciences team and CEO of Istesso, and Joyce Xie, Managing Director, IP Group Greater China.

This initiative has been hugely valuable, with both Joyce and Lisa playing a key role in the development of our Group strategy and the effective management of the business over their period of appointment.

During 2023, Joyce was promoted to a new role with a permanent seat on our Executive Committee. Lisa is on full time secondment to Istesso for the foreseeable future. As such, both individuals are no longer available for the Employee Executive roles.

As set out on page 97, we made some practical changes to the way that our Executive Committee works during 2023. For this reason, we deferred the recruitment of new Employee Executives to the first part of 2024 to allow the changes to embed and to ensure we optimised the new role profile before starting our recruitment process.

Ethical behaviour

We strive to always conduct our business activities in an honest, ethical and socially responsible manner and to comply with all laws, regulations and rules applicable to our business. We expect our portfolio companies, co-investors, employees and suppliers to hold the same high standards when conducting their respective businesses.

We are committed to acting professionally and with integrity in all of our business dealings and relationships, and with consideration for the needs of all of our stakeholders.

We have adopted policies and standards designed to help and guide employees in their conduct and business relationships. We take a zero-tolerance approach to breaches of our policies, and implement and enforce effective systems to mitigate risk. We provide mandatory training on critical areas such as anti-bribery and corruption, market abuse, anti-tax evasion and data privacy matters. Copies of our key policies can be found on our website www.ipgroupplc.com

Human rights and modern slavery

We believe that human rights are universal and non-negotiable. We seek to promote a working environment where workers are treated with respect, dignity and consideration, and their fundamental human rights are protected. We comply fully with applicable human rights legislation in the countries in which we operate, which includes upholding freedom of association and the right to collective bargaining, equal remuneration and protection against discrimination.

MEANINGFUL IMPACT.

ESG DISCLOSURES

We are committed to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in our business or supply chain. We expect the same high standards from our contractors, suppliers and other business partners. We have adopted principles and policies which are relevant to the prevention of modern slavery in our organisation. These are overseen and monitored by our ESG and Ethics Committees. The Company has in place a new supplier checklist, which includes a confirmation from all new suppliers that they comply in all respects with the Modern Slavery Act. Our Modern Slavery Statement and our Human Rights Statement (adopted in early 2024) can be found on our website www.ipgroupplc.com

Supporting our communities

We recognise that we do not operate in a vacuum and that it is important to look outside of our organisation and consider the bigger picture. To maximise impact, we typically partner with organisations we believe have a similar purpose to us and address societal and environmental needs. A key area of focus is to increase equity for underserved groups, including those from underrepresented ethnic and socio-economic backgrounds by supporting relevant community organisations and providing access to pathways into venture capital and private equity. We involve our employees in choosing partners, working through our Group charity liaison team. We currently work with IntoUniversity, an educational charity and support the 10,000 Black Interns programme.

Read our impact with **community partners** in our **2023 Meaningful Impact report**

Inclusion and Diversity Project (“IDP”)

We are committed to driving wider improvements in inclusion, diversity and equality across the Group. Our ambition is to improve diversity and inclusion across all characteristics, and create a work environment where every talented individual can thrive. Our approach is defined and implemented by an employee-led group, the IDP.

During 2023, the IDP continued to focus on the implementation of our multi-year IDP Masterplan. Activity has included:

- Appointment of an IDP Champion in every internal team who takes responsibility for engaging with and educating their team members on these complex issues. Our Champions are tasked with building knowledge using a targeted curriculum covering subjects such as privilege, allyship and microaggressions
- A full programme of events led by our Women’s Networking Group to support our female talent
- The launch of our Inclusive Communications Guide and accompanying workshop
- Development of a reverse mentoring scheme for roll out in 2024
- Full review of Group Policies to ensure we build in inclusivity and equity to our ways of working

We were delighted to have been placed sixth out of more than 300 firms in the Honordex Inclusive PE & VC Index 2023, as well as winning the overall Innovation Award for our IDP Champions initiative, and even more pleased to have been ranked the leading VC firm in the 2024 Index, with Honordex highlighting our ability to drive “significant improvements in social impact performance with the right data, team and strategy in place”.

Gender diversity

In the recent past we have focused on gender representation as a proxy of our progress in this area and, with appropriate data, will seek to move beyond this narrow definition of diversity. That said, it is encouraging to note that senior female representation within IP Group remains at a high level across all cohorts.

Gender split as at 31 December 2023

	Male		Female	
	Number	%	Number	%
Board	4	50%	4	50%
Executive Committee	7	70%	3	30%
Other Senior Management/Partners	18	64%	10	36%
Combined Senior Leadership Team	25	66%	13	34%
All employees	47	49%	48	51%

This gender diversity data is the information submitted to FTSE Women Leaders. Greg Smith (CEO) and David Baynes (CFOO) are included in data for the Board and for the Executive Committee.

MEANINGFUL IMPACT.

ESG DISCLOSURES

Board and Executive Management diversity

Listing Rules LR 9.8.6(10) and (11) require the Group to publish information on Board diversity. Data is for the IP Group Board and Executive Management on 31 December 2023.

Numbers in this table are based on how individuals identify themselves, based on data which is a subset of data collected regularly from all individuals on a wholly voluntary basis. Further detail on our Parker Review submission, including our target for senior management team representation, is set out on page 105.

In the tables below, Executive Management data is for the Executive Committee. Greg Smith (CEO) and David Baynes (CFOO) are included in Board data but not the Executive Management data.

Gender

	Men	Women	Not specified/ prefer not to say
Number of Board members	4	4	–
Percentage of the Board	50%	50%	–
Number of senior positions on the Board (CEO, CFO, SID and Chair)	3 (75%)	1 (25%)	–
Number in Executive Management	5	3	–
Percentage of Executive Management	62.5%	37.5%	–

Ethnic background

	White British or other White (including minority-white groups)	Mixed/Multiple Ethnic Groups	Asian/Asian British	Black/African/ Caribbean/ Black British	Other ethnic group, including Arab	Not specified/ prefer not to say
Number of Board members	7	–	1	–	–	–
Percentage of the Board	87.5%	–	12.5%	–	–	–
Number of senior positions on the Board (CEO, CFO, SID and Chair)	4 (100%)	–	–	–	–	–
Number in Executive Management	7	–	1	–	–	–
Percentage of Executive Management	87.5%	–	12.5%	–	–	–

Environment

IP Group's carbon footprint and exposure to climate risk is low but, as a responsible business, we continue to focus on managing and reducing the entirety of our environmental footprint. We are targeting Net Zero for Scope 1, 2 and 3 emissions by 2030 (by reducing our emissions by 90% or more, compared to that of our base year) and have broadly aligned our reduction plan with Science-Based Targets thinking.

Sustainable London HQ

Our headquarters in Kings Cross is one of the most energy efficient and sustainable developments in the UK. The building has been awarded a BREEAM 'outstanding' rating and uses the most efficient route to create clean localised heat and power.

Environmental disclosures

IP Group is required to report on its annual greenhouse gas ("GHG") emissions as part of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2018. IP Group is also required to report in line with Streamlined Energy and Carbon Reporting ("SECR") requirements. These requirements include an overview of GHG emissions, intensity ratios, energy consumption and energy efficiency actions taken by IP Group over the reporting period for operational office locations. These disclosures can be found in the table on page 45. See our Task Force on Climate-Related Financial Disclosures ("TCFD") disclosure on page 46.

MEANINGFUL IMPACT.

ESG DISCLOSURES

The table below shows IP Group's annual energy consumption for global operations, associated relevant greenhouse gas emissions and additional related information. This encompasses energy and emissions from office use and has been expanded beyond the minimum requirements to include emissions associated with all business travel and staff commuting.

The methodology used for the calculation of greenhouse gas emissions is the "GHG Protocol Corporate Accounting and Reporting Standard". An "operational control" boundary has been applied. Carbon conversion factors have been taken from "UK Government GHG Conversion Factors for Company Reporting – 2022". Emissions are reported as tCO_2e. Scope 2 emissions are reported as "location based". Of our total reported energy consumption 86,867 kWh was directly related to our UK operations, producing GHG emissions of 18.2 tCO_2e, 96% of our total.

Energy consumption and emissions

	2019	2020	2021	2022	2023	Difference vs 2022
On-site combustion (kWh)	42,592	n/a	n/a	n/a	**n/a**	–
Electricity (kWh)	385,759	67,165	169,604	122,880	**92,245**	(24.9%)
Road Transport (kWh)	n/a	n/a	17,463	n/a	**n/a**	–
Total Energy (kWh)	**428,351**	**67,165**	**187,067**	**122,880**	**92,245**	**(24.9%)**
Scope 1 Emissions (tCO_2e)	8	–	–	–	–	–
Scope 2 Emissions (tCO_2e)	114	21	41	24	**19**	(19.3%)
Scope 3 Emissions (tCO_2e)	852	118	42	103	**331**	161%
Total Emissions (tCO_2e)	974	139	83	127	**350**	176%
Emissions Intensity tCO_2e/FTE	**8.7**	**1.4**	**0.9**	**1.46**	**3.7**	**153%**
Emissions Intensity tCO_2e/m^2	**0.4**	**0.07**	**0.05**	**0.15**	**0.4**	**167%**

Emissions intensity

IP Group reports two metrics: emissions/staff number in FTE, and emissions per unit of office floor area in m^2. The resulting emission intensity calculations for 2023 are:

- 3.7 tCO_2e/FTE
- 0.4 tCO_2e/m^2

Our intensity metrics have increased by 153% and 167% respectively.

Performance

Our scope 2 emissions reduced by 19.3% but our Scope 3 rose by 161%.

The reasons for the significant increase in our scope 3 emissions are:

Increased business travel: post covid, there has been an increase in the business travel related to our business operations. This is especially so given the global nature of our business.

Greater data capture: we have started to go beyond employee commuting when it comes to calculating our scope 3 data and now include emissions from our purchased goods and services. We have also started to collate our financed emissions and will publish this next year.

Energy efficiency actions

Our offices incorporate a number of energy efficient technologies: the majority of light fittings are low energy LED, and motion sensors are installed to maximise energy efficiency. Other appliances and large office equipment such as printers and laptops are of energy efficient design. In 2024 our team is participating in the '10 in 10' collective energy reduction campaign at our office estate. The goal is to achieve a 10% reduction in energy consumption during a ten-week period.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES.

IP Group's carbon footprint and overall exposure to climate risk is low. Through our investments we have a huge opportunity to lead in the transition away from fossil fuels and enable organisations and governments to meet their Net Zero goals sooner, and support the Paris Agreement on climate. Science, technology and innovation, combined with funding, have also been identified by the UN as one of the main 'means of implementation' for achievement of the 2030 SDG agenda, which includes climate change.

We are well positioned on each of the four elements of climate-related financial disclosures recommended by the TCFD. We see these disclosures as an important journey for all organisations and we are committed to continuing to make progress on them.

Governance

Our Board and various Committees ensure active and ongoing oversight of the Group's management of climate-related risk and opportunities.

Strategy

Climate-related risks and opportunities are integrated into our broader Group-level strategy and operational processes. Our Group's strategy, taking into consideration different climate-related scenarios is resilient. Our Group's purpose focuses us on impact and we back and support businesses that will meaningfully contribute to a healthier, tech-enriched and regenerative future, including businesses whose technologies support action on climate.

Risk Management

We adopt a multifaceted approach to understanding potential risks to our business and portfolio companies, and ensuring that appropriate mitigations and controls are enacted for material issues. Climate-related risks are an important part of these efforts. We benchmark our overall ESG and climate risk management process with external ESG ratings agencies, to ensure that we are either in line with or above peers, with respect our to broader ESG risk management and disclosures.

Metrics and Targets

We have reduced our overall operational emissions by various strategies, including the implementation of hybrid working, moving offices to more sustainable premises, undertaking business travel only when necessary, and working with our suppliers to reduce Scope 3 emissions.

Our overall emissions have reduced from 974 in our 2019 base year to 350 in 2023, which is a 64% decrease. We have had an increase in our Scope 3 numbers due to the greater granularity with which we are measuring and reporting our Scope 3 emissions. We are also planning to track our financed emissions from 2024 onwards, and work towards a cohesive formalised emission reduction plan that incorporates all scopes.

The intensity metrics that we use (office space and FTE) enable cross-industry comparisons.

A summary of our compliance with the recommended disclosures can be found on pages 57 to 59.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES.

GOVERNANCE

Our approach to ESG and responsible investment and our related policies are overseen by the Board. Accountability for climate risk and strategy rests with executive management, with the CFOO having overall responsibility for ESG and climate matters. Our investment process considers ESG matters using our Ethical Investment Framework, which is overseen by our Ethics Committee. We have quarterly meetings (or on an ad-hoc basis when required) of the ESG Committee and Ethics Committee.

We understand that operating and investing responsibly requires a strengthened focus on climate change, particularly with respect to risks and opportunities that may have a material impact on the Group and our wider portfolio.

We have reporting processes in place to ensure that climate-related risks and opportunities are identified and communicated to management and Board level at the earliest opportunity. A description of our ESG organisational structure can be found in the table (right).

In 2023 our outsourced internal audit function (PwC) undertook a review of our high level ESG governance arrangements and surrounding internal and external ESG reporting, in comparison with the wider sector.

The review concluded with no critical or high level risks, and commended us on a number of good practice, especially in relation to the senior level representation at the ESG Committee. The review also commended us for being one of the few firms with a standing Ethics Committee chaired by an external party (Professor Gordon Clark). In 2024, we have strengthened our ESG Committee with the addition of Anita Kidgell, Non-executive Director. We have incorporated the workstream previously covered by the Responsible Investment working group (whose primary mandate was to operationalise ESG data collection across portfolio companies) into the ESG Committee to create a more streamlined approach to our in-house ESG initiatives.

Committee mandates and responsibilities

Committee name	Mandate and scope of responsibilities	Frequency of reporting to the Board
Board	The Board of Directors oversees the implementation and execution of the Group's ESG strategy. The ESG Committee includes three members of the Board, who take an active part in the functioning and duties of the ESG Committee. The Head of ESG also provides regular updates to both the Board and to the Executive Committee. Key matters pertaining to ESG and climate-related risks are discussed at the Executive Committee and at the Board, and any decisions are recorded in the minutes. Any key matters or considerations with respect to climate or broader ESG are included in the CEO update to the Board. The head of ESG also regularly presents to the Board, during which time, any material issues relating to climate will be raised. Climate-related considerations are factored into the broader IP Group risk management process and Risk Register.	**Quarterly**
ESG Committee	The ESG Committee defines the Group's ESG risk policy, reviews climate risks, monitors adherence to climate risk tolerance, and reviews all key climate-related issues and exposures. The ESG Committee also oversees related policies, programmes, targets and performance metrics. It reviews IP Group's responsible investing frameworks, including those that consider climate risks and opportunities. The ESG Committee is chaired by the CEO, and attended by the CFOO, a Non-executive Director, Director of Communications, UK General Counsel and representatives from the investment partnerships and operational teams. The CFOO has overall responsibility for ESG and climate matters.	**Quarterly**
Ethics Committee	Our Ethics Committee reflects the importance placed on ethics and how we conduct our business. The Ethics Committee is chaired by an independent external chair and oversees the Group's ethics framework, which defines and guides conduct with respect to our portfolio companies, employees, partners and our communities.	**Biannually**

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES.

STRATEGY

Our approach to assessing and managing climate-related risks and opportunities

IP Group carries out a climate risk and opportunities analysis of its operations and those of our 19 most material companies on an annual basis. The methodology used within this climate risk and opportunities analysis aligns to the TCFD recommendations and reporting framework. We consider a short-to-medium-term, and a long-term time horizon, and used Network for Greening the Financial System ("NGFS") scenarios to assess physical and transition risks, for different time horizons, and assess potential material financial impact on the organisation.

Time horizons

Due to the long-term nature of our investments and given the size and stage of our companies we do not anticipate material risks within a time horizon less than five years. Climate-related issues often manifest themselves over the medium and longer terms and for this reason we look at periods over five years and up to ten years as medium term and over ten years as long term.

Medium term: 5 to 10 years.

Long term: over 10 years.

When determining which risks could have a material financial impact on the organisation, we consider key risks at our organisational level (IP Group) in addition to key risks at an investment level (with respect to the portfolio in which we invest). The determination of the severity of the risk assess both physical risks (using geographical location and forward-looking scenarios that model potential impact across a range of material factors), and transition risks (looking at the core products or service of the portfolio company, and how climate change could impact demand and revenue). We list any key risks identified in the table 'summary of key risks', and our opportunities in the section 'categorising our opportunities'.

Global themes

Looking at the macro landscape, we see three global themes relevant to us as a Group:

01 Increasing societal imperative for a regenerative world	Societal imperative to limit global climate warming to 1.5°C, accelerating the demand for changes in industry structure, and social and economic reforms.	Society will continue to focus on increasing the transition to a green economy by accelerating the phase-down of fossil fuels, and increasing efforts to achieve a net zero economy. This implies faster adoption/a greater imperative for alternative, innovative clean technologies.
02 Increasing climate regulation	Increasing global regulation around decarbonisation and caps on carbon and GHG emissions.	The UK's Green Finance Strategy 2023; the net zero emission vehicle mandate is now law. This new regulation is backed by over £2 billion already invested by the UK Government to expand charging infrastructure and incentivise zero emission vehicles. This will further increase the demand for build out of net zero infrastructure.
03 Increasing capital flow into climate transition technologies	Increasing capital flow from private and public sectors into clean technology and supporting infrastructure.	We expect the announcement at COP28 to triple the world's installed renewable energy generation capacity to at least 11,000GW by 2030 and double the global average annual rate of energy efficiency improvements from around 2% to over 4% every year until 2030, to greatly increase and accelerate investments into cleantech.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES.

STRATEGY

How we are positioned with respect to the future climate landscape

- The transition to a lower-carbon economy offers a sizable opportunity for IP Group to not only contribute to the green transition, but also to realise value for stakeholders via the Group's long-term investment strategy, which seeks to address societal needs of the future including climate change via our Cleantech (Kiko Ventures) portfolio.
- Our Group and portfolio are highly resilient to the transition to a lower-carbon economy consistent with a 1.5°C or lower scenario, and additional scenarios consistent with increased physical climate-related risks. Our core strategy remains that of investing in early-stage science and technology, that will have a positive impact on people and planet. We do not invest in hard to abate sectors, nor do we have exposures to fossil fuel related sectors. Our investments in early-stage science and technology companies have low inherent exposure to climate risk and, via our Cleantech (Kiko Ventures) portfolio, we support companies that are innovating new technology, products and services to directly address climate risk mitigation and adaptation.

Our analysis approach

Materiality analysis	Identify likely material sustainability issues for our Group and portfolio.
Scenario analysis	Overlay key material issues identified for physical and transition risks, across various scenarios aligned with the NGFS for different time horizons.
Risk analysis	Gauge level of risks across physical and transition dimensions.
Disclosure	Summarise key findings and highlight any mitigation actions for risks, and any actions with respect to opportunities identified.

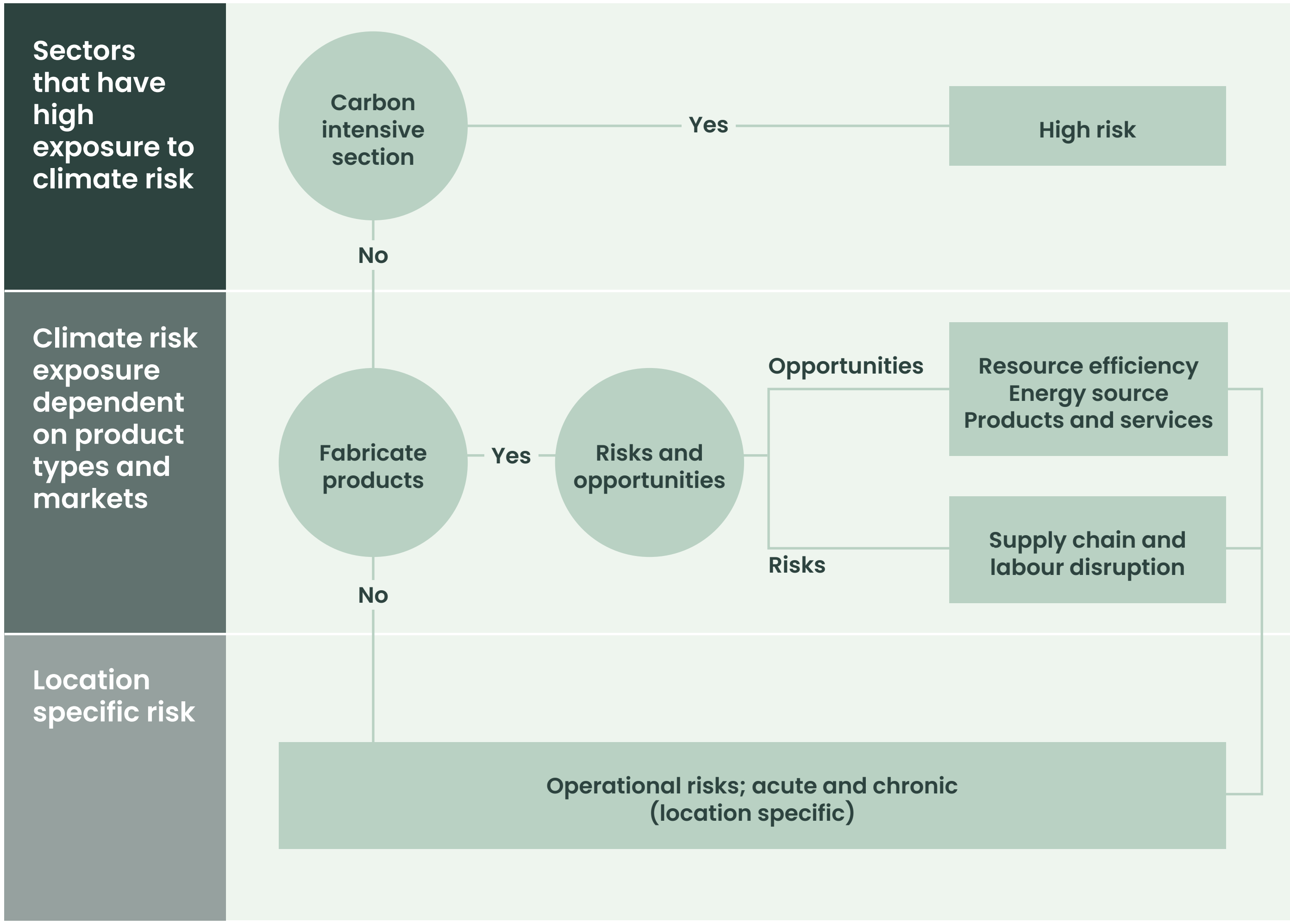
TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES.

RISK MANAGEMENT

Our climate-related risks and opportunities

Updating our risk assessment approach

We have updated our scoring approach based on the process diagram to the right. This allows us to score our overall risk relative to the sector, and products/services, that are more likely to be impacted by the transition to a regenerative and low carbon economy.



The impact based on the capacity to adapt is considered in recognition of the two overarching TCFD climate-related risk categories:

- **Vulnerability** – which is determined as a function of risk exposure, sensitivity and adaptive/transition capacity, is, therefore, the degree to which organisations, assets, societies, processes or systems will be negatively affected by risk, or have the propensity to be negatively affected. If the asset is carbon intensive or premised on the carbon economy, then the degree of vulnerability is higher.
- **Adaptive capacity** – the ability of organisations, assets, societies, processes or systems to alleviate the level of physical risks through actions and transition capacity, and the ability of organisations, assets, societies, processes and systems to alleviate the level of transition risks through actions.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES.

RISK MANAGEMENT

Risks and resilience

To determine our climate risk exposure, we conducted scenario analysis over the short-to-medium term, as well as long term. As a result of our analysis, we believe that the impact of climate change on the Group's financial position will be limited. We have updated our score values to a quantitative scoring, based on key material factors, with scores of 'low', 'medium' and 'high', dependent on defined thresholds. The magnitude of each risk is considered across three climate scenarios proposed by NGFS.

- **Orderly Transition Scenario**
  This scenario represents early and decisive global policy action to limit greenhouse gas emissions
- **Disorderly Transition Scenario**
  This scenario represents delayed, disruptive, sudden and/or unanticipated global policy action to limit greenhouse gas emissions
- **Hot House World Scenario**
  This scenario represents insufficient global policy action to limit greenhouse gas emissions, leading to a hot house world with significant global warming and, as a result, significantly increased exposure to physical risks

When looking at physical risks, we have used a time horizon extending to 2050, whereas when looking at transition risks we have used a time horizon of 2040. This is intentional. Physical risks are considered over a wider time horizon given that the scenarios do not change drastically over a long time frame. The potential for physical risk scenarios to change over a specific timeframe is:

- If there is a key event or new variable, such as biosphere collapse, in which case the whole scenario will have to be re-worked
- If the physical location of a company changes

Physical risks

Reference period: compared to 1986-2006 climate conditions. **Scenario:** using the NGFS scenario and data points from the NGFS climate impact tool to determine the severity of climate change impacts over time for the geographical locations of the companies being assessed, with respect to the factors listed below. **Scoring approach:** Absolute based on reference period used.	**Scored out of 50 with: low <20 medium <35 high<50** The climate-related scenarios and associated time horizon(s) considered 2030 and 2050.	**Acute risks** **Material factors considered:** • Relative changes in labour productivity due to heat stress compared to the reference period • Changes in mean air temperature over time, compared to the reference period **Chronic risks** **Material factors considered:** • Exposure to river floods compared to the reference period • Exposure heatwaves compared to the reference period • Exposure to wildfires compared to reference period

We have taken a shorter time horizon for the transition risk (to 2040 instead of 2050), as transition risk is influenced more by policies, and macroeconomic factors, and the confidence levels to extend the scenario to 2050 is low.

Finally we have used the NGFS models as an overlay for both physical risks and transition risks, and these are the timeframes for the data presented in the NGFS models.

Transition

Scenario: NGFS scenarios for transition risk using the NGFS tool. **Scoring approach:** relative scoring to other companies of similar size and sector. For transition risks, we score the resilience of the core products or services to transition risk factors such as carbon price increases, consumer behaviour preferences shifting to more environmentally products, etc. The resiliency score looks at the product or service and assess the potential impact on revenues and business model using the four dimensions to the right. Each is scored 1 to 5, with a total overall score of 20. The climate-related scenarios and associated time horizon(s) considered 2030 and 2040.	**Policy and Legal** • Increased pricing of GHG emissions • Mandates on, and regulation of, existing products and services • Exposure to litigation **Technology** • Substitution of existing products and services with lower emissions options • Costs to transition to lower emissions technology **Market** • Changing customer behaviour • Uncertainty in market signals • Increased cost of raw materials **Reputation** • Shifts in consumer preferences • Stigmatisation of sector • Negative stakeholder feedback	**Material factors considered:** • Shadow carbon price, energy prices, projected energy investments • The climate-related scenarios and associated time horizon(s) considered 2030 and 2050

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES.

RISK MANAGEMENT

Summary of key risks

Risk description	Climate scenarios: Orderly Transition	Climate scenarios: Disorderly Transition	Climate scenarios: Hot House World	Mitigation measures
IP Group plc: Policy/legal risk from increasingly stringent reporting requirements around climate risk, including TCFD and SECR. **TCFD Risk category:** Policy and Legal Risks (Transition Risks)	Low	Low	Low	Ensure robust climate governance structure is in place, which appropriately manages climate risks throughout the organisation, including specifying which climate considerations should be considered as part of pre-investment due diligence.
IP Group plc: Risk of failing to incorporate climate change fully into investment screening and due diligence process. **TCFD Risk category:** Market Risk and Reputation Risk (Transition Risks)	Low	Low	Low	Formalise the incorporation of climate change specific risk screening questions in the pre-investment due diligence process.
IP Group plc: Business interruption because of extreme weather events taking electricity or telecommunications networks offline. **TCFD Risk category:** Acute Risk and Chronic Risk (Physical Risks)	Low	Low	Low	Develop back up and resiliency plans which account for potential impacts of climate change.
Portfolio: Risk of supply chain disruption, which limits the availability of component parts required for manufacturing for certain companies. **TCFD Risk category:** Acute Risk and Chronic Risk (Physical Risks)	Low	Low	Medium	Support portfolio companies to review supplier sourcing strategies; encourage companies to develop contingency plans for when one supplier is affected; and encourage companies to avoid over concentration of risk with key suppliers.

KEY

LOW

Low impact to overall business model/operations and revenue streams. There is minimal, if any impact to the operations/revenue streams and/financial position, of the company.

MEDIUM

Medium impact to business model/ operations and revenue streams. There could be some disruption, but the business is able to adapt/ mitigate and continue operations. The core service/product offering and/or financial position, is not impacted.

HIGH

There could be a major impact to either the operational capability and/or products and services. The company suffers severe disruption to its operations and revenue streams as well as financial position due to the impact of climate change and the transition to a greener economy, requiring a major pivot with respect to its core products or services.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES.

RISK MANAGEMENT

Risk description	Climate scenarios: Orderly Transition	Climate scenarios: Disorderly Transition	Climate scenarios: Hot House World	Mitigation measures
Portfolio: Risk of increased cost of raw materials and production costs. **TCFD Risk category:** Acute Risk and Chronic Risk (Physical Risks)	Low	Low	Medium	Support portfolio companies to explore whether certain inputs can be substituted for others that may be more cost effective or have higher availability; and encourage portfolio companies to develop diversified supplier sourcing strategies.
Portfolio: Risk of product failure due to extreme weather conditions driven by climate change for companies with products operating in harsh environments exposed to extreme weather conditions. **TCFD Risk category:** Acute Risk and Chronic Risk (Physical Risks)	Low	Low	Low	Review product design and testing with portfolio companies that may be exposed to this risk.
Portfolio: Reputational risks associated with the decommissioning, recycling and non-recyclable waste associated with renewable energy products and/or energy storage systems e.g. fuel cells and batteries. **TCFD Risk category:** Policy and Legal Risks, Reputational Risks (Transition Risks)	Low	Low	Low	Support portfolio companies to develop business models and strategies that reduce waste and encourage re-use and facilitate recycling.
Portfolio: Risks to product deployment where companies are exposed to harsh weather conditions that may be exacerbated by climate change. **TCFD Risk category:** Acute Risk and Chronic Risk (Physical Risks)	Low	Low	Low	Support portfolio companies where this risk may apply to factor climate conditions into product design and testing.

KEY

LOW

Low impact to overall business model/operations and revenue streams. There is minimal, if any impact to the operations/revenue streams and/financial position, of the company.

MEDIUM

Medium impact to business model/operations and revenue streams. There could be some disruption, but the business is able to adapt/mitigate and continue operations. The core service/product offering and/or financial position, is not impacted.

HIGH

There could be a major impact to either the operational capability and/or products and services. The company suffers severe disruption to its operations and revenue streams as well as financial position due to the impact of climate change and the transition to a greener economy, requiring a major pivot with respect to its core products or services.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES.

RISK MANAGEMENT

Risk summary table

Using the NGFS data sets, we scored our most material companies. The scoring approach is further detailed on the table in page 50.

Investment theme	Sum of total risks	Number of companies in investment theme	Average risk
Cleantech	82	5	16.4
Deeptech	66	4	16.4
Life Sciences	160	10	16.4

Key points to note:

- No portfolio company scored above 50 in terms of key risks
- Our Life Sciences investment theme appears at first glance to pose a high level of risk, but this is because of the large number of Life Sciences companies in our portfolio. The normalised average risk is the same across each investment theme
- Given the early-stage nature of our portfolio companies, any risk would be minimal

Mitigation

At Group level, we have strengthened our governance and due diligence process. We have also developed a playbook for business resiliency to respond to business interruption caused by extreme weather events. At a portfolio level, we are implementing a programme of increased engagement and support to our portfolio companies, with their broader approach to climate risks and opportunities.

No company in our analysis breached the high risk threshold, across both the physical and transition risk assessments, over the various scenarios that were used.

In summary, in addition to building on the mitigation strategies identified from page 52, we have also launched two key initiatives to help with mitigating climate risks and impact.

- ESG data platform to collate data on ESG and climate risks: This platform will also provide our portfolio companies with a dashboard to highlight key indicators such as Greenhouse gas emissions and other metrics to help them understand and address broader ESG as well as climate risks
- Scoring system to assess investments across our three investment themes: we are developing a scoring system to assess opportunities as well as risks of portfolio companies that will assist with due diligence for new as well as follow on investments

Categorising our opportunities

IP Group's portfolio is well positioned to benefit from the transition to a lower carbon economy because of the large number of companies in our portfolio whose core technology and/or product offering responds to likely demand growth as the world decarbonises. This is particularly true of holdings in the cleantech sector. Technologies backed by the Group include renewable energy, hydrogen, electric mobility and energy storage.

The matrix on page 55 categorises the key environmental themes over the long term, where we feel we have the most opportunity to build and grow, based on our core competencies and expertise.

Climate-related R&D and innovation, expansion of low emission goods and services across the portfolio, and successful investment in new technologies were identified as the most material opportunities for IP Group.

Climate-related opportunities were identified using opportunity scores based on two dimensions:

- The size of the opportunity
- The ability to execute the opportunity

Opportunity scores were given to companies in the portfolio where the core technologies and products of the company aligned with climate-related opportunities. When applying this scoring methodology to our top holdings, 37 portfolio companies were rated 'high' in both opportunity size and execution capability.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES.

RISK MANAGEMENT

Opportunity categories	Opportunity context	TCFD categories
Low carbon energy generation	We expect to see a continuing increase in demand for low carbon energy generation, such as fusion energy, as the world transitions to zero carbon. We also expect to see significant demand for small-scale, localised wind energy generation. Portfolio companies in this category: First Light Fusion, Hysata	• Products and services • Markets • Energy source
Energy use reduction	In addition to a different energy paradigm, there will also be a drive for reduction and efficiency in energy usage. This will be from both a retail perspective as homeowners seek to lower their energy costs and reduce emissions, as well as in industrial applications and the transport sector. Portfolio companies in this category: Helio Display Materials, Mixergy	• Products and services • Markets • Resource efficiency
Energy storage	There will be growing need for storing various forms of renewable energy from solar, wind and hydrogen. We see a significant opportunity as demand for fuel cell technology grows and we expect the demand for low cost and long duration fuel cell storage will grow significantly as the world decarbonises and electric vehicles proliferate. Portfolio companies in this category: RFC Power, Bramble Energy	• Products and services • Markets • Resource efficiency
Carbon capture	There will be increasing demand for emissions reduction technologies including carbon capture. Portfolio companies in this category: C-Capture	• Products and services • Markets • Resource efficiency
Water availability	Water availability will become increasingly uncertain in the future, particularly under warmer climate scenarios. Many locations across the globe will experience an increase in water scarcity resulting in growing demand for technologies that help in the conservation, cleaning and filtering of water. Portfolio companies in this category: Xeros Technology Group (a company that was co-founded by IP Group)	• Products and services • Markets • Resource efficiency

Integrating climate risks and opportunities into businesses, strategy and financial planning

Any climate risks and opportunities that are identified are assessed in terms of how they may affect the Group's business model and performance.

We have established two key strands in integrating climate risks and opportunities into business strategy and financial planning.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES.

RISK MANAGEMENT

Strand 1: Reduce and mitigate climate risk

We collate key findings and learnings from the assessments that we undertake with respect to our operations and portfolio. Any key risks are integrated into our Risk Register Framework, with a view to strengthening our resilience, mitigation and adaptation responses.

New issues relating to climate and other ESG factors are discussed at the ESG Committee and escalated to the Executive Committee or the Board as appropriate. A materiality assessment is carried out, where we engage with external stakeholders to better understand the issues that are of most concern to them. For each issue, the assessment rates the degree of stakeholder concern and potential business impact.

ESG platform: to better monitor our financed emissions and understand ESG risks more broadly, we have purchased an ESG platform (apiday). We have undertaken to provide all our portfolio companies with access to this ESG tool, whereby we will pay for the tool, allowing them to track their progress against ESG and climate factors, and access key guidance around ESG topics.

Strand 2: Capitalise on climate opportunities

Growing interest in climate change and the transition to a low carbon world is expected to lead to stronger demand from investors for solutions that genuinely provide long-lasting impact for people and the planet. We are strongly poised to benefit the transition, as a leader, and an active investor, in the cleantech space for over 20 years. We are the world's first evergreen cleantech venture investor, with one of the earliest cleantech unicorns (Ceres Power). We are positive with respect to our position as a long-term investor in sustainability and climate change.

Our strategy to capitalise on climate opportunities is built on the following core components:

- **A dedicated cleantech platform:** Created a dedicated cleantech platform called Kiko Ventures, that will allow us to build a brand for the dynamic cleantech ecosystem
- **Investing at scale:** We are looking to allocate £200m from our balance sheet, for cleantech investments across Europe, over the next five years, which signifies a 3x increase in our rate of investment in this space (making us one of the largest cleantech VC investors across Europe)
- **Leveraging our differentiated insight, expertise and synergies:** Our team has deep experience within cleantech (with one of the best track records in our space), and have proprietary assets, including roadmaps to net zero, and linked into the wider green ecosystem, such as the Energy Transitions Commission. We collaborate closely with Parkwalk Advisors, our internal EIS specialists. Our internal Deeptech team is developing new AI tools, which we are able to leverage in sourcing and screening the right opportunities
- **Expanded team size:** We have expanded our Cleantech team with three new hires to support our pipeline and execute our ambitious strategy
- **Supporting industry initiatives and championing cleantech:** We are part of Cleantech for UK, the initiative that aims to pave the way for a new generation of global cleantech champions. We are members of the Institutional Investors Group on Climate Change ("IIGCC"), as well as the Initiative Climat International ("iCI")

Metrics and Targets

We have the ambition and goal to become a net zero company in the longer term and, in order to do this, are working towards a challenging emission reduction programme. We have reduced our overall operational emissions by various strategies, including the implementation of hybrid working, moving offices to more sustainable premises, undertaking business travel only when necessary, and working with our suppliers to reduce Scope 3 emissions. Overall, our total operational emissions (tCO_2e) have fallen by 87% to 127 from our 2019 base year total of 974. We continue to make efforts to reduce emissions by more than 90%.

Our intent is to achieve net zero by 2030. For 2024 we have initiated a process to collect information on our financed emissions across our portfolio companies. We are also collaborating with the IIGCC and the iCI, around a meaningful framework for emissions reductions for VCs.

Summary

There were no red flags identified and overall climate risk at Group and portfolio level is low.

Climate-related R&D and innovation, expansion of low emission goods and services across the portfolio, and successful investment in new technologies were identified as the most material opportunities for IP Group.

The portfolio is well positioned to benefit from the transition to a low carbon world due to its low exposure to climate-related risks and because of the large number of companies whose core technology and/or product offering address opportunities for energy transition.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES.

COMPLIANCE WITH TCFD RECOMMENDATIONS

IP Group considers climate-related risk to be financially immaterial in the context of the Company's overall financial statements.

IP Group has complied with the requirements of LR 9.8.6R and UK CFD by including climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures. We have considered Section C Guidance for All Sectors, and Section E of the TCFD Annex entitled 'Supplemental Guidance for Non-Financial Groups' in developing this disclosure. The table below describes our compliance with each area of the disclosure and where this information can be found in this Annual Report.

DISCLOSURE LEVEL KEY

- Full
- Partial
- Omitted

Section	Recommendation	2023 disclosure level	Reference	Further works planned in 2024
Governance Disclose the organisation's governance around climate-related risks and opportunities.	a. Describe the Board's oversight of climate-related risks and opportunities.	Full	Page 47	• For 2024 we are rolling out our ESG data platform with the intention of improving our data sets around ESG and climate, so that our ESG Committee, ExCo and Board have better insights and signals on which to base their decisions around climate risks and climate change
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	Full	Page 47	
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	Full	Page 52	• There were no red flags identified and overall climate risk at Group and portfolio level is low • Climate-related R&D and innovation, expansion of low emission goods and services across the portfolio, and successful investment in new technologies were identified as the most material opportunities for IP Group • The portfolio is well positioned to benefit from the transition to a low carbon world due to its low exposure to climate-related risks and because of the large number of companies whose core technology and/or product offering address opportunities for energy transition • For 2024, we are looking to better understand the opportunities that the green transition offers us, and better develop our response and strategy to accelerate the green transition
	b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	Full	Page 55	
	c. Describe the resilience of the organisation's strategy. Taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Full	Page 56	

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES.

COMPLIANCE WITH TCFD RECOMMENDATIONS

Section	Recommendation	2023 disclosure level	Reference	Further works planned in 2024
Risk Management Disclose how the organisation identifies, assesses and manages climate-related risks.	a. Describe the organisation's processes for identifying and assessing climate-related risks.	●	Page 48	• The methodology used within this climate risk and opportunities analysis aligns to the TCFD recommendations and reporting framework • Any risks that are identified are escalated as appropriate to the relevant function, Committee or Board, for a considered risk mitigation and management strategy and approach • The overall climate-related controls are embedded into the broader ESG governance and committee structure and monitored via an internal risk register • For 2024, we are in the process of developing a proprietary framework for climate risk assessment, which will also look to integrate the new 'too little, too late' scenario developed by the NGFS
	b. Describe the organisation's processes for managing climate-related risks.	●	Page 48	
	c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	●	Page 48	

DISCLOSURE LEVEL KEY

● Full

◔ Partial

○ Omitted

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES.

COMPLIANCE WITH TCFD RECOMMENDATIONS

Section	Recommendation	2023 disclosure level	Reference	Further works planned in 2024
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where the information is material.	a. Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management processes.	●	Page 48	• The metrics we use are: – tCO_2e/FTE (full time equivalent employee) – tCO_2e/m^2 (of office space) • As our overall emissions are very low, an intensity ratio allows us to better gauge our energy efficiency and overall strategy to increase energy efficiency, as well as compare our energy intensity to that of peers • **Scope 1:** We do not have Scope 1 emissions • **Scope 2:** We disclose Scope 2 for our operational boundary • **Scope 3:** We disclose business travel and commuting as part of Scope 3. For Scope 3, the Group does not currently collate data on financed emissions, but we intend to do so in future • For 2024, we are looking to work with our portfolio companies to develop a meaningful emission reduction plan. We will develop a plan in line with recognised formal frameworks. We are currently working with both the IIGCC and the iCI to look at the best approaches for net zero for venture capital firms
	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks.	●	Page 45	
	c. Describe the targets used by the organisation to manage climate-related risks and opportunities, and performance against targets.	●	Page 56	

DISCLOSURE LEVEL KEY

- ● Full
- ◔ Partial
- ○ Omitted

RISK MANAGEMENT.

Managing risk: our framework for balancing risk and reward

Governance

Overall responsibility for the risk framework and definition of risk appetite rests with the Board who, through regular review of risks, ensure that risk exposure is balanced with an ability to achieve the Group's strategic objectives. The IP Group Risk Council is the executive body that operates to establish, recommend and maintain a fit-for-purpose risk management framework appropriate for the Group and to oversee the effective application of the framework across the business. The Risk Council is chaired by the CFOO, its members include the Company Secretary, Finance Director and Senior Compliance and Risk Manager and it has representation from operational business units as required during the year. Risk identification is carried out through a bottom-up process via operational risk registers maintained by individual teams, which are updated and reported to the Risk Council at least biannually, with additional top-down input from the Executive Committee and with a non-executive review carried out by the Audit and Risk Committee at least annually.

Risk management process

Ranking of the Group's risks is carried out by combining the financial, strategic, operational, reputational, regulatory and employee impact of risks and the likelihood that they may occur. Operational risks are collated into strategic risks, which identifies key themes and emerging risks, and ultimately informs our principal risks, which are detailed in the Principal Risk and Uncertainties section of this report. The operations of the Group, and the implementation of its objectives and strategy, are subject to a number of principal risks and uncertainties. Were more than one of the risks to occur together, the overall impact on the Group may be compounded.

The design and ongoing effectiveness of the key controls over the Group's principal risks are documented using a 'risk and control matrix', which includes an assessment of the design and operating effectiveness of the controls in question. The key controls over the Group's identified principal risks are reviewed as part of the Group's risk management process, by management, the Audit and Risk Committee and the Board during the year. However, the Group's risk management programme can only provide reasonable, not absolute, assurance that principal risks are managed to an acceptable level.

The risk management activity in 2023 included updating the Group's risk appetite statements and key risk indicators, refreshing the Group's existing operational, strategic and principal risk registers, performing a full refresh of the key controls and an assessment of the strategic risks and the appropriateness of our principal risks via executive team and Board risk workshops.

Risk Council activity

During 2023, the Risk Council continued to build on the Group's existing risk management framework, enhancing risk management and internal control processes and working with PwC in an outsourced internal audit capacity and, in doing so, supported the Board in exercising its responsibility surrounding risk management.

While awaiting further updates with detail of the exact requirements and confirmed dates in relation to the proposed legislation and updates to the UK Corporate Governance Code outlined in the BEIS response statement in June 2022, the Risk Council considered an existing programme of 'no-regrets' workstreams identified in a previous scoping review which would support the Group's transition to the expected internal controls regime once announced in H1 2023. This included a financial reporting focused 'record to report' review, an entity level controls review and a treasury controls review to identify and remediate any controls gaps to the expected standard. The Risk Council reviewed a consultation on proposed changes to the UK Corporate Governance Code released in May and facilitated the Group's response to the FRC's consultation with input from Executive and Non-executive Directors, Company Secretary and People Director. The Risk Council reviewed the proposed changes to the Code and considered an appropriate implementation timeline and resourcing plan to meet the flagged effective date and continue to update our plans in light of emerging guidance. The Risk Council will review the final changes and associated guidance once published and reconsider its existing implementation plan.

The Group adopted a 'Cyber Response Guide' and 'Strategic Ransomware Response Playbook in 2021 which details how the Group would respond to a cyber crisis addressing the threat that cyber attacks now pose to businesses in every sector. In 2023, the Risk Council onboarded senior external communications support to provide strategic level support and additional resources to supplement a crisis scenario in the future, a 'Crisis Communications Manual' was developed as part of this workstream training was provided to the relevant individuals within the Group. The Risk Council also updated all existing policies, procedures and reference materials and provided refresher training to all staff on plans in place at the Group to respond to a cyber attack, support available, examples of what a ransomware attack might look like and the appropriate steps to take if they identify signs of a compromise. The Risk Council held two communications-focused scenario-based training sessions with the internal

RISK MANAGEMENT.

and external communications teams and Silver Response Team ("SRT") Chair in the year and held an externally facilitated cyber crisis simulation for all members of the SRT including external legal and communications supports. The Risk Council received a formal report from the Baker Mackenzie team who facilitated the all-parties training session noting multiple effective procedures were in place to respond to issues raised in the training scenario, which the SRT were obviously familiar with, excellent engagement from the SRT and other attendees, demonstration of good awareness of many cybersecurity issues and also noted a common-sense approach to responding to complex issues raised and considered practical ways to minimise effects and severity of the simulated cyber attack scenario. Areas for improvement were also identified and the Risk Council is leading the implementation of the actions identified which are expected to supplement current procedures in place.

Other projects in the year included:

- Monitoring the set-up of an RMB fund from ICCV
- The Group's joint venture with China Everbright, to be operated by the Group's Hong Kong subsidiary and obtaining the requisite licensing authorities from the local regulator to allow this activity
- Reviewing risk management disclosures in the Annual Report and Accounts
- Updating the Group's Business Continuity Plans
- Monitoring training and testing completion rates by employees
- Testing of key controls over the Group's principal risks
- Monitoring key risk indicators
- Performing a control investment review to ensure the desired levels of controls agreed by the Board were in place
- Continued monitoring of internal audit remediation points
- Monitoring progress of the Risk Council against its agreed objectives
- Reviewing a cyber compliance monitoring programme
- Providing project management support to the ARC in relation to the audit tender process
- The launch of a formal compliance-focused onboarding programme for new joiners
- Monitoring of the Group's conflicts procedures
- Considering the Group's relevant fraud risk categories alongside their relevant controls and potential likelihood and impact
- Continued communication of key outputs of the risk management programme to operational business heads and the wider employee group

Internal audit reviews were conducted over the following areas:

i. Cybersecurity review: an 'ethical-hacking' type review which consisted of a time-bound collaborative assumed compromise assessment across all IT infrastructures in operation across the Group

ii. Investment process review: a review of the investment approval process in the Group's Australian business which considered:

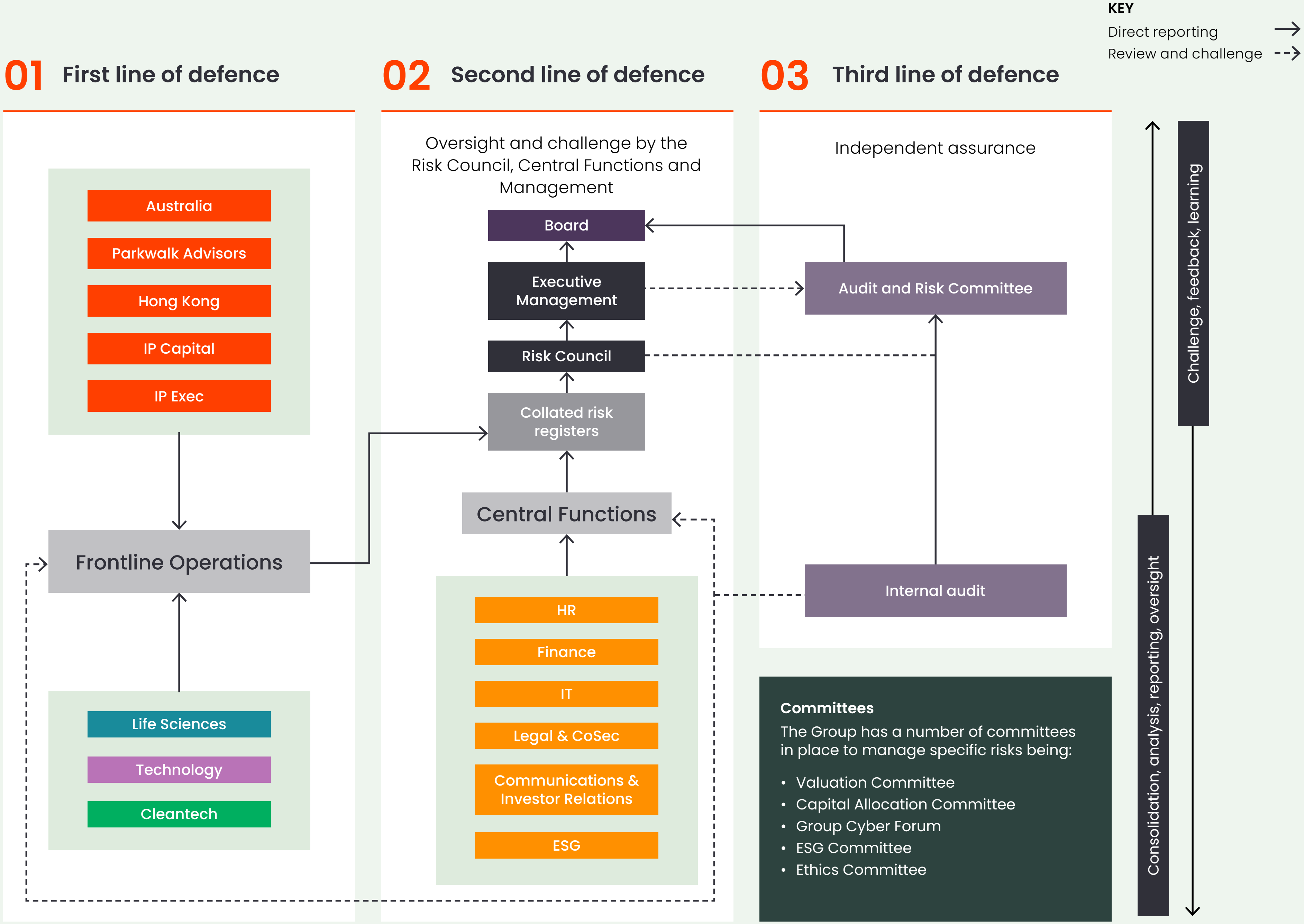
   a. Due diligence and risk assessment
   b. Review, approval and execution of investment documentation
   c. Regulation and compliance

iii. ESG review: a review of high-level governance arrangements surrounding internal and external ESG reporting and processes related to data collection and monitoring to inform internal and external ESG reporting

Priorities for 2024 include further business reviews by the internal audit function, review of the finalised UK Governance Code and associated preparation for updated internal controls requirements, delivering training and scenario-based testing programmes for operational resilience workstreams, and continued enhancement of Group risk reporting and communication across the business. We continue to monitor the impact of the ongoing wars in Ukraine and the Middle East, heightened geopolitical tension, supply chain disruption, inflation and interest rate trends, elevated levels of cost of living and volatile capital markets and note the greatest impact to the Group has been the marked decline in the valuation of technology and life sciences sector listed companies, which we consider heighten our principal risks of macroeconomic environment and access to capital risks.

RISK MANAGEMENT.

IP GROUP RISK MANAGEMENT FRAMEWORK



Committees

The Group has a number of committees in place to manage specific risks being:

- Valuation Committee
- Capital Allocation Committee
- Group Cyber Forum
- ESG Committee
- Ethics Committee

RISK MANAGEMENT.

Emerging risk

The Group's management and Board regularly consider emerging risks and opportunities, both internal and external, which may affect the Group in the near, medium, and long term. The Board considered this subject in detail at its annual risk workshop at the Board Strategy Day in October and continue to consider emerging risks throughout the year. Set out here are examples of some of the potential emerging risks that are currently being monitored by management and the Board:

Near term

Economic and geopolitical uncertainty

War in Europe and the Middle East is impacting cost of raw materials and potentially global inflation and there is considerable uncertainty over policymaking given that eight of the ten most populous countries in the world are expected to hold elections in 2024. Despite interest rate increases across the world in 2023 the global economy has shown considerable resilience and the IMF currently forecast global growth for 2023 to be 3% and predict a similar level of expansion in 2024. However, capital market volatility has persisted and continues to impact growth and technology stocks such as IP Group and its portfolio.

New cyber, IT security and AI threats

Cyber and IT security continue to be areas of risk for the Group and its portfolio which could be targets for hackers or competitors and the regulatory landscape, which is evolving rapidly around data security and the increasing powers of regulators to impose significant fines on companies who inadvertently breach legislation such as GDPR. The industry saw the exponential rise in AI-based threats in 2023 with increasing levels of sophistication available to bad actors to launch more sophisticated cyber attacks. The Group continued to invest in mitigating controls, regular staff training and cyber incident exercising to support our response to this risk area.

Medium term

Global government spending on healthcare and drug development

Government spending on new healthcare technology, drug development and related regulators and investment policy decisions would impact the speed of progress for the industry as a whole which could encourage more financial and human capital to the sector and ultimately there would be a greater opportunity for meaningful impact for all participants including investors such as the Group and its stakeholders.

Competition and the use of AI tools

AI tools could be used more effectively by competitors increasing competition for deals and driving up valuations or be used incorrectly leading to bias in decision making.

Longer term

Climate change transition and technology risks

Transition risks can occur when moving towards a less polluting, greener economy. Such transitions could mean that the Group could face higher costs of doing business; for example new climate-related legislation, regulations and reporting requirements, such as TCFD and SECR reporting, will pose additional costs as the Group seeks to manage these risks by investing additional resources to ensure compliance.

Climate change continues to be a key concern of the Group and its stakeholders. IP Group invests in technology that has the potential to have positive impacts on the environment and the Group is well positioned to take advantage of the changing preferences of governments, businesses and individuals.

In addition, IP Group reported against the TCFD recommendations in monitoring risks and opportunities to the business as presented by climate change.

RISK MANAGEMENT.

Summary of principal risks and mitigants

A summary of the principal risks affecting the Group and the steps taken to manage these is set out in this section. Further discussion of the Group's approach to principal risks and uncertainties is given on page 100 of the Corporate Governance Statement and pages 132 to 133 of the Audit and Risk Committee Report, while further disclosure of the Group's financial risk management is set out in note 3 to the consolidated financial statements on pages 161 to 163. Following the 2023 annual review process, the heatmap below describes the relative potential risks posed by each of the Group's identified principal risks i.e. how the principal risks are ranked against each other.

Consideration of risk appetite

The Group accepts that certain risks are inherent in achieving its strategic aims, which are set out in the strategy section of the report on page 17. The Group accepts risk only as it is consistent with the Group's purpose and strategy and where they can be appropriately managed and offer a sufficient risk/reward balance. The Board has determined its risk appetite in relation to each of its principal risks and considered appropriate metrics to monitor performance relative to defined thresholds.

The Board's assessment of risk appetite is provided in the summary of each principal risk below.

Risk appetite ratings defined:

Very low

Following a marginal-risk, marginal-reward approach that represents the safest strategic route available

Low

Seeking to integrate sufficient control and mitigation methods in order to accommodate a low level of risk, though this will also limit reward potential

Balanced

An approach which brings a moderate chance of success, considering the risks, along with reasonable rewards, economic and otherwise

High

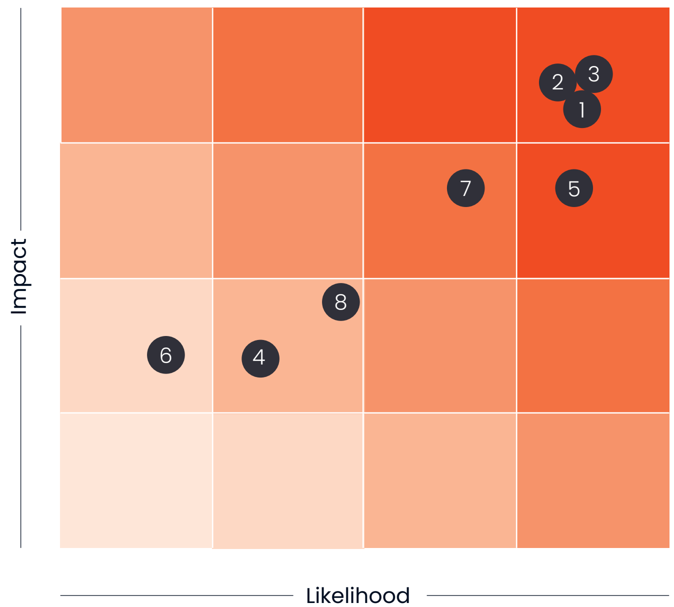
Willing to consider bolder opportunities with higher levels of risk in exchange for increased business payoffs

Very high

Pursuing high-risk, inherently uncertain options that carry with them the potential for high-level rewards

Board risk workshop – principal risks

Risk heatmap



Principal risks:

1. Insufficient capital: plc
2. Insufficient capital: portfolio
3. Insufficient returns
4. People
5. Macroeconomic environment
6. Legislation/regulation
7. Cyber and IT security
8. Operations including international operations

● 2023 principal risk scoring

RISK MANAGEMENT.
PRINCIPAL RISKS AND UNCERTAINTIES

01 **It may be difficult for the Group to maintain the required level of capital to continue to operate at planned levels of investment activity and overheads**

The Group's funding model has historically been reliant on capital markets, particularly those in the UK; however, the Group is moving towards self-sustainability with realisations from the portfolio contributing significantly to the Group's ongoing capital needs. The ability of the Group to raise further capital through realisations, or potentially through equity issues or debt, is influenced by the general economic climate and capital market conditions, particularly in the UK.

Link to strategy

Access to sufficient levels of capital allows the Group to invest in its investment assets, develop early-stage investment opportunities and invest in its most exciting companies to ensure attractive future financial returns.

Actions taken by management

- The Group has significant balance sheet capital and managed funds capital to deploy in portfolio opportunities
- The Group regularly forecasts cash requirements of the portfolio and ensures capital allocations are compliant with budgetary limits, treasury and capital allocation policies and guidelines and transaction authorisation controls
- The Group ensures that minimum cash is available to maintain sufficient headroom over debt covenants and regulatory capital requirements

Risk appetite

Examples of risk

- The Group may not be able to provide the necessary capital to key priority assets, which may affect the portfolio companies' performance or dilute future returns of the Group
- The Group may not be able to realise capital from its portfolio to fund the desired level of investment activity in the portfolio

Development during the year

- The Group appointed a Managing Director of Global Capital in January 2023 to develop greater levels of access to strategic third-party capital
- The Group's share price continued to trade below NAV during the year
- A sub-group of the Executive Committee met regularly throughout the year to oversee workstreams focused on narrowing the gap between NAV and the share price
- Cash proceeds totalled £38.6m in 2023
- Capital allocation group met monthly in 2023 in response to the volatile capital market environment and we continue to develop the capital allocation process to support optimal decision making
- The quoted portfolio value reduced by £32.4m in the year

Change from 2022

KEY

STRATEGIC PILLARS

Have an impact on the world that counts

Develop our unique insight, expertise and access

Accelerate value creation

Build a truly differentiated reputation

Be a home for exceptional talent

CHANGE FROM 2022

Increase

Decrease

No change

RISK APPETITE

Very low

Low

Balanced

High

Very high

RISK MANAGEMENT.

PRINCIPAL RISKS AND UNCERTAINTIES

02 **It may be difficult for the Group's portfolio companies to attract sufficient capital**

The Group's portfolio companies are typically in their development or growth phases and, therefore, require additional capital to continue operations. While a proportion of this capital will generally be forthcoming from the Group, subject to capital allocation and company progress, additional third-party capital will usually also be necessary. The ability of portfolio companies to attract further capital is influenced by their financial and operational performance and the general economic climate and trading conditions, particularly (for many companies) in the UK.

Link to strategy

Access to sufficient levels of capital allows the Group's portfolio companies to invest in technology and commercial opportunities to ensure future financial returns.

Actions taken by management

- The Group operates a corporate finance function, which is experienced in carrying out fundraising mandates for portfolio companies
- The Group maintains close relationships with a wide variety of co-investors that focus on companies at differing stages of development
- The Group regularly forecasts cash requirements of the portfolio and monitors those with a heightened funding risk
- Parkwalk Advisors continue to have independent investment decision making and is anticipated to continue to be an important co-investor with the Group, supporting shared portfolio companies

Risk appetite

Examples of risk

- The success of those portfolio companies that require significant funding in the future may be influenced by the market's appetite for investment in early-stage companies, which may not be sufficient
- Failure of companies within the Group's portfolio may make it more difficult for the Group or its spin-out companies to raise additional capital

Development during the year

- IP Group hosted a flagship "scale it up" investor event at London's Science Museum and included a panel discussion on how best the UK can support more innovation which showcased seven of the Group's most exciting companies and was attended by over 180 guests
- IP Group hosted two portfolio company events in 2023 to showcase the Group's portfolio companies. These included an in-person Deeptech event to showcase recent portfolio company performance and key focus areas for investment and an-person Life Sciences investor update outlining key value inflection points for the portfolio over the next 12–18 months and included presentations from Genomics plc and Oxford Nanopore Technologies plc CEOs
- Increased number of targeted international investor roadshows in the year in the US, UK, EU and Middle East
- Continued management of an A$310m trust and a separate mandate for an Australian Super Fund which has a mandate to co-invest with IP Group plc portfolio companies. In the year, six Group portfolio companies received funding from these investment vehicles. Total assets at the year end for the managed trust plus undrawn commitments totalled A$307m
- Obtained regulatory permissions in Hong Kong for a licence to raise capital from Hong Kong in the year
- Parkwalk Advisors raised £32m in 2023 and had total AUM of £469m at the end of 2023 and obtained full-scope AIFM permissions from the FCA allowing the firm to manage greater levels of third-party capital

Change from 2022

KEY

STRATEGIC PILLARS

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- Build a truly differentiated reputation
- Be a home for exceptional talent

CHANGE FROM 2022

- Increase
- Decrease
- No change

RISK APPETITE

- Very low
- Low
- Balanced
- High
- Very high

RISK MANAGEMENT.

PRINCIPAL RISKS AND UNCERTAINTIES

03 The returns and cash proceeds from the Group's early-stage companies may be insufficient

Early-stage companies typically face a number of risks, including being unable to secure later rounds of funding at crucial development inflection points, being unable to source or retain appropriately skilled staff, competing technologies entering the market, technology can be materially unproven and may ultimately fail, IP may be infringed, copied or stolen, may be more susceptible to cybercrime and other administrative, taxation or compliance issues. These factors may lead to the Group not realising a sufficient return on its invested capital at an individual company or overall portfolio level. At the portfolio level, a reduction in NAV and realisation potential could impact shareholder returns or negatively impact specific strategic initiatives.

Link to strategy

Uncertain or insufficient cash returns could impact the Group's ability to deliver attractive returns to shareholders when our ability to react to portfolio company funding requirements is negatively impacted or where budgeted cash proceeds are delayed.

Actions taken by management

- The Group's employees have significant experience in sourcing, developing and growing early-stage technology companies to significant value, including use of the Group's systematic opportunity evaluation and business building methodologies within delegated board authorities
- Members of the Group's investment partnership teams typically serve as non-executive directors or advisors to portfolio companies to help identify and remedy critical issues
- The Group has portfolio company holdings across different sectors managed by experienced sector-specialist teams to reduce the impact of a single company failure or sector decline
- The Group maintains significant cash balances and seeks to employ a capital efficient process deploying low levels of initial capital to enable identification and mitigation of potential failures at the earliest possible stage

Risk appetite

Examples of risk

- Portfolio company failure directly impacts the Group's value and profitability
- At any time, a large proportion of the Group's portfolio may be accounted for by very few companies, which could exacerbate the impact of any impairment or failure of one or more of these companies
- The value of the Group's drug discovery and development portfolio companies may be significantly impacted by a negative clinical trial result
- Cash realisations from the Group's portfolio through trade sales and IPOs could vary significantly from year to year

Development during the year

- The Group's portfolio companies raised approximately £655m of capital in 2023
- Excluding the Oxford Nanopore holding, the Group held board seats on 89.5% of portfolio companies valued at greater than £5m by value
- The Group hired four investment professionals across the UK Deeptech and Cleantech teams, one investment profession at Parkwalk Advisors and one investment professional in the Australian Physical Sciences team in 2023. Two investment professionals left the business, of which one took up a senior role at an IP Group portfolio company

Change from 2022

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CHANGE FROM 2022

Increase

Decrease

No change

RISK APPETITE

Very low

Low

Balanced

High

Very high

RISK MANAGEMENT.

PRINCIPAL RISKS AND UNCERTAINTIES

04 **The Group may lose key personnel or fail to attract and integrate new personnel**

The industry in which the Group operates is a specialised area and the Group requires highly qualified and experienced employees. There is a risk that the Group's employees could be approached and solicited by competitors or other technology-based companies and organisations or could otherwise choose to leave the Group. Scaling the team, particularly in foreign jurisdictions such as Australia and New Zealand and Hong Kong, presents an additional potential risk.

Link to strategy

The Group's strategic objectives of developing and supporting a portfolio of compelling intellectual property-based opportunities into robust businesses capable of delivering attractive financial returns on our assets is dependent on the Group's employees who work with the portfolio companies and those who support them.

Actions taken by management

- Senior team succession plans in place
- Formal learning and development programme for all employees in place
- The Group carries out regular market comparisons for staff and executive remuneration and seeks to offer a balanced incentive package comprising a mix of salary, benefits, performance-based long-term incentives, and benefits such as flexible working and salary sacrifice arrangements
- The Group encourages employee development and inclusion through coaching and mentoring and carries out annual objective setting and appraisals
- The Group promotes an open culture of communication and provides an inspiring and challenging workplace where people are given autonomy to do their jobs. The Group is fully supportive of flexible working and has enabled employees to work flexibly
- An employee forum, "IP Connect" with an appointed designated Non-executive Director to facilitate dialogue with the Board in both directions. Part of IP Connect's remit is also to support the evolution of the culture and continuous improvement of working life at the Group
- An inclusion and diversity committee the "ID Project", sponsored by the CEO is in place to support an inclusive environment to work

Risk appetite

Examples of risk

- Loss of key executives and employees of the Group or an inability to attract, retain and integrate appropriately skilled and experienced employees could have an adverse effect on the Group's competitive advantage, business, financial condition, operational results and future prospects

Development during the year

- Continued excellent employee engagement (net promoter) scores obtained in the year from employee engagement surveys
- Continued to dedicate senior team time and resources to the development of the Group's inclusion and diversity programme, the ID Project. Progress against key IDP Masterplan objectives and a firmwide inclusive communications training was provided to all employees in 2023
- More than 74% of employees attended a L&D programme sponsored training course
- Continued high frequency of employee communications from Executive Directors and the Head of HR via regular virtual and in-person all-staff meetings
- The labour market was resilient in 2023; however, quit rates, a key feature of tight pandemic labour markets are now thought to be below 2019 levels. This, alongside moderated labour market demand in response to the weakened economic activity globally means that while talent acquisition and retention is still competitive the impact of the wider market has reduced this risk somewhat for the Group
- Unplanned staff attrition was 2%
- Approximately 59% of employees have been with the Company for at least five years

Change from 2022

KEY

STRATEGIC PILLARS

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- Accelerate value creation
- Build a truly differentiated reputation
- Be a home for exceptional talent

CHANGE FROM 2022

- Increase
- Decrease
- No change

RISK APPETITE

- Very low
- Low
- Balanced
- High
- Very high

RISK MANAGEMENT.

PRINCIPAL RISKS AND UNCERTAINTIES

05 Macroeconomic conditions may negatively impact the Group's ability to achieve its strategic objectives

Adverse macroeconomic conditions could reduce the opportunity to deploy capital into opportunities or may limit the ability of such portfolio companies to receive third-party funding, develop profitable businesses or achieve increases in value or exits. Political uncertainty, including impacts from Brexit, the COVID-19 pandemic or similar scenarios, could have a number of potential impacts, including global conflicts impacting the cost of raw materials required by portfolio companies, changes to the labour market available to the Group for recruitment or regulatory environment in which the Group and its portfolio companies operate.

Link to strategy

The Group's strategic objectives of developing a portfolio of commercially successful portfolio companies and delivering attractive financial returns on our assets and third-party funds can be materially impacted by the current macroeconomic environment.

Actions taken by management

- Senior management receive regular capital market and economic updates from the Group's capital markets team and its brokers
- Monthly capital allocation process and on-going monitoring against agreed budget
- Regular oversight of upcoming capital requirements of portfolio from both the Group and third parties
- The Group's Risk Council monitors key macroeconomic trends that may impact the Group

Risk appetite

Examples of risk

- The success of those portfolio companies that require significant external funding may be influenced by the market's appetite for investment in early-stage companies, which may not be sufficient
- Of the Group's portfolio value, 17.5% is held in companies quoted on public markets and decreases in values to these markets could result in a material fair value impact to the portfolio as a whole

Development during the year

- Macroeconomic and geopolitical conditions remain uncertain in the UK. Inflation in the UK fell in 2023 to 4.0% and interest rate rises were seen across the UK, Eurozone, US and elsewhere, ending an era of low interest rates. In early 2024 the market is anticipating moderate decreases to interest rates in the short term; however, the expectation is that interest rates will not revert to the lower interest rates experienced in the recent past
- Russia's invasion of Ukraine continued in the year and conflict in the Middle East began in Q4
- The Group has maintained significant cash reserves available for investment and as such is well placed to respond to macroeconomic uncertainty

Change from 2022

KEY

STRATEGIC PILLARS

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Accelerate value creation

Build a truly differentiated reputation

Be a home for exceptional talent

CHANGE FROM 2022

Increase

Decrease

No change

RISK APPETITE

Very low

Low

Balanced

High

Very high

RISK MANAGEMENT.

PRINCIPAL RISKS AND UNCERTAINTIES

06 There may be changes to, impacts from, or failure to comply with, legislation, government policy and regulation

There may be unforeseen changes in, or impacts from, government policy, regulation or legislation (including taxation legislation). This could include changes to funding levels or to the terms upon which public monies are made available to universities and research institutions and the ownership of any resulting intellectual property.

Link to strategy

The Group's strategic objectives of creating and maintaining a portfolio of compelling opportunities to deliver attractive returns for shareholders could be materially impacted by failure to comply with, or adequately plan for, a change in legislation, government policy or regulation.

Actions taken by management

- University partners are incentivised to protect their IP for exploitation as the partnership agreements share returns between universities, academic founders and the Group
- The Group utilises professional advisors as appropriate to support its monitoring of, and response to changes in, tax, insurance or other legislation
- The Group has internal policies and procedures to ensure its compliance with applicable regulations
- The Group maintains directors and officers ("D&O") and professional indemnity insurance policies

Risk appetite

Examples of risk

- Changes could result in universities and researchers no longer being able to own, exploit or protect intellectual property on attractive terms
- Changes to tax legislation or the nature of the Group's activities, in particular in relation to the Substantial Shareholder Exemption, may adversely affect the Group's tax position and accordingly its value and operations
- Regulatory changes or breaches could ultimately lead to withdrawal of regulatory permissions for the Group's authorised subsidiaries, resulting in loss of fund management contracts, reputational damage or fines

Development during the year

- Ongoing focus on regulatory compliance, including third-party reviews and utilisation of specialist advisors
- Parkwalk Advisors Ltd received regulatory permissions from the FCA in the year to allow them to increase the level of assets under management in response to their success as an EIS investment manager
- An application for Type 1 and Type 9 regulatory licences from the Securities and Futures Commission ("SFC") in Hong Kong was obtained in the year. The licences allow the Group's Hong Kong subsidiary to raise capital for the Group's portfolio companies and other similar companies and manage a PRC-based fund

Change from 2022

KEY

STRATEGIC PILLARS

Have an impact on the world that counts

Develop our unique insight, expertise and access

Accelerate value creation

Build a truly differentiated reputation

Be a home for exceptional talent

CHANGE FROM 2022

Increase

Decrease

No change

RISK APPETITE

Very low

Low

Balanced

High

Very high

RISK MANAGEMENT.

PRINCIPAL RISKS AND UNCERTAINTIES

07 The Group and its portfolio companies may be subjected to phishing and ransomware attacks, data leakage and hacking

This could include taking over email accounts to request or authorise payments, GDPR breaches and access to sensitive corporate and portfolio company data.

Link to strategy

The Group's strategic objectives of creating and maintaining a portfolio of compelling opportunities to deliver attractive returns for shareholders could be materially impacted by a serious cybersecurity breach at a corporate or portfolio company level.

Actions taken by management

- The Group reviews its data and cybersecurity processes with its external outsourced IT providers and applies the UK Government's "ten steps" framework or other national equivalents where relevant
- Regular IT management reporting framework in place
- Internal and third-party reviews of policies and procedures in place to ensure appropriate framework in place to safeguard data
- Assessment of third-party suppliers of cloud-based and on-premises systems in use
- Annual Cyber and IT training is supplemented by regular bite-sized and interactive cybersecurity training
- Network and infrastructure security systems to respond to emerging threats

Risk appetite

Examples of risk

- The Group, or one, or a combination of, its portfolio companies could face significant fines from a data security breach
- The Group or one of its portfolio companies could be subjected to a phishing attack, which could lead to invalid payments being authorised or a sensitive information leak
- A malware or ransomware attack could lead to systems becoming non-functioning and impair the ability of the business to operate in the short term

Development during the year

- Ongoing focus on IT security and staff training
- Continued programme of phishing and penetration testing
- Implementation of additional cybersecurity systems to provide enhanced threat detection
- Internal Audit completed an "ethical hacking" style review
- Onboarded strategic level external communications resource to supplement response resources to a serious cyber incident
- Three cyber attack simulations were undertaken in the year to allow executive management to practice their planned response to a serious cyber incident, including two externally facilitated sessions
- Extensive training and testing of the Group's cyber response plans in the year

Change from 2022

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No change

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Very low

Low

Balanced

High

Very high

RISK MANAGEMENT.

PRINCIPAL RISKS AND UNCERTAINTIES

08 The Group may be negatively impacted by operational issues both from a UK central and international operations perspective

The potential for a negative impact to the Group arising from operational issues such as business continuity and the overseas operations through non-compliance with local laws and regulations, failure to integrate overseas operations with the Group, an inability to foresee territory-specific risks and macro-events. The Group may also fail to establish effective control mechanisms, considering different working culture and environment, leading to significant senior management time requirement, distracting from core day-to-day business.

Link to strategy

The Group's strategy includes building a portfolio of compelling intellectual property-based companies across the UK and Australia and New Zealand. The scale of the Group's operations, including internationally represents increased importance of successful execution of its operations.

Actions taken by management

- Local legal and regulatory advisors have been engaged in the establishment phase of overseas operations. International teams typically have their own in-house legal teams and regularly report to the UK-based General Counsel
- Business continuity plans are in place for the Group and tested regularly
- Our executive recruitment function and HR are involved in senior hires for new territories. Senior international personnel include current and former UK employees, encouraging a shared culture across territories
- Video conferencing supplements regular travel between the UK and other territories to ensure the Group is aligned in its strategy and culture
- The risk management framework in place across each business unit has been established in each international territory and is integrated into the Group's regular risk management processes and reporting
- Third-party suppliers are used for international accounting and payroll services to reduce the risk of fraud within smaller teams
- The Group's Executive Committee includes senior representatives from Australia and Hong Kong. Other key committees and working groups also include team members from international offices

Risk appetite

Examples of risk

- A legal or regulatory breach could ultimately lead to the withdrawal of regulatory permissions overseas, resulting in loss of trust management contracts, reputational damage and fines
- Divergent Group cultures may lead to difficulties in achieving the Group's strategic aims
- A major control failure could lead to a successful fraudulent attack on the Group's IT infrastructure or access to bank accounts
- Senior management may spend a significant amount of time in setting up and establishing new territories, which could detract from central Group strategy and operations

Development during the year

- Continued coordination of risk reporting across Australia, New Zealand and Hong Kong
- Hong Kong regulatory permissions obtained from local regulator and Group risk and compliance reporting programme commenced
- Reviewed disaster recovery plans in the year

Change from 2022

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CHANGE FROM 2022

Increase

Decrease

No change

RISK APPETITE

Very low

Low

Balanced

High

Very high

RISK MANAGEMENT.

Viability statement

The Directors have carried out a robust assessment of the viability of the Group over a three-year period to December 2026, considering its strategy, its current financial position and its principal risks. The three-year period reflects the time horizon reviewed by the Board, and over which the Group places a higher degree of reliance over the forecasting assumptions used.

The strategy and associated principal risks underpin the Group's three-year financial plan and scenario testing, which the Directors review and approve at least annually. As a business which seeks to accelerate the impact of science for a better future through our portfolio companies, our business model seeks to balance cash investments, the generation of portfolio returns and portfolio realisations. The three-year plan is built using a bottom-up model using assumptions over:

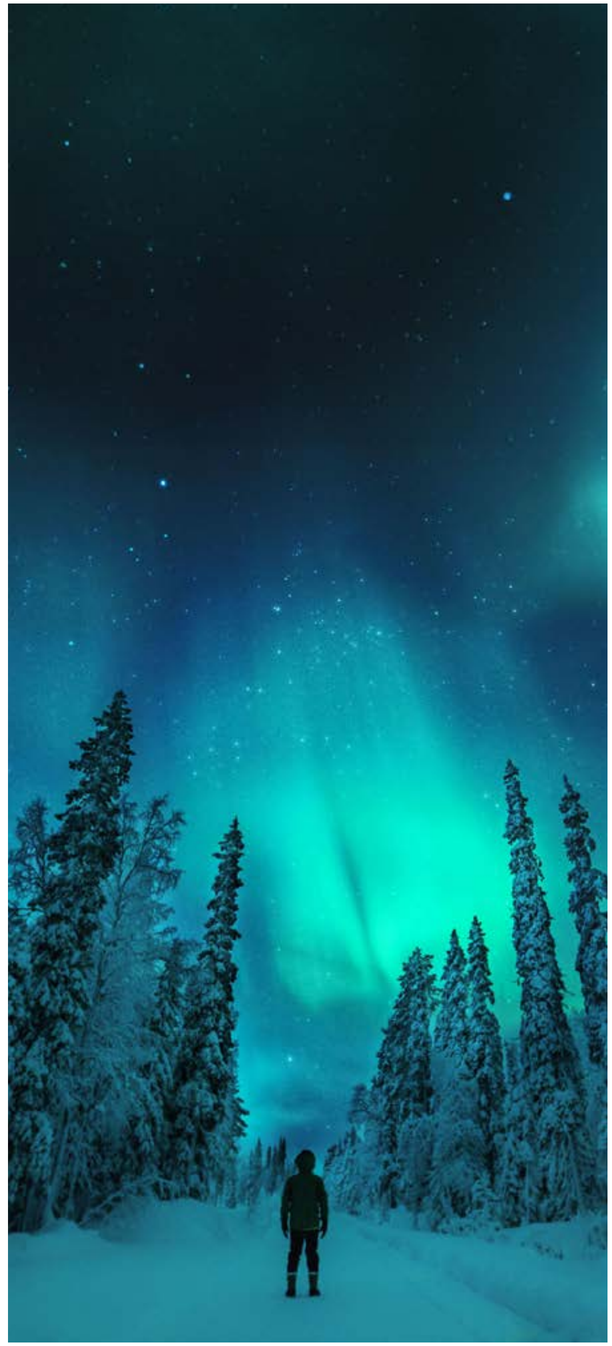
- the level of portfolio investment
- the level of realisations from the portfolio (net of carried interest payments)
- the financial performance (and valuation) of the underlying portfolio companies
- the Group's drawdown and repayment of its debt
- the Group's ability to raise further capital
- the level of the Group's net overheads and
- the level of dividends and share buybacks

Of the Group's principal risks, those relating to insufficient capital (both Group and portfolio companies), insufficient investment returns and macroeconomic conditions are deemed to be the most relevant to the Group's viability assessment due to their potential to impact the Group's liquidity position and net asset position, both of which directly impact the level of headroom over the Group's debt covenants. Other principal risks including; personnel risk; legislation, governance and regulation; cyber and IT and international operations could have an impact on the Group's performance but are less likely to have a direct impact on viability within the assessment period.

To assess the impact of the principal risks highlighted above on the prospects of the Group, the financial plan is stress-tested by modelling severe but plausible and intermediate downside scenarios where adverse impacts across the Group's principal risks relating to insufficient capital, insufficient investment returns and macroeconomic conditions were considered as part of the review. Under the severe downside scenario, a 70% reduction in planned realisations and a 35% decline in portfolio fair values which were considered together with a series of mitigating actions, including reducing planned levels of investment.

Under these stress-testing scenarios, significant reductions to portfolio investments are made to preserve the Group's remaining cash balances. In all scenarios modelled, the Group remains solvent throughout the three-year period with no breach of debt covenants of a "cash trap period" occurring. See note 19 for further details on cash trap arrangements.

Based on this assessment, the Directors have a reasonable expectation that the Group will continue to operate and meets its liabilities, as they fall due, up to December 2026.



WORKING WITH THE GROUP'S STAKEHOLDERS.

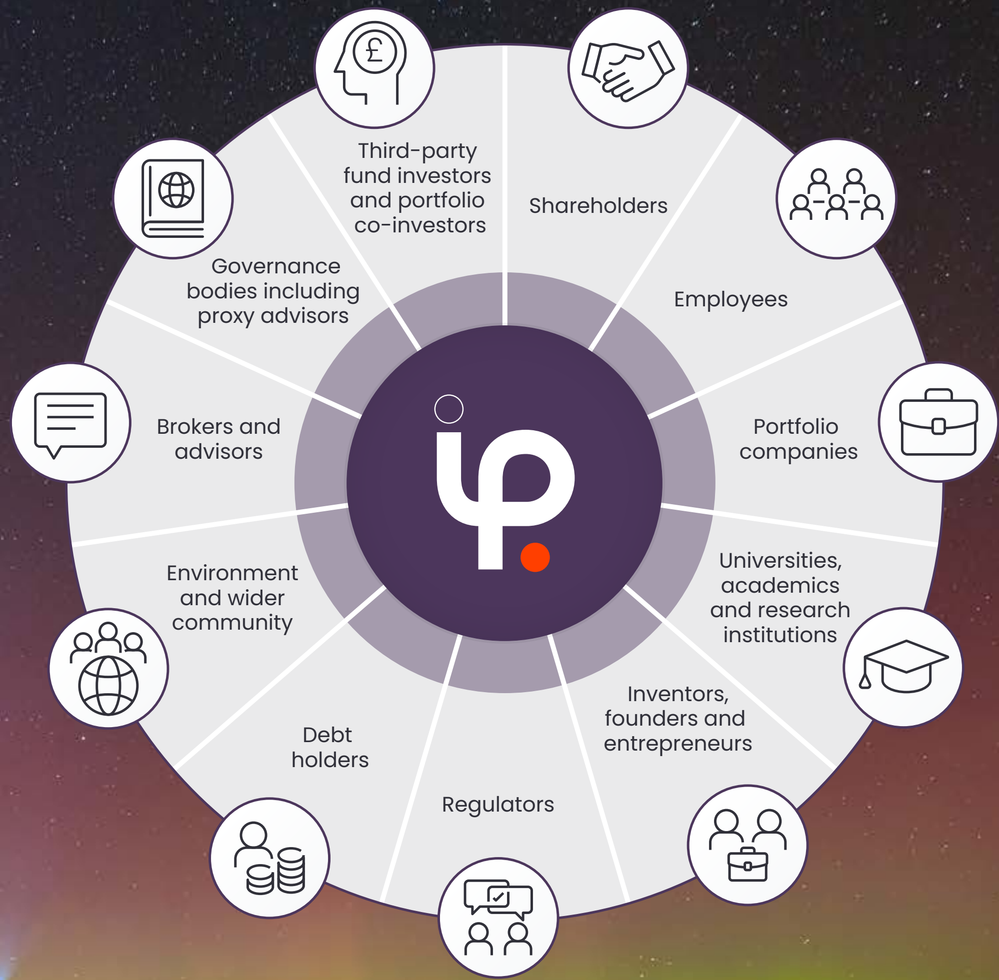
Statement by the Directors in performance of their duties in accordance with s172(1) Companies Act 2006

The Directors of IP Group plc consider that they have acted both individually and together as a Board in the way that would be most likely to promote the success of the Company for the benefit of its members as a whole. This statement describes how the Board has had regard to the matters set out in s172(1) (a) to (f) Companies Act 2006 when performing its duties under s172 Companies Act 2006 ("s172") for the year ended 31 December 2023.

Engaging with stakeholders

Engaging and maintaining open channels of communication with the Group's stakeholders is an integral part of our business and critical to ensuring the future success of the business. The Group engages with its stakeholders in various forms and using multiple different media. This flexibility in methods of engagement enables the Company to obtain wider access to, and to facilitate constructive two-way engagement with its multiple stakeholders.

The following table sets out how the Group actively engages with its key stakeholders in a way that enables the Group's senior executives and Board members to understand the potential impact of decisions and actions on a wide range of stakeholders who would be affected by such events. As a consequence of such engagement, the Group is able to be responsive to matters raised during discussions with key stakeholders and to feed back to such stakeholders on how the Group has taken their views into account.



WORKING WITH THE GROUP'S STAKEHOLDERS.

Name of stakeholder and relevant application of s172	Why we engage	Engagement methods – who and how	Impact of engagement
Shareholders **s172(1)** a e f	To ensure that: • shareholders have a good understanding of and confidence in the Group's strategy, performance, purpose and culture • the Group fosters and maintains open and constructive relationships with its shareholders • the Board understands the issues that are important to its shareholders • the Board acts fairly between shareholders of the Company	• Direct meetings/calls with individual shareholders, primarily with the Executive Directors and senior management, enabling consultation on various key issues for the Group • Direct shareholder access to the Chair, Senior Independent Director and Board Committee Chairs relating to matters within the relevant Committee's mandate • Results announcements, investor roadshows and presentations in person and broadcast via the 'Investormeetcompany' platform to enable broader audience engagement and real-time Q&A • Group capital market, sector showcase events, and themed seminars which in 2023 included (i) the Group's approach to valuations and (ii) an ESG deep-dive • Broker facilitated investor forums/conferences • The Group's website, with investors being able to sign up to regulatory and portfolio company alerts • Meetings with analysts and feedback from the Group's brokers • Annual General Meeting ("AGM"), with the 2023 AGM having been preceded by a shareholder update, with both events enabling live remote access, and recordings also being available after, via the 'Investormeetcompany' platform. Shareholders were also able to submit questions in advance of the 2023 AGM • Annual Report and Accounts • RNS and RNS Reach announcements • Shareholder circulars • Dedicated IR and company secretarial mailboxes (IR@ipgroupplc.com and CoSec@ipgroupplc.com)	• Closer and more direct links between shareholders and the Board, which has enabled the Board to gain a better understanding of shareholder expectations on the matters which have been most important to the Group's shareholder base in 2023, including strategy, financial performance, group structure, capital allocation and share price/discount to NAV • Enabled broader audience engagement and the ability to engage in a real-time Q&A with shareholders on a number of occasions through the year • Contributed to the Board's decision to launch the Share Buyback programme (as further detailed on page 84) • Resulted in informative two-way discussions with shareholders to explain the Group's approach to ESG and to better understand their requirements around ESG reporting

KEY

S.172(1) FACTORS

a
the likely consequences of any decision in the long term

b
the interests of the Company's employees

c
the need to foster the Company's business relationships with suppliers, customers and others

d
the impact of the Company's operations on the community and the environment

e
the desirability of the Company maintaining a reputation for high standards of business conduct

f
the need to act fairly between members of the Company

WORKING WITH THE GROUP'S STAKEHOLDERS.

Name of stakeholder and relevant application of s172	Why we engage	Engagement methods – who and how	Impact of engagement
Employees **s172(1)** a b e	To be an attractive home for exceptional talent, which is critical to achieving the Group's strategy and vision. Meaningful engagement with employees also helps to foster a strong and supportive culture.	• IP Connect employee workforce forum • Designated Non-executive Director for employees • Regular all-staff meetings in person and via video conference • Annual all-staff off-site events • Weekly all-staff emails from the CEO • Staff intranet • Third-party hosted anonymous speaking up hotline and web reporting tool • Culture and engagement survey and other more regular pulse surveys • Regular all-staff social events and TED talk style discussions • Internal training sessions • Women's Networking Group and associated events and initiatives/development sessions • Inclusion and Diversity Project and the implementation of the Group's Inclusion and Diversity Masterplan	• eNPS scores across the Group were maintained at a 'High' or 'Very High' level throughout the year • Employee turnover at a historic low of 3% • 82% of employees believe our culture is one in which diversity and diverse perspectives are valued, up from 66% before the Group started our Inclusion and Diversity Project • Updated succession plan presented to the Board • Formulation and articulation of the Group's new values Read about our **culture** on pages 19 to 20

KEY

S.172(1) FACTORS

a — the likely consequences of any decision in the long term

b — the interests of the Company's employees

c — the need to foster the Company's business relationships with suppliers, customers and others

d — the impact of the Company's operations on the community and the environment

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WORKING WITH THE GROUP'S STAKEHOLDERS.

Name of stakeholder and relevant application of s172	Why we engage	Engagement methods – who and how	Impact of engagement
Portfolio companies **s172(1)** a c e	To identify, back and grow science-based opportunities into a diversified portfolio of transformative businesses, which address some of the world's most pressing challenges. Part of the Group's purpose is to build businesses that have a positive social and environmental impact, and this forms an element of the Board's consideration of the long-term impact of its decisions.	• Hands-on approach via portfolio company boards as investor directors/observers • Offering fundraising and capital markets expertise via IP Capital (the Group's fund management and corporate advisory business), executive search services to help build strong boards via IP Exec (in-house executive search function) and commercial advice and support on IP strategy and due diligence via the Group's in-house IP Team • Group capital markets events, including presentations at sector showcase events • Portfolio company management team presentations to the Board, either at the Group's head office in London or onsite at the portfolio company, which enables open and transparent two-way engagement between the Board and the relevant portfolio company management teams • Introductions/facilitating access to co-investors • Attending sector conferences and events alongside portfolio companies and their management teams • Marketing including through the use of social media to amplify messaging around the portfolio • Parkwalk Advisors annual portfolio showcase attended by investors/co-investors, advisors and government bodies • Flagship investor event held at the London Science Museum	• Development of strong and mutually supportive relationships between the Group and its portfolio companies • Portfolio companies better understand the Group's approach to strategy, decision making processes and capital allocation • The Group is able to use its investor director/observer positions to assist with governance, strategic planning and many other practical elements of growing a company • Support in achieving completion of a number of portfolio company financing rounds • Reduction of expenditure by portfolio companies on third-party advisory services Read the **portfolio review** on pages 21 to 30

KEY
S.172(1) FACTORS

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WORKING WITH THE GROUP'S STAKEHOLDERS.

Name of stakeholder and relevant application of s172	Why we engage	Engagement methods – who and how	Impact of engagement
Third-party fund investors and portfolio co-investors **s172(1)** a c e	To attract new strategic co-investors, including third-party fund managers, to invest alongside the Group either directly or via a vehicle or arrangement managed by the Group. To build an investment network to support co-investment into the Group's portfolio companies to ensure that they are adequately supported, both financially and in other areas such as board support, corporate governance and strategy. To maintain strong relationships with existing investors who invest in the Group's portfolio via funds or other arrangements managed by the Group.	• Direct meetings/calls between co-investors/third-party fund investors and members of the Group's Senior Management Team • Via portfolio company boards where several co-investors have a board seat • Attending conferences and sector events including Cleantech Forum, Ecosummit, Hello Tomorrow and Web Summit • Group capital markets events • Broker facilitated investor forums/conferences • Parkwalk Advisors annual portfolio showcase and other investor events • Flagship investor event held at the London Science Museum	• Built/maintained strong relationships with co-investors/ fund investors and facilitated access for them into portfolio company financings • Ensured such stakeholders were kept abreast of the Group's strategy and approach to key matters through the year, including ESG • Promoted the Group's brand and reputation in sector ecosystems • Developed sources of new investment into the Group and/or its portfolio • Launched a new internal Customer Relationship Management ("CRM") system to facilitate a smarter, more coordinated approach to interaction with such stakeholders across the Group
Universities, academics and research institutions and Inventors, founders and entrepreneurs **s172(1)** a c e	To build, develop and maintain relationships with universities, academics and research institutions in order to identify promising science into which the Group can invest to grow transformative businesses that have a positive impact on the future around such science. To create and maintain a pipeline of compelling intellectual property-based opportunities.	• Regular interaction with universities within the UK, Europe, Australia and New Zealand and the US • Annual relationship review in Australia and New Zealand • Parkwalk Advisors representatives on relevant university fund investment committees • Attending and presenting at sector events and conferences • Meetings throughout the year with entrepreneurs and innovators	• Maintained relationships between the Group and universities, academics and research institutions, which has ensured these stakeholders are aware of the Group's strategy and funding model • Generated a pipeline of potential new investment opportunities • Relationships built/enhanced with founders and entrepreneurs across various ecosystems to ensure the Group is their partner of choice

KEY

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WORKING WITH THE GROUP'S STAKEHOLDERS.

Name of stakeholder and relevant application of s172	Why we engage	Engagement methods – who and how	Impact of engagement
The environment and wider community s172(1) a d	To generate social and environmental impact, which is part of the Group's core purpose.	• Via the Group's portfolio companies • Engagement with ESG Ratings agencies • Charity partnership with IntoUniversity charity • Supporting the 10,000 Black Interns programme • Signatory to Investing in Women Code • Member of UN Global Impact • Member of UN Principles for Responsible Investment • Participation in the ESG_VC Survey	• Identified and backed companies whose products and services contribute towards a regenerative, healthier, tech-enriched future for the world • Supported local and wider communities through charitable and fundraising initiatives • Continued commitment to driving improvements in inclusion, diversity and equality across the Group through implementation of the Group's Inclusion and Diversity Project plan Read about **our culture** on pages 19 to 20
Debt holders s172(1) c e	To build and maintain strong partnerships with the Group's largest debt capital providers.	• Regular reporting requirements • Direct conversations and consultation on matters relevant to existing debt holders • Outreach to potential lenders on an ad hoc basis • Group capital market events	• Continued strong relationships with the largest holders of the Group's debt
Regulators s172(1) c e	To maintain strong relationships with our regulators and to foster confidence in our strong compliance culture.	• Direct correspondence on transactions and other matters as necessary • Correspondence with the Takeover Panel on concert party and other code-related matters • Regular reporting to the Financial Conduct Authority, and incorporation of any feedback received • Regular reporting to the Securities and Futures Commission, the Australian Securities and Investment Commission, Australian Prudential Regulation Authority and the Australian Transaction Reports Analysis Centre	• Maintained strong relationships and communication lines with the Group's regulators • Confirmation of compliance with regulatory requirements

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WORKING WITH THE GROUP'S STAKEHOLDERS.

Name of stakeholder and relevant application of s172	Why we engage	Engagement methods – who and how	Impact of engagement
Brokers and advisors s172(1) c e	To ensure those who represent us have a complete understanding of the Group's strategy, performance, purpose and culture and to maintain strong relationships through our brokers and advisors with UK capital markets authorities.	• Regular dialogue and correspondence with brokers and advisors including industry analysts • Group capital markets events and sales team presentations in connection with the annual and interim results • Broker/advisers attendance at Company board meetings to advise on specific strategic matters, shareholder feedback and sentiment and general market environment	• Reinforced the strong relationships and communication lines between the Group and the Group's Brokers and advisors • Enhanced the brokers and advisors' knowledge and understanding of the Group and its portfolio companies
Governance bodies s172(1) c e	To maintain strong relationships with proxy advisers, the Investment Association, ESG ratings agencies and other governance bodies.	• Engagement with ESG ratings agencies to help demonstrate the Group's performance, as well as enabling identification of areas of improvement • Engaged with the UK Government and parliamentarians on key issues • Responded to Government consultations on matters impacting the Group and its portfolio including the revisions to the UK Corporate Governance Code, Long-term investment for Technology and Science initiative and R&D Tax Credits • Met with leads on the Edinburgh Reforms Review and the Spin Out Review • Two-way engagement with proxy bodies in relation to their reports on the Group's Annual General Meeting and any other General Meetings • Regular interaction with EIS Association and HMRC in relation to EIS investments • Regular liaison with government-backed initiatives in relation to investment within the sector	• Made sure the Group's voice was heard on key issues relevant to the Group including on changes to the UK Corporate Governance Code • Ensured the accuracy of the proxy voting reports and endeavoured to influence fair voting recommendations • Ensured the ESG ratings agencies were reporting accurately on the Group's performance and proactively sought to address gaps

KEY

S.172(1) FACTORS

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WORKING WITH THE GROUP'S STAKEHOLDERS.

Key shareholder activities in 2023

Q1

- Rothschild roadshow
- Annual results presentation*
- Results roadshow
- Valuations deep-dive webinar*
- Berenberg UK Corporate conference

Q2

- AGM statement
- Flagship investor event – 'Scale it up'
- AGM and investor presentation*
- Rothschild roadshow
- Berenberg roadshow
- Switzerland roadshow

Q3

- H1 results presentation*
- Results roadshow
- Deeptech webinar: AI and the Internet*
- Middle East roadshow
- Rothschild roadshow

Q4

- ESG webinar on the Group's approach to impact*
- Rothschild roadshow
- US roadshow
- Berenberg European Conference

* available via the Investor Meet Company platform which is open to all stakeholders.

Shareholders by sector

Sector / Owner	% at 31/12/2023
Mutual Funds	**29.33%**
Pensions	**26.09%**
Retail	**19.81%**
SWF	**4.32%**
Hedge	**4.24%**
Insurance	**4.05%**
Charities	**4.00%**
Inv Trusts	**2.92%**
Other	**5.24%**

Details of substantial shareholders as at both 31 December 2023 and 29 February 2024 can be found on page 138.

Consideration of long-term consequences in decision making and strategy

The Group's purpose is to accelerate the impact of science for a better future. Our vision is a future enhanced by the impact of the transformative businesses we have identified, backed and grown as long-term partners.

The Group's strategy to achieve its purpose and to be recognised as a bold, visionary investor is built up of five strategic pillars, further details of which are shown in diagrammatic form on page 04. These five pillars are underpinned by an objective to deliver class-leading internal processes, services and controls to enable the strategy to be achieved. The Group is increasingly focusing capital, resources and expertise on clear thematic areas, focusing on accelerating a dynamic number of priority companies whose products and services will meaningfully contribute to a regenerative, healthier and tech-enriched future and which the Board believes can be material in the context of the overall Group performance. A detailed explanation of the strategy is set out on pages 17 to 18, and the Group's business model is set out on pages 10 to 11.

WORKING WITH THE GROUP'S STAKEHOLDERS.

ESG matters

The Group actively engages with, and obtains input from, its key stakeholders in relation to environmental, social and governance ("ESG") matters, to assist with developing a comprehensive materiality mapping of the Group's ESG priorities. This allows the Group to have a meaningful ESG strategy that aligns the Group's ESG goals with those of its shareholders and allows the Group to maximise its impact to the benefit of its broader set of stakeholders. A regular report is produced for the Group's principal debt provider which shows how capital has been deployed against a set of pre-agreed ESG criteria. Furthermore, the Group actively engages with ESG ratings agencies, feeding into their ratings approach and methodologies and providing guidance on ESG matters with respect to sector and company specific data points.

The Group actively takes into account ESG factors in performing its role as a responsible investor and in relation to evaluating the impact of its portfolio companies against such factors. For example, a portion of the Group's portfolio and its ongoing investment allocation are focused on businesses pursuing activities aimed at facilitating transition towards Net Zero. The ESG Committee, a sub-committee of the Executive Committee, oversees formulation and adoption of the Group's ESG and impact strategies, and ensures that all ESG risks, including climate-related risks, are appropriately managed and that the Group provides required disclosures and reporting in a full and timely manner. The ESG Committee also ensures that ESG and impact considerations are embedded into strategy and risk management and are integrated into investment practices. The ESG Committee is also responsible for the Group's active engagement with portfolio companies on ESG issues. The Group's ESG Committee is led by the CEO, with the support of the Head of ESG, and in addition its members comprise Anita Kidgell (Non-executive Director), the CFOO, Head of Communications, UK General Counsel and representatives from the investment partnerships. The composition of the ESG Committee helps to ensure the integration and alignment of the Group's ESG strategy with the investment processes and overall strategy of the Group.

Corporate governance and business conduct

In fulfilling its role as a responsible investor, the Group makes clear its expectation of high levels of corporate governance within its portfolio companies. In the majority of the Group's priority companies, the Group takes up a Board position to support this requirement. This helps to ensure that robust governance processes are in place within such companies, which the Group also supports through facilitating introductions to external advisors, sharing best practice and offering helpful guidance on new legislation. As part of its responsible stewardship responsibilities, the Group incorporates a requirement for portfolio companies to adopt and maintain various legal and governance policies to ensure such companies are operating in accordance with the high standards expected by the Group as an active investor. To facilitate compliance with these requirements, the Group has developed a policy toolkit, which is available to its portfolio companies. This provides template policies for the key governance and compliance policies that the Group expects its portfolio companies to have in place, including with regard to anti-corruption and bribery, data protection and "speaking up". Further information on the Group's stewardship activities is detailed on page 40.

The Group also operates a separate Ethics Committee which guides the Group's approach to ethical investment, ensuring investments align with the Group's values. Further details of the Group's Ethics Committee and its Ethical Investment Framework can be found on page 47. In accordance with the Group's Ethical Investment Framework, the Group's Investment Committee processes incorporate ethical considerations into each portfolio company investment proposal, ensuring that the Group's investments are carried out in accordance with the Group's stance on such matters. The Group includes undertakings in its investment agreements with portfolio companies which contain a list of excluded sectors that companies must avoid doing business with.

The Group is committed to preventing modern slavery in its business and supply chains and has adopted principles and policies that are relevant to the prevention of modern slavery across its organisation and supply chains. This includes the payment of the London Living Wage. The ESG and Ethics Committees monitor observance of such conduct.

WORKING WITH THE GROUP'S STAKEHOLDERS.

Wider community

The Group considers its key stakeholders to include the wider community given its purpose is to accelerate the impact of science for a better future for all; one example of how the Group engages in this respect can be seen through the Group's charitable work. In 2021, the Group entered into a three-year charity partnership with IntoUniversity. IntoUniversity aims to provide local learning centres where young people are inspired to achieve, and donations made by IP Group will support its facility in Brixton, London. In 2023, the Group hosted both an "Insight Day" and a "Challenge Day", which encouraged young people from the charity to meet members of our investment and wider support teams, ask questions around their STEM careers and explore problems around tackling the climate crisis. In particular, we hosted an interactive session on Intellectual Property, which encouraged students to think critically about how they would patent a product. In partnership with IntoUniversity and the Big City Bright Futures programme, the Group also ran a three-week internship for six students who were beginning their degrees in various STEM subjects. These students were given the opportunity to meet a member of every IP Group team, including our Australia and Hong Kong teams, to understand how the organisation runs, and were challenged to critically assess investment opportunities for a portfolio company of their choice. Through this scheme, a number of IP Group team members have become official mentors to students participating in the programme.

Employees (including inclusion, equity and diversity matters)

As described on page 76, the Board considers engagement with its colleagues at all levels in the Group to be a key part of the Group's culture, and a wide range of events and experiences are facilitated for employees to participate in, from both a work and wellbeing perspective.

As further described on page 20 IP Connect, the Group's employee forum, works to ensure that employees' voices are heard by the Group's management team and Board. The forum facilitates meaningful and effective two-way communication between the Board (via Aedhmar Hynes, the Group's Designated NED) and employees, enabling the Board to understand and actively consider the interests of employees in its discussions and the decisions it makes. This also helps to enable employees to understand (where practicable to do so) why certain decisions are made. A major topic of consideration for IP Connect in 2023 was the update and articulation of the Group's values, following the launch of the Group's updated strategy and new branding over the last two years. IP Connect members were given the opportunity to input on the sentiment and wording of the values, ensuring that the final articulated set of values had the support and buy-in of employees. For further information on the Group's new values please refer to page 20. The Group also reviewed the purpose and efficacy of IP Connect, as well as its terms of reference, during 2023, and the Board continues to consider that its combination of a Designated NED and an employee forum continues to be welcomed by colleagues as an effective and appropriate approach to employee engagement within the Group.

How stakeholders' views are reported to the Board and influence the Board agenda

Through understanding the views of its stakeholders, the Board takes into account their opinions, preferences and concerns when debating and making decisions. Regular contact is maintained by the Chair and the Executive Directors with the Group's key shareholders and, where considered appropriate, major institutional shareholders are consulted on significant decisions and transactions in contemplation. Where appropriate, Committee Chairs will also engage with key shareholders impacted by matters under the remit of their particular Committee. Key specific areas of discussion over the last year have related to progress against the Group's strategy, the Group's approach to capital allocation, the disparity between the Group's share price and NAV per share and shareholder returns. This ongoing engagement, together with the various shareholder events highlighted above, enables the Group to provide feedback to shareholders on how their views have been taken into account with respect to the various matters on which they have been consulted, as well as to respond to any specific questions that shareholders may have.

WORKING WITH THE GROUP'S STAKEHOLDERS.

Outcome of engagement with shareholders – principal decision relating to capital allocation and shareholder returns

Decisions around capital allocation lie at the heart of the Group's business model and the Directors regularly review and discuss the Group's approach in this area. In recent years, this also included consideration of the most appropriate way to deliver cash returns to shareholders. In light of the prevailing discount between the Company's share price and its NAV per share, and following consultation with a number of the Group's largest shareholders, the Directors approved the launch of a £20m share buyback programme, as announced by the Company on 18 December 2023 (the "Buyback"). In making this decision, the Directors reconfirmed their commitment to making regular cash returns to shareholders from realisations, stating these regular cash returns will normally be made in the form of share buybacks for as long as the share price discount to NAV exceeds 20%. As a result, the Directors agreed to suspend regular dividend payments under such conditions, including consideration of any final dividend for 2023.

When discussing and subsequently making this decision, the Board, having regard to its obligations under s172, considered in detail the interests of shareholders and the following other key stakeholders, and how they may be impacted, as follows:

Shareholders

The Board considered the impact of the Buyback and suspension of the dividend on its shareholders, as the group of stakeholders most impacted by the decision. The authority to make market purchases of up to 10% of the Group's shares, provided those shares are trading at a discount to NAV per share, was granted by shareholders at the Group's 2023 AGM. The Board acknowledged that the Buyback would return value to the Group's shareholders by reducing the number of outstanding shares in issue thereby, in principle, increasing the value of the remaining shares. Additionally, the Board believed that the launch of the Buyback represented a proactive step in demonstrating its alignment with shareholders, whilst also signalling to the market that it believes the Group's share price and discount to NAV significantly undervalues the Group's portfolio and its potential to generate value for shareholders. Taking all this into account the Board therefore resolved that the Buyback was in the best interests of the Company's members as a whole.

Portfolio companies

In making such decision, the Directors also considered carefully the planned short-term funding requirements of the Group's investment portfolio. Considering the Group's overall strong cash balance and the planned size of the Buyback, the Board agreed that the Group would maintain sufficient capital and liquidity to meet ongoing portfolio investment requirements. The Board therefore concluded that the Buyback would have no significant impact on its ability to deliver long-term value through planned investment in its portfolio.

Debt providers

The Board considered the terms of the loan facilities that the Group has in place with the EIB and Phoenix Group and the impact the Buyback may have on these outstanding loans. Given the Group's cash balances remain strong and the planned size of the Buyback, the Board concluded that these debt providers and the Group's other creditors would not be adversely affected by the Buyback.

Employees

Many of the Group's employees are shareholders in IP Group and, as a result, will share the same benefits as other external shareholders noted above.

WORKING WITH THE GROUP'S STAKEHOLDERS.

Training and Board processes

The Board receives regular training on its s172 obligations to keep current with evolving market expectations. Information relating to stakeholder issues is included in relevant Board papers to enable the Board to understand and consider relevant stakeholder interests when making principal decisions. This information incorporates feedback received from relevant stakeholders through ongoing stakeholder engagement.

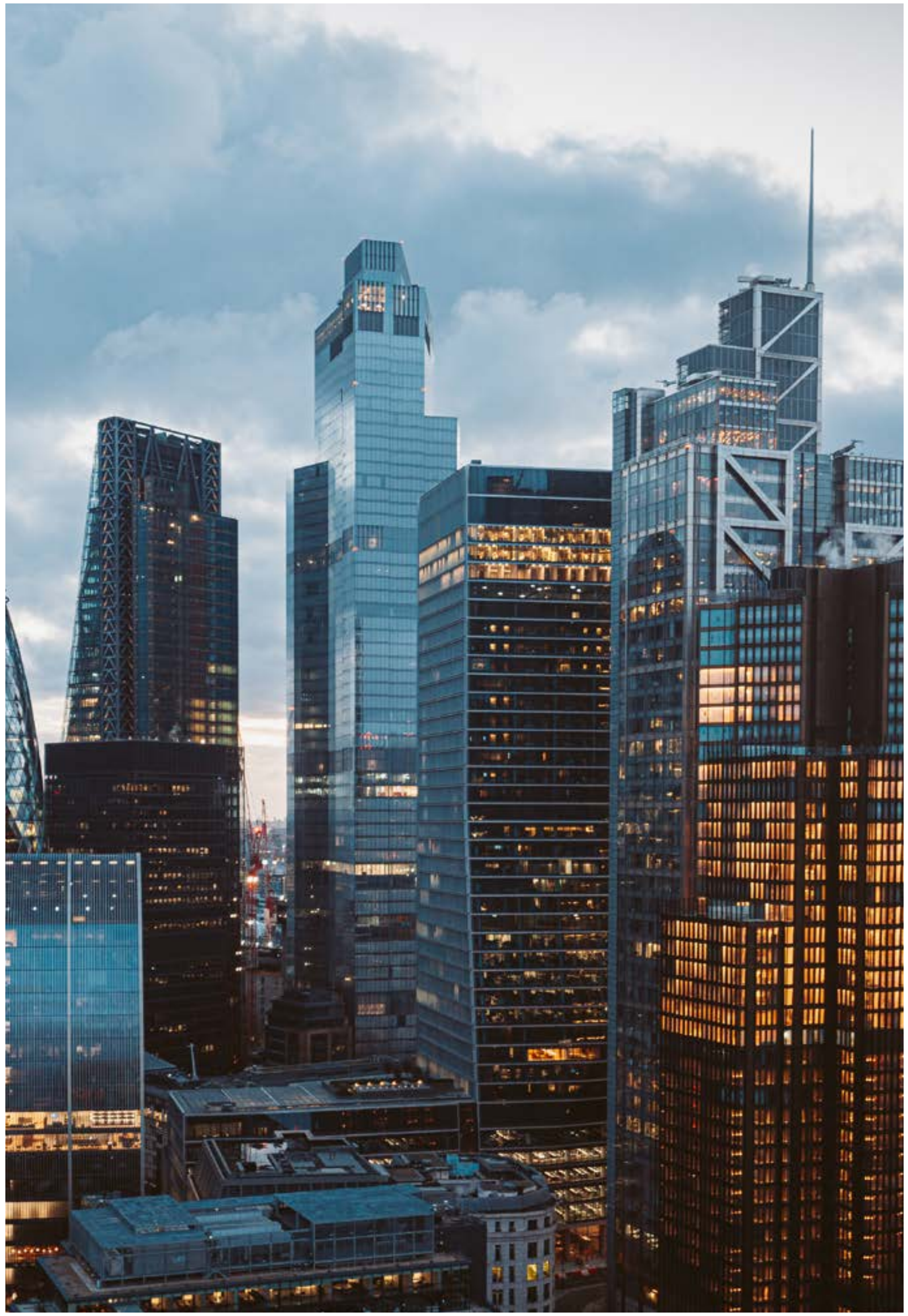
Where appropriate, being mindful of its obligations as a listed company and confidentiality requirements, the Board will, in limited circumstances, seek input from key stakeholders prior to a decision being taken. In each case, the Directors consider how a short-term decision (for example, to sell an asset and achieve an immediate financial return) links into the Group's overall strategy to create long-term value for its shareholders. The same considerations are taken into account by the Executive Committee in relation to decisions made, or proposals recommended to the Board, under its own authorities. Following any principal Board decision, the Board will reach out to relevant stakeholders to explain its decision as part of its continued meaningful two-way communication with stakeholders.

Board approval

The Strategic Report as set out on pages 06 to 85 has been approved by the Board.

On behalf of the Board

Sir Douglas Flint
Chair
12 March 2024



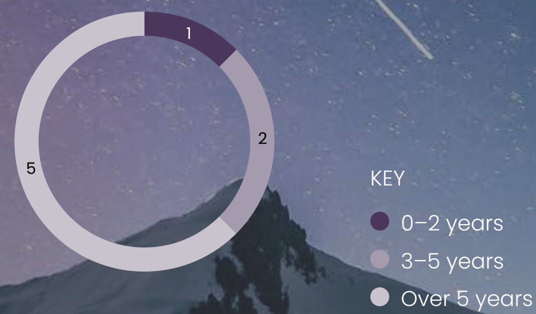
GOVERNANCE AT A GLANCE.

Governance highlights 2023

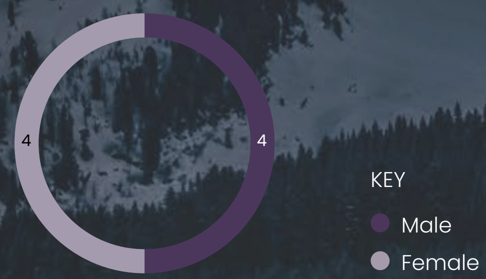
Share Buyback	In December 2023, the Board approved the launch of a share buyback programme.	Read more on pages 35 and 84
Audit Tender	Following a formal audit tender process, the Board agreed to recommend the re-appointment of KPMG as the Group's auditors, subject to shareholder approval at the 2024 AGM.	Read more on page 134
Inclusion and Diversity	Continued progress on the Group's Inclusion and Diversity Programme ("IDP") with the majority of priority actions (from the IDP Masterplan) for the first twelve months being completed on time or ahead of schedule.	Read more on page 43
Appointment of Anita Kidgell	In January 2023, the Board approved the appointment of a new Non-executive Director, Anita Kidgell.	Read more on page 104

Executive/Non-executive split

Board tenure



Gender balance



Board and Committee attendance

The following table shows the attendance of Directors at scheduled Board and Committee meetings during the year:

	Board Meetings	Audit and Risk Committee[1]	Nomination Committee	Remuneration Committee
Sir Douglas Flint	7/7	5/5	2/2	4/4
Greg Smith	7/7	–	–	–
David Baynes	7/7	–	–	–
Dr Elaine Sullivan	7/7	5/5	2/2	4/4
Heejae Chae	7/7	4/5	2/2	4/4
Dr Caroline Brown	7/7	5/5	2/2	4/4
Aedhmar Hynes	7/7	5/5	2/2	4/4

1 Sir Douglas Flint attends the Audit and Risk Committee meetings as an observer.

GOVERNANCE AT A GLANCE.

Board skills matrix

Individual	Strategic leadership	Shareholder engagement	Large uk plc experience	Shareholder value delivery	Experience of innovation	Audit & portfolio valuation	Physical science expertise	Life science expertise	Chair experience/ capability	Strategy definition	Comms, branding, IR	Access to global networks	International experience	VC experience
Sir Douglas Flint CBE Chair/Nomination chair	●	●	●	●		●			●	●		●	●	
Aedhmar Hynes Senior Independent Director and Designated Non-executive Director	●			●	●		●		●	●	●	●	●	
Dr Caroline Brown Non-executive Director/Audit and Risk chair	●			●	●	●	●						●	
Heejae Chae Non-executive Director/ Remuneration chair	●	●	●	●			●		●	●		●	●	
Dr Elaine Sullivan Non-executive Director	●	●	●	●	●	●	●	●		●		●	●	●
Anita Kidgell Non-executive Director	●	●	●	●	●			●		●	●		●	

(Skills focus)

Compliance with the UK Corporate Governance Code 2018

The table below shows the principles set out in the Code and where key content can be found.

Board leadership and Company purpose	
Board of Directors	88 to 91
Chair's Corporate Governance Statement	93 to 101
Culture	19 to 20
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Purpose	15
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Composition of the Board	97 to 98
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Board composition	97 to 98
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BOARD OF DIRECTORS.

C

Sir Douglas Flint CBE

Non-executive Chair

Effective date of current letter of appointment: Appointed as a Non-executive Director from 17 September 2018 and as Non-executive Chair from 1 November 2018

Independent: n/a[1]

Tenure: 5 years (renewed in September 2021)

Term of office: 3 years[2], 3 months' notice

Re-election to Board: Annually at AGM

Skills and experience
Sir Douglas has extensive experience of public company board leadership, which helps to focus Board discussion and challenge on the design and delivery of our strategy. His collaborative approach helps to facilitate open and constructive boardroom discussion. Previously, Sir Douglas served as Group Chairman of HSBC Holdings plc from 2010 to 2017. For 15 years prior to this he was HSBC's group finance director, joining from KPMG where he was a partner. Between 2005 and 2011, Sir Douglas served as a non-executive director on the board of bp plc, latterly chairing its audit committee.

Key external appointments
In other current roles, Sir Douglas is Chairman of abrdn plc, Chairman of the Royal Marsden hospital and charity and a member of a number of advisory boards and trade associations, through which he keeps abreast of industry, regulatory and international affairs of relevance to his public company responsibilities. In 2022, Sir Douglas was appointed as chair of the UK Government's Digitalisation Taskforce.

Greg Smith

Chief Executive Officer

Effective date of current service agreement: 6 October 2021

Independent: No

Tenure: 12 years as an Executive Director, 2 years as Chief Executive Officer

Term of office: Permanent, 6 months' notice

Re-election to Board: Annually at AGM

Skills and experience
Greg gained significant knowledge of the Group and the sector in which it operates through his decade's tenure as Chief Financial Officer of the Group, during which he contributed broadly and successfully to the Group's expansion geographically and in scale. He has deep experience of capital and resource allocation and investment appraisal and this experience, together with his financial expertise, plays a fundamental role in driving the Group's strategy, purpose and vision.

His strong communication skills have been critical to maintaining and optimising the Group's relationship with its key stakeholders. Prior to joining the Group, Greg held positions at both Tarchon Capital Management and KPMG. Greg is a Fellow of the ICAEW and holds a degree in Mathematics.

Key external appointments
Greg is on a number of advisory bodies seeking to make the UK's capital markets more accessible to smaller companies, in terms of both public listing and scale-up capital, particularly for those companies whose business is based on innovative science and technology.

KEY

- Audit and Risk Committee
- Nomination Committee
- Remuneration Committee
- C Chair

1 Sir Douglas Flint was considered by the Board to be independent on appointment.

2 Subject to renewal for subsequent three year terms as set out on page 100.

BOARD OF DIRECTORS.

Aedhmar Hynes

Senior Independent Director and Designated Non-executive Director for employee engagement

Effective date of current letter of appointment: 1 August 2019

Independent: Yes

Tenure: 4 years (renewed in August 2022)

Term of office: 3 years[1], 3 months' notice

Re-election to Board: Annually at AGM

Skills and experience
Aedhmar brings valuable experience to the Board in relation to technology disruption, digital transformation and marketing and strategic communications. Aedhmar has many years' experience in communications and is the former CEO of Text100, a digital communications agency with 22 offices and over 600 consulting staff across Europe, Asia and North America.

Aedhmar is also the Senior Independent Director and the Group's Designated Non-executive Director for employee engagement on the Board.

Key external appointments
Aedhmar is trustee of Connecticut Public Broadcasting, The Page Society, Advisory Council member of the MIT Media Lab, Board Director of Technoserve and Fluidra S.A, member of the US Foundation Board of the National University of Ireland, Galway and a Henry Crown Fellow at The Aspen Institute.

David Baynes

Chief Financial and Operating Officer

Effective date of current service agreement: 6 October 2021

Independent: No

Tenure: 10 years as an Executive Director,
2 years as Chief Financial and Operating Officer

Term of office: Permanent, 6 months' notice

Re-election to Board: Annually at AGM

Skills and experience
David's financial background and expertise, together with his experience gained during his tenure as the Chief Operating Officer of the Group, provide the experience required to drive the Group's achievement of its financial goals and operating targets. David has a long track record of working successfully with the boards of investee companies as they develop and mature, often in challenging and disruptive circumstances. David was appointed to the Board in March 2014 following the acquisition by the Group of Fusion IP plc where he held the position of Chief Executive Officer for 10 years.

David brings previous additional experience taking companies from start-up to full listing on the London Stock Exchange. David was also previously CFO of Codemasters Limited.

Key external appointments[2]
David is Non-executive Director of Kwalee Limited.

KEY
- Audit and Risk Committee
- Nomination Committee
- Remuneration Committee
- C Chair

1 Subject to renewal for subsequent three-year terms as set out on page 100.
2 Excludes appointments to Group portfolio company boards.

BOARD OF DIRECTORS.

C

Dr Caroline Brown

Non-executive Director

Effective date of current letter of appointment: 1 July 2019

Independent: Yes

Tenure: 4 years (renewed in June 2022)

Term of office: 3 years[1], 3 months' notice

Re-election to Board: Annually at AGM

Skills and experience
Caroline has a wealth of experience covering accounting and audit, banking and investments, as well as science and technology, all of which are highly relevant for the Board. She has over 20 years' plc board experience and held previous positions in corporate finance at BAML (New York), UBS and HSBC. Caroline is a Fellow of the Chartered Institute of Management Accountants.

Key external appointments
Caroline is a Non-executive Director of CAB Payment Holdings plc, Luceco plc and Ceres Power Holdings plc. She is also a Non-executive external member of the global partnership council of Clifford Chance LLP.

C

Heejae Chae

Non-executive Director

Effective date of current letter of appointment: 3 May 2018

Independent: Yes

Tenure: 5 years (renewed in May 2021)

Term of office: 3 years[1], 3 months' notice

Re-election to Board: Annually at AGM

Skills and experience
Heejae is an experienced public company director, bringing both knowledge of finance and industry, having spent the early part of his career in finance at The Blackstone Group and Credit Suisse First Boston before moving into industry. Heejae's former positions include CEO of Scapa Group plc, Group Chief Executive of Volex Group plc and Group General Manager for Amphenol Corporation.

Key external appointments
Heejae is Executive Chairman of Sysgroup plc.

KEY

- Audit and Risk Committee
- Nomination Committee
- Remuneration Committee
- C Chair

1 Subject to renewal for subsequent three-year terms as set out on page 100.

BOARD OF DIRECTORS.

KEY

Audit and Risk Committee

Nomination Committee

Remuneration Committee

(C) Chair

Dr Elaine Sullivan

Non-executive Director

Effective date of current letter of appointment: 30 July 2015

Independent: Yes

Tenure: 8 years (renewed in July 2021)

Term of office: 3 years[1], 3 months' notice

Re-election to Board: Annually at AGM

Skills and experience
Elaine is a senior pharmaceutical and biotech industry executive with a successful track record in science, investment, business development and start-ups. She has extensive global leadership experience including membership of the top senior global R&D management teams at Eli Lilly (US) and AstraZeneca (UK) and is experienced in partnerships with venture, equity and strategic collaborations.

A former winner of the Ernst and Young Entrepreneur of the Year (Ireland), Elaine has delivered over 250 collaborations and transactions including spinouts, joint ventures, strategic partnerships and acquisitions and brings experience in executing deals worldwide including US, Europe and China. Former positions include Co-Founder and CEO of Carrick Therapeutics.

Key external appointments
Elaine is on the supervisory Board of Evotec AG and is a Non-executive Director of Hvivo plc and Nykode Therapeutics ASA.

Anita Kidgell

Non-executive Director

Effective date of current letter of appointment: 18 January 2023

Independent: Yes

Tenure: 1 year

Term of office: 3 years[1], 3 months' notice

Re-election to Board: Annually at AGM

Skills and experience
Anita has over 25 years of pharmaceutical experience spanning multiple disciplines. She is currently Head of Corporate Strategy at GSK with over ten years of experience of leading strategic initiatives in numerous areas including China, ESG, geopolitics as well as integrations and demergers. Between 2004 and 2007 she was the Global Head of Investor Relations at GSK and prior to this held senior positions in Corporate Communications, at GlaxoWellcome and at the Brunswick Group.

Anita has a First Class Honours degree in Applied Biology and has more than ten years' experience in pharmaceutical Discovery Research and Clinical Development.

Key external appointments
Anita is Head of Corporate Strategy at GSK.

[1] Subject to renewal for subsequent three-year terms as set out on page 100.

CORPORATE GOVERNANCE FRAMEWORK.

Compliance with the UK Corporate Governance Code 2018 (the "Code")

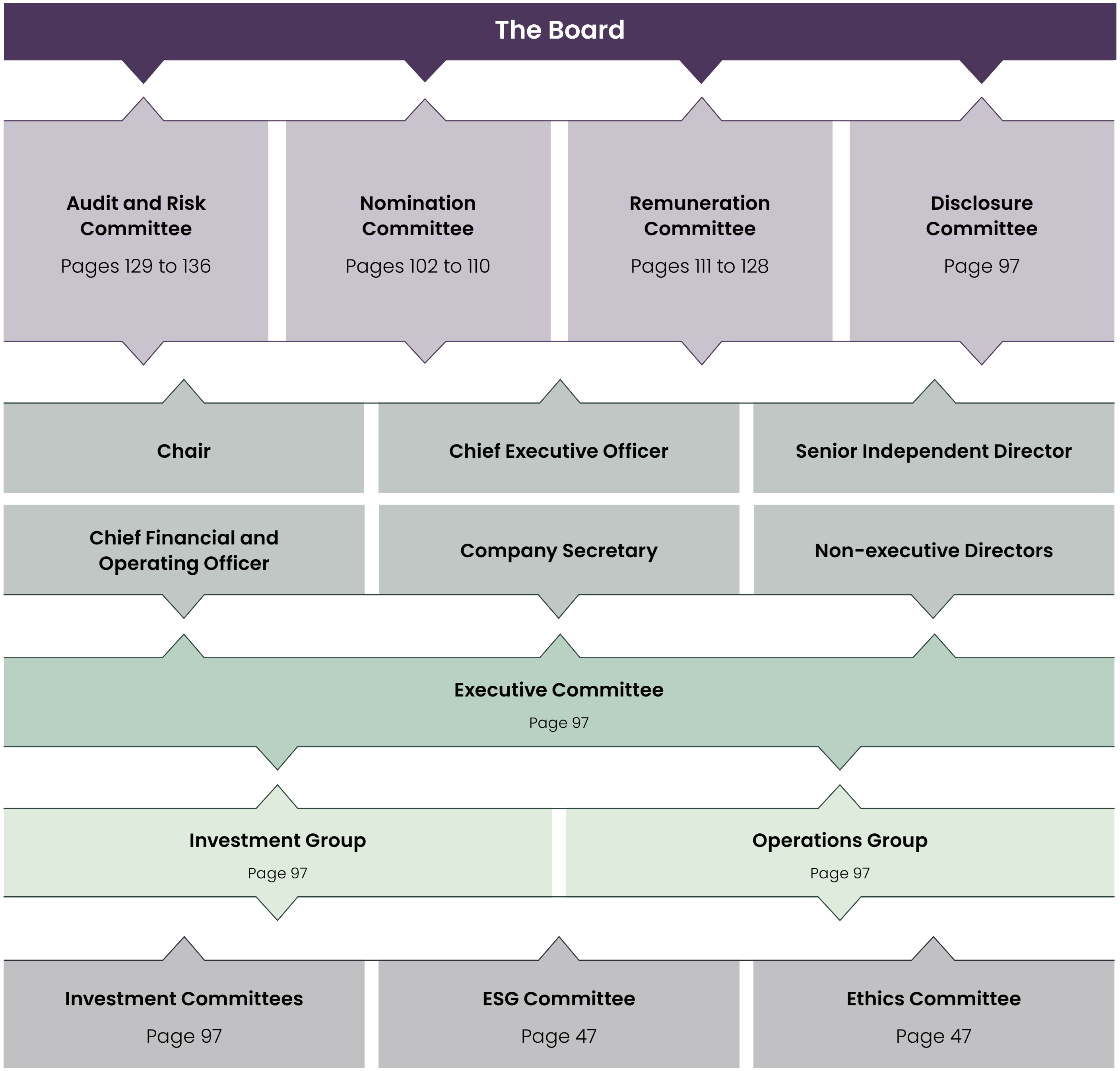
The Board is committed to meeting the high standard of corporate governance set out within the Code (available at www.frc.org.uk/directors/corporate-governance-and-stewardship/uk-corporate-governance-code) and to demonstrating compliance with best practice as it develops.

Further explanation as to how the main principles set out in the Code have been applied by the Group is set out in this section, as well as in the s172 statement, the Directors' Remuneration Report, the Audit and Risk Committee Report, the Nomination Committee Report and the Strategic Report. The Group confirms it applied the main principles and complied with all the provisions of the Code throughout the year.

Read **Board biographies** on pages 88 to 91

Read **Board activities** on page 96

Read **roles and responsibilities of the Board** on pages 94 to 95



CHAIR'S INTRODUCTION.

Sir Douglas Flint
Chair

"During 2023, the Group maintained its focus on meeting the highest standards of corporate governance, ensuring that the interests of stakeholders were fully integrated into the Board's decision-making processes."

Corporate Governance

Effective corporate governance is integral to the Board's oversight of the design and execution of the Group's strategy. The Board confirms that it has continued to meet the requirements of the UK Corporate Governance Code 2018 (the "Code"). The Board recognises its accountability to the Company's shareholders for good governance, and this report, together with the reports of the Remuneration, Nomination, and Audit and Risk Committees of the Board, describe the Group's approach to meeting the highest standards of corporate governance and highlight the key developments that have taken place in this area during the year.

Board changes

As noted in our 2022 Annual Report and Accounts, Anita Kidgell was appointed as Non-executive Director in January 2023, bringing to the Board over 25 years of pharmaceutical experience spanning multiple disciplines. Anita's appointment makes IP Group one of only a minority of FTSE 250 companies with an even gender split on its Board.

Audit tender process

As detailed in the report of the Audit and Risk Committee ("ARC") set out on pages 129 to 136, the ARC undertook a formal audit tender process in 2023 during which it invited firms to tender for the Group's 2024 audit. The Board was involved in setting the firm evaluation criteria and the invitation to tender and each Board member attended the firm presentation day. Full details of the audit tender process including preparation, execution and decision making can be found on page 134. Based on their ability to satisfy the audit tender selection criteria, the Board agreed to re-appoint KPMG LLP as the Group's external auditor, and recommend the re-appointment to shareholders for approval at the 2024 AGM. Planning for the transition to a new audit partner at KPMG has commenced and we look forward to working with KPMG and benefiting from their extensive experience in the investment space.

ESG

The Group upholds strong business values that continue to guide the Group in implementing its strategy and employees are encouraged to demonstrate these values throughout their work. Two committees oversee implementation of and monitor compliance with the Group's obligations to conduct business responsibly, reporting periodically to the Board; the ESG Committee has responsibility for the oversight and implementation of the Group's ESG and Sustainability policy, and the Ethics Committee provides guidance to the Group on ethical issues and monitors compliance with the Group's Ethical Investment Framework. Both committees work together to ensure that the Group's values and culture are also embedded in the Group's capital allocation framework. Further details on the ESG Committee and Ethics Committee, and detail on how the Group mitigates climate-related risk, are included on pages 46 to 59.

Consideration of stakeholders

Effective corporate governance is critical to building and maintaining strong relationships with all the Group's stakeholders in order to earn their continuing support for the Group's purpose, vision and strategy. The Group continues to foster a culture of innovation, mutual support, diversity and inclusion. The Group encourages its employees to engage in healthy debate and challenge so that it can consider a wide range of opinions when making decisions. For more information on the culture that the Group seeks to foster and the policy framework and guidelines developed to deliver that culture, see page 76. The Group recognises that maintaining and developing two-way stakeholder engagement plays an important role in building the stakeholder confidence necessary for the Group to deliver its strategy and promote the long-term success of the Company. For further details on how the Directors have complied with their duties under s172 of the Companies Act 2006 (the "CA 2006"), including in their decision making, please refer to pages 74 to 85.

I look forward to welcoming shareholders to our 2024 AGM on 12 June 2024, which will be held at the Company's registered office at 3 Pancras Square, King's Cross, London, N1C 4AG. In addition, and to facilitate engagement with shareholders throughout the year, the Group maintains a dedicated company secretary email address (cosec@ipgroupplc.com) through which shareholders can submit questions at any time.

Sir Douglas Flint
Chair
12 March 2024

CORPORATE GOVERNANCE STATEMENT.

The Board

Role and responsibilities of the Board

The Board is responsible to the Company's shareholders for the overall management of the Group in a way that promotes the Group's long-term sustainable success. The Board defines, challenges and interrogates the Group's strategic aims and direction, and provides entrepreneurial leadership within a framework of controls for assessing and managing risk. The Board recognises that, in discharging its responsibilities, it is necessary to support the maintenance and evolution of a policy and decision-making framework in which the Group's strategic aims are implemented through the following:

- ensuring that the necessary financial and human resources are in place to meet those aims and to ensure the Group is a home for exceptional talent
- monitoring performance against key financial and non-financial performance indicators
- embedding a robust performance management framework and aligning reward with the long-term interests of stakeholders
- planning for Board and senior management succession
- overseeing the system of risk management
- setting and monitoring adherence to mandated values and standards in governance matters
- monitoring environmental, social and governance policies and performance
- helping to shape and embed the Group's purpose, vision, strategy, values and culture

The Board recognises that its role in setting, monitoring and enforcing the standards of behaviour it expects from its people (its culture) is of key importance. The Group's culture is one of the key strengths of its business and plays a strong role in attracting, retaining and incentivising the most talented people. Further information on the Group's culture and its values is on pages 19 to 20.

In supporting the Group's business and its portfolio companies, the Board acknowledges the key roles the Group's operational functions play in the fields of capital raising, executive search, legal advice and support, intellectual property strategy and due diligence support. These sit alongside and support the hands-on approach and high level of engagement provided by the experienced, sector-specific investment partnership team members. The Directors believe that the Group's approach to supporting its portfolio companies in this way is unique and serves not only to build sustainable businesses with longevity, but also provides attractive returns for stakeholders by creating value over the longer term.

The Directors are responsible for promoting the long-term success of the Company and thereby the Group, taking into account the interests of shareholders and all other relevant stakeholders in carrying out this responsibility. The responsibility of the Directors is collective and recognises their respective roles as Executive Directors and Non-executive Directors. The Non-executive Directors are responsible for constructively challenging and contributing to proposals on strategy as part of the Board approval process, scrutinising the performance of executive management against targets set and determining appropriate levels of remuneration. The Non-executive Directors must also satisfy themselves of the integrity of financial information, and that financial controls and systems of risk management are robust and comprehensive. The Executive Directors are responsible for making and implementing day-to-day decisions (other than matters reserved for the Board) within the risk appetite and tolerance and operating and financial constraints set by the Board.

The Board reviews the purpose, vision and strategy of the Group and any issues arising from it on a regular basis, and exercises control over the performance of the Group by agreeing budgetary and other targets and monitoring performance against those targets.

CORPORATE GOVERNANCE STATEMENT.

Division of responsibilities	
Chair	• Leadership and conduct of the Board, encouraging open and constructive discussion and challenge • Promotes high standards of governance and Board effectiveness, including incorporation of ESG factors and the views and interests of stakeholders into Board decision making • Ensures active engagement and effective communication with shareholders • Sets the Board's agenda and is responsible for ensuring the committees carry out their duties • Ensures that Board members receive timely, accurate and clear information about the Group's activities • Ensures that Board members receive appropriate induction and ongoing training on the Group's activities and their own responsibilities • Leads performance assessment of Board members
Chief Executive Officer ("CEO")	• Leads on development and delivery of strategy • Leads the management of the Group alongside the Executive Committee and establishes financial and operational targets • Leads the management of the Group in incorporating ESG factors and is Chair of the ESG Committee • Member and "Champion" of the Group's Inclusion and Diversity Project, ensuring diversity and inclusion factors are incorporated into decision-making analyses and employee engagement development • Responsible for building a team that is able to effectively identify, back and grow impactful early-stage innovation-led companies into a diversified portfolio of robust, transformative businesses, and for embedding a culture that ensures the team is highly engaged and motivated to deliver • Leads delivery of the Group's operating plans and budgets and the recommendations in respect of, and the subsequent execution of, Board decisions • Leads succession planning for the senior executive positions alongside the Group People Director and reports to the Nomination Committee thereon • Represents the Group to external stakeholders and engages with them on the Group's purpose and strategy
Chief Financial and Operating Officer ("CFOO")	• Oversight and executive responsibility for the Group's financial and operational systems, processes and matters • Maintains an efficient and effective controls environment, including protecting the Group against cyber risks • Responsible for executing day-to-day decisions (other than matters reserved for the Board) within the risk appetite and tolerance and operating and financial constraints set by the Board • Monitors operating and financial performance against agreed budgets and targets and reports to the Board on the same • Ensures the Group's financial structure and capacity supports the Group's objectives
Senior Independent Director	• Available to shareholders to discuss their views and concerns when required • Intermediary between the Board and the Chair • Leads the Board in deliberations where the Chair is conflicted • Leads assessment of the Chair's performance and on any Chair succession matters
Non-executive Directors (as part of the Board)	• Approve Group strategy and operating plans • Approve business and financing models • Discuss and constructively challenge executive recommendations on matters brought to the Board • Monitor and performance manage delivery of strategy and operating plans • Provide independent views, support and specialist knowledge • Serve on committees of the Board

CORPORATE GOVERNANCE STATEMENT.

Board activities during 2023

Principal decisions

- Recommended the Group's final dividend for FY 2022 and approved an interim dividend for 2023
- Approved the launch of a share buyback programme
- Approved amendments to the Group's delegated investment and realisation authorities (the "Delegated Authorities")
- Approved significant portfolio company investments and divestments required in line with the Delegated Authorities
- Approved revisions to the Group's Capital Allocation Policy

Board and Committee composition and conduct

- Reviewed succession planning for the Executive Directors, Executive Committee members and Non-executive Board positions
- Approved the appointment of Anita Kidgell (January 2023)

Strategy and risk

- Continued to support and engage with the Executive Directors on the implementation of the Group's strategic aims
- Reviewed the Group's performance within its competitive landscape
- Regularly discussed and debated the form and implementation of the Group's Capital Allocation Policy
- Debated in detail the Group's principal risks and the Board's approach to the setting of its risk appetite
- Considered the longer-term emerging risks that may impact the Group and its business

Corporate Governance

- Reviewed policies, processes and procedures to ensure continued compliance with the Code
- Reviewed, and updated where necessary, the terms of reference for its committees
- Received regular updates from the Group's core business units and operational functions
- Implemented the recommendations from the 2022 external Board evaluation

Stakeholders

- Considered the Company's ability to return cash to shareholders, recommending the final dividend for FY 2022 and approved the interim dividend for 2023
- Launched a share buyback programme
- Received presentations from the Company's financial advisors on the current market climate and shareholder activism
- Discussed the Company's share price performance, in particular the discount to NAV and actions to be taken to narrow the gap
- Received quarterly people updates from the Group People Director including on progress to embed the Group's culture and values, improve inclusion and diversity, expand learning and development resources and the results and actions from the regular staff surveys
- Received updates at each Board meeting from the Managing Partners of the Life Sciences and Technology Partnerships, which included detail on the short to medium-term strategy for each partnership and performance of their focus portfolio companies

CORPORATE GOVERNANCE STATEMENT.

Schedule of matters

Except for a formal schedule of matters, which are reserved for decision and approval by the Board, the Board has delegated the day-to-day management of the Group's operations to the Executive Directors, supported closely by the Executive Committee. The schedule of matters reserved for Board decision and approval are those significant to the Group as a whole due to their strategic, financial and/or reputational implications. The schedule can be found within the Corporate Governance section of the Group's website at www.ipgroupplc.com. This schedule was reviewed in 2023 and all recommended changes were accepted by the Board. The schedule will be reviewed again in 2024.

Committees and oversight

In addition to the Executive Directors, the Board delegates specific responsibilities to certain committees that assist the Board in carrying out its functions and ensure independent oversight of internal control and risk management.

The three principal committees of the Board (Audit and Risk, Nomination and Remuneration) play an essential role in supporting the Board in fulfilling its responsibilities and ensuring that the highest standards of corporate governance are maintained throughout the Group. Each Committee has its own terms of reference, which set out the specific matters for which delegated authority has been given by the Board and which can be found within the Corporate Governance section of the Group's website at www.ipgroupplc.com.

Separate reports on the role, composition, responsibilities and operation of each of the Nomination, Remuneration and Audit and Risk Committees are set out on pages 102 to 110, pages 111 to 128 and pages 129 to 136, respectively.

The Group's Corporate Governance Framework set out on page 92 illustrates the structure of the Board and its principial committees. The Group's Executive Committee comprises the Group's two Executive Directors, the Managing Partners of Technology and Life Sciences, the Managing Partner of Parkwalk Advisors, the Group General Counsel, the Director of Communications, the Group People Director and the Finance Director. In addition, both the Managing Director, Australia and a Founding Partner of Kiko Ventures attend the Executive Committee as observers. Within the agreed financial limits set by the Board, the Executive Committee has primary authority for the day-to-day management of the Group's operations, save for those matters that are expressly reserved for the Board or its committees. In 2023, the Executive Committee introduced two standing sub-groups: the Investment Group and Operations Group.

The Investment Group is primarily responsible for all matters relating to the investment business conducted by the Group. The Operations Group is primarily responsible for all matters relating to the operation, sustainability and longevity of the Group, alongside the day-to-day running of the business. Both groups report regularly up to the Executive Committee.

The Disclosure Committee assists the Group in making timely and accurate disclosure of all information that is required to be disclosed in order for the Group to meet its legal and regulatory obligations, including under the Market Abuse Regulation, and ensures that relevant training is provided to the Board and to the wider employee base. This Committee takes responsibility for the assessment and control of inside information, both in respect of the Group and its quoted portfolio companies. The composition of the Disclosure Committee comprises the CEO, the CFOO, the Group General Counsel, the UK General Counsel, the Director of Communications and a minimum of one Non-executive Director.

The Group has Investment Committees for its Technology and Life Sciences Partnerships and in respect its Australian investment decisions. Decisions relating to investments and divestments in portfolio companies (other than those reserved for the Board) are delegated to these Investment Committees within defined parameters and with specific quorum requirements. Parkwalk Advisors operates a separate Investment Committee and under separate investment authorities. Additional executive oversight of key operating subsidiaries is provided by the CEO sitting on the Parkwalk Advisors board and both the CEO and CFOO sitting on the board of the Group's principal Australian subsidiary.

Board size and composition

As at 31 December 2023, there were eight Directors on the Board: the Chair, two Executive Directors and five Non-executive Directors; four men and four women. The biographies of all Directors are provided on pages 88 to 91.

Elaine Sullivan, who has served on the Board for nearly nine years, will, as a consequence not seek re-election as a director at the Annual General Meeting ("AGM") on 12 June 2024. She has made a significant contribution to Board discussions and decisions and will be sorely missed.

In accordance with the provisions of the Code, all the Directors (other than Elaine Sullivan) will be offering themselves for re-election at the 2024 AGM. The Board unanimously recommends to shareholders the re-appointment of the Directors offering themselves for re-election. The annual Board evaluation and the annual one-to-one performance appraisal process confirmed that all Directors of the Company are effective, commit the

CORPORATE GOVERNANCE STATEMENT.

required time demanded of them, and continue to display the appropriate level of commitment in their respective roles.

Diversity

The disclosure required by DTR 7.2.8A relating to the Group's diversity policy is presented in the Nomination Committee Report on page 105 and in the Meaningful Impact section on page 44.

Company Secretary

All Directors have access to the impartial advice and services of the Company Secretary. The Company Secretary acts as a key point of contact for the Chair and has an important role in ensuring both the quality of information that flows between the Executive and Non-executive Directors and that any agreed actions are completed. The Company Secretary supports the Chair and the Nomination Committee on performance evaluation, the induction of new directors and the continuing development of current directors to enable them to comply with their duties and effectively carry out their roles.

Non-executive Directors

The Non-executive Directors provide a wide and diverse range of skills and experience to the Group as detailed on page 87. By virtue of this, the Non-executive Directors collectively are well placed to constructively challenge and scrutinise the performance of executive management at both Board and Committee meetings.

In order to protect their independence, the Group does not permit Non-executive Directors to invest personally in any of the Group's portfolio companies. All of the Non-executive Directors presenting themselves for re-election at the AGM in 2024 comply with this policy.

Non-executive Directors are required to obtain the formal written approval of the Chair before taking on any further directorial appointments or any engagement with an organisation that competes with the Group (whether directly or indirectly). The Chair requires the approval of the Board before adding to his own commitments. In all cases, Non-executive Directors must ensure that the aggregate time committed to external appointments does not impinge upon the time they have committed to the Group. The Executive Directors are restricted to only one external (outside the Group) board appointment for which the Chair's approval is required. Details of key external appointments of the Directors can be found on pages 88 to 91.

Board meetings, provision of information and decisions

The Board and its Committees meet on a scheduled basis throughout the year as well as on an ad hoc basis, as required in response to the needs of the Group's business.

The Board had seven scheduled Board meetings and a two-day strategy session in 2023; six Board meetings and a two-day strategy session are scheduled for 2024. The requirement for additional scheduled meetings is kept under review by the Chair and the Company Secretary.

Meetings between the Chair and the Non-executive Directors, including informal dinners both with and without the presence of the CEO and other executive team members, are also held throughout the year.

The Chair, CEO and members of the Executive Committee work together to ensure that the Directors receive relevant information to enable them to discharge their duties and that such information is accurate, timely and clear. This information includes monthly management accounts containing an analysis of performance against budgets and other forecasts, as well as written reports from each of the Life Sciences and Technology Partnerships, the Australasian and US businesses, the capital markets division, the Group's IR, Communications and ESG teams and Parkwalk Advisors. Additional information is provided as appropriate or if requested. At each Board meeting, the Board receives information, verbal reports and presentations from the CEO and the CFOO, the Managing Partners of the Life Sciences and Technology Partnerships and, by invitation, other members of the Executive Committee and senior management. This includes bi-annual presentations from the US and Australasian business units and presentations from Parkwalk Advisors, the Group People Director, the Group Finance Director, Director of Communications and the Head of ESG. These presentations ensure that all Directors are aware of, and are in a position to monitor effectively, the overall performance of the Group, the development and implementation of its strategy and its management of risk. In addition, the Board receives in-depth presentations throughout the year from selected portfolio companies, including through engaging in site visits.

CORPORATE GOVERNANCE STATEMENT.

Directors' conflicts of interest

Each Director has a statutory duty under the CA 2006 to avoid a situation in which they have, or could have, a direct or indirect interest that conflicts or may potentially conflict with the interests of the Company. This duty is in addition to the continuing duty that a director owes to the Company to disclose to the Board any transaction or arrangement under consideration by the Company in which they or a connected party are interested. The Company's Articles of Association permit the Board to authorise conflicts or potential conflicts of interest.

The Company operates a Conflicts of Interest Policy which contains procedures for disclosing and managing conflicts of interest within the Group, at the Board, Executive Committee and Investment Committee levels, with the Company Secretary responsible for the maintenance of a register of Directors' conflicts of interest. The Board has established procedures for managing and, where appropriate, authorising any such conflicts or potential conflicts of interest. Directors' conflicts are a recurring agenda item at all Board meetings, and this gives Directors the opportunity to raise at the beginning of every Board meeting any actual or potential conflict of interests that they may have on the matters to be discussed. The Board may revoke or vary any conflicts authorisation at any time. The Board believes that the procedures established to deal with conflicts of interest are operating effectively.

Board support

Directors are able, if required, to take independent professional advice at the Company's expense. In accordance with the Company's Articles of Association, Directors have been granted an indemnity issued by the Company to the extent permitted by law in respect of liabilities incurred as a result of their office. The indemnity would not provide coverage where a Director is proved to have acted fraudulently or dishonestly. A copy of the indemnity is available for inspection as required by the CA 2006. The Company has also arranged appropriate insurance cover in respect of legal action against its Directors and Officers.

Induction, awareness and ongoing development

As detailed on page 105 of the Nomination Committee Report, a comprehensive induction process is in place for new Directors. The programme is tailored to the needs of the individual Director and agreed with them in advance and monitored throughout the process to ensure that they can gain a full understanding of the Group and its businesses.

The content of the induction process is regularly re-evaluated by the Board, supported by the Group People Director, when it is considering a new Director appointment to ensure it remains tailored to the needs of the business of the Group and the specific profile of any incoming Director. Following the completion of the induction process, the Company Secretary will seek feedback from the relevant incoming Director to assist with this refreshing of induction processes.

On an annual basis, the Company Secretary arranges for an external governance specialist to attend one Board meeting to present on the key Corporate Governance changes over the previous twelve months and to signpost expected prospective developments. In addition, the Board is kept updated by the in-house legal team on key legislative and governance changes and sentiment affecting the Group and how the Group is ensuring its compliance and obligations under all relevant legislation. The Board also receives presentations on capital market developments in general and specific to the Company on an ad hoc basis; during 2023 presentations were received from Numis, Bank of America Merrill Lynch and Rothschild & Co.

In order to increase their knowledge of the Group's portfolio companies, the Chair and Non-executive Directors are encouraged to attend portfolio company presentations and events, both online and at the Group's head office to complement meetings arranged at the portfolio companies' premises. In July 2023, the Board held its meeting in Bristol, at the offices of Ultraleap where, in addition to its Board and Committee meetings, it enjoyed a site visit and first-hand demonstration of the Ultraleap technology, and met with members of Ultraleap's senior management. The CEO of Intelligent Ultrasound then presented at the Board dinner after the meeting.

As a part of their ongoing development, each Director receives feedback on their performance following the Board's performance evaluation each year, following which, the Chair will review and agree with each Director their training and development needs for the year ahead. Access to training and development opportunities, including those relevant to the Non-executive Directors' membership on the Board's committees, is facilitated through the Company Secretary. Further details relating to the assessment of the Board's performance are set out on pages 107 to 109.

CORPORATE GOVERNANCE STATEMENT.

Director rotation and independence

The Nomination Committee supported by the Company Secretary has responsibility for succession planning for each of the Non-executive Directors (including the Chair). Each Non-executive Director is appointed for an initial three-year term pursuant to their respective letters of appointment. This initial term is then subject to renewal for subsequent three-year term(s) and, other than the Chair, to a maximum of three consecutive three-year terms in order to maintain their independence from a governance perspective, in accordance with the Code. Provision 19 of the Code applies to the maximum term for the Chair's appointment, and the Nomination Committee is responsible for ensuring compliance with this provision. The Chair was considered by the Board to be independent on appointment.

Statement of Non-executive Directors' independence

The Code sets out the circumstances that should be relevant to the Board in determining whether each Non-executive Director is independent. The Board considers Non-executive Director independence on an annual basis as part of each Non-executive Director's performance evaluation. Having undertaken this review, and with due regard to Provision 10 of the Code, the Board concluded that all the Non-executive Directors are considered to be independent of management and free of any relationship or circumstance that could materially influence or interfere with, or affect, or appear to affect, the exercise of their independent judgement.

Internal controls and risk management

The Board recognises the importance of the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. The Group's internal controls (including all material financial operational and compliance controls), which are Group-wide and were in place throughout 2023, were reviewed by the Board, with no significant failings or weaknesses being identified in respect of the year ended 31 December 2023 and up to the date of approval of the Annual Report and Accounts. Where the Board has identified areas requiring improvement, processes have been put in place to ensure that the necessary action is taken and that progress in such areas is monitored. Details of the Group's internal controls and risk management systems are provided on pages 60 to 73.

The Board is responsible for establishing and monitoring internal control systems and for reviewing the effectiveness of these systems. The Board views the effective operation of a rigorous system of internal control as critical to the success of the Group. However, it recognises that such systems can provide only reasonable and not absolute assurance against material misstatement or loss. Details of the effectiveness reviews of the systems of risk management and internal control are provided on pages 132 to 133.

The key elements of the Group's internal control system, all of which have been in place during the financial year and up to the date of approval of the Annual Report and Accounts, are as follows:

Control environment and procedures

The Group has a clear organisational structure with defined responsibilities and accountabilities. Its values surrounding expectation of quality, integrity and ethics are well documented and communicated clearly throughout the whole organisation. An overview of the Group's risk management framework is set out on page 62.

The Group outsources its internal audit function to PwC. Details of the internal audit activity during 2023, including internal audit reviews, are on pages 133 to 134.

Detailed written policies and procedures have been established covering key operating and compliance risk areas. These are reviewed and updated at least annually by the Audit and Risk Committee.

Identification and evaluation of principal risks and uncertainties

The operations of the Group and the implementation of its objectives and strategy are subject to a number of key risks and uncertainties. The Board actively identifies and evaluates the risks inherent in the business, formally reviews these on at least an annual basis (or as market or business developments require) and ensures that appropriate controls and procedures are in place to monitor and, where possible, mitigate these risks. Specifically, all decisions relating to strategic partnerships and other collaborations, strategic acquisitions and disposals and significant long-term debt facilities entered into by the Group are reserved for the Board's review and approval.

The Board regularly reviews significant fair value movements in individual portfolio companies, concentrating on the Group's investments in its priority companies and the top 20 most valuable portfolio company holdings. For details on the activities of the Group's Valuation Committee see page 131.

As described on page 60, the Group maintains risk registers setting out mitigations in place in each case. The key risks and uncertainties faced by the Group, as well as the relevant mitigations, are set out on pages 64 to 72.

CORPORATE GOVERNANCE STATEMENT.

Information and financial reporting systems

The Group evaluates and manages significant risks associated with the process of preparing consolidated accounts by having in place systems and controls that ensure adequate accounting records are maintained and transactions are recorded accurately and fairly to permit the preparation of financial statements in accordance with IFRS. The Board approves the annual operating budgets and receives details of actual performance measured against the budget at each meeting.

Further details in relation to the Group's approach to the management of its business risks, and the function and ongoing roles and responsibilities of its internal risk council are set out on pages 60 to 73 and on pages 132 to 133.

Engaging with key stakeholders

Engaging with stakeholders is an integral part of the Group's governance and decision-making procedures and is critical to ensuring the future success of the business. During 2023, the Board and the Executive Committee completed its annual review of the mapping of its key stakeholders, ensuring all its key stakeholders were captured. This process will be repeated again in 2024.

Further details of the Group's engagement with its key stakeholders and issues that matter to such stakeholders are set out on pages 74 to 85.

Share capital and related matters

Details of the structure of the Company's share capital (including shares held in treasury) and the rights attaching to the Company's shares are set out in note 1 to the consolidated financial statements. Details of the Directors' authorities in relation to the issuing or buying back by the Company of its shares are set out on pages 137 to 138 of the Directors' Report.

Articles of Association

The Company's Articles of Association may be amended by a special resolution of the shareholders and were last amended in 2021.

Substantial shareholders

Details of persons who hold a significant direct or indirect holding of securities in the Company are set out on page 138 of the Directors' Report.

Annual General Meeting

Notice of the Annual General Meeting, which will be held on 12 June 2024 at IP Group plc, 3 Pancras Square, Kings Cross, London, N1C 4AG, is included with this Annual Report, containing details of the resolutions to be proposed at the meeting and explanatory notes on those resolutions. To ensure compliance with the Code, the Board proposes separate resolutions for each issue and proxy forms allow shareholders to vote for or against, or to withhold their vote on each resolution. The results of all proxy voting are published on the Group's website after the meeting and declared at the meeting itself. Shareholders who attend the Annual General Meeting will have the opportunity to ask questions and all Directors are expected to be available to take questions.

The Group's website (www.ipgroupplc.com) is the primary source of information on the Group. The website includes an overview of the activities of the Group; details of its portfolio companies, and its key university relationships and other strategic collaborations; and details of all recent Group and portfolio company announcements.

On behalf of the Board

Sir Douglas Flint
Chair

12 March 2024

NOMINATION COMMITTEE REPORT.

Sir Douglas Flint
Chair

Committee membership

The Nomination Committee currently comprises the following independent Non-executive Directors whose backgrounds and experience are summarised on pages 88 to 91.

- Sir Douglas Flint (Chair)
- Aedhmar Hynes
- Dr Elaine Sullivan
- Heejae Chae
- Dr Caroline Brown
- Anita Kidgell

Report contents

- Principal responsibilities
- Key activities in the year
- Meetings and Terms of Reference
- Appointments
- Q&A with Anita Kidgell
- Diversity and inclusion
- Succession planning
- Board effectiveness and performance evaluation

Principal responsibilities

The key objective of the Nomination Committee is to ensure that the Board comprises individuals with the necessary skills, knowledge, independence and diversity of thought and experience, including lived experience, to ensure that the Board is effective in discharging its duties and is independent for the purposes of the Code. The principal responsibilities of the Committee are as follows:

- Regularly reviews the size, composition and skills of the Board and leads the process and makes recommendations on any changes considered necessary in the identification and nomination of new Directors, the re-appointment of existing Directors and the appointment of members to the Board's committees
- Ensures that there is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board
- Assesses the roles of the existing Directors in office to ensure there continues to be a balanced Board in terms of skills, knowledge, experience, independence and diversity
- Keeps under review the leadership needs of the Group to enable the Group to compete effectively in its chosen fields and deliver on its strategy
- Advises the Board on succession planning for Directors and other senior management appointments, given that the Board as a whole is responsible for succession
- Oversees a diverse pipeline for succession
- Considers the setting of diversity and inclusion policies, objectives, targets and strategies, alongside the Group's HR team and the Group's Inclusion and Diversity Project and monitors the impact and outcome of any agreed initiatives
- Oversees the induction of new Directors and the training requirements of the Board as a whole
- Oversees the Group's controls over potential and actual conflicts of interests of the Directors and senior management, including disclosure, authorisation and management of such conflicts as may be appropriate or otherwise required by both the Group's Conflict of Interests Policy and applicable law or regulation
- Assists the Chair in the annual evaluation of the Board, ensures an externally facilitated evaluation at least once every three years and oversees the implementation of any actions or feedback arising from each evaluation

NOMINATION COMMITTEE REPORT.

Key activities in the year

The key areas of focus for the Committee in 2023 included:

Board composition

- Approved the appointment of Anita Kidgell as an additional Non-executive Director. See pages 104 to 105 for more detail
- Reviewed the size and diversity of the Board, including a detailed review of an updated skills matrix of the current Board members following Anita Kidgell's appointment and its interplay with the medium-term Non-executive succession plan

Succession planning

- Reviewed the medium-term succession plan for the Non-executive Directors, including initial plans to mitigate the co-incidence of the end of the nine years of tenure of the Chair and three other Non-executives in 2027/28
- Undertook a detailed review of succession planning for all key Executive and leadership positions across the Group

Governance and I&D

- Received an update from the Group's Inclusion and Diversity Project ("IDP") on their progress against the IDP Masterplan and target setting
- Reviewed the terms of reference for the Nomination Committee

Evaluation

- Oversaw the implementation of the actions identified during the 2022 externally facilitated evaluation of the Board and its committees
- Oversaw the internally facilitated evaluation of the Board and its committees in 2023

Meetings and terms of reference

The Nomination Committee meets as and when required, or as requested by the Board, and had three scheduled meetings during 2023. The attendance by each member of the Nomination Committee at the scheduled meetings during 2023 is set out on page 86.

The terms of reference for the Nomination Committee were reviewed in March 2024 and it was concluded that no substantive updates were required at this time. The Nomination Committee reviews its terms of reference at least annually and will propose updates where necessary to reflect current market practice.

Appointment process

In making future appointments to the Board, the Nomination Committee will continue to adopt a formal, rigorous and transparent procedure. It gives full consideration to the balance, skills, knowledge, independence and diversity (including diversity of gender, social and ethnic backgrounds, cognitive and personal strengths) of the Board. Where relevant, and particularly in considering matters of succession, the Committee also considers the future challenges facing the business, any emerging trends that may affect the Group's long-term success and any specific technical skills and knowledge that may be required on the various committees.

In addition, for appointments to the Board, the Nomination Committee will always assess any potential conflicts of interest and whether identified candidates have sufficient time available to devote to the role and meet what is expected of them effectively.

The appointment for future appointments to the Board is as follows:

Identify

Mapping exercise of the Board's existing skills, experience, knowledge and balance to identify any gaps.

Search

Nomination Committee considers whether the services of an external search consultancy or public advertising are required in addition to the Group's in-house capabilities and a detailed job specification is prepared.

Identify

A diverse list of candidates is created and, following review by the Nomination Committee, is distilled into a shortlist. All shortlists will be gender balanced, and we will always seek to include at least one candidate from another under-represented group in the final shortlist.

Interview

Interviews with shortlisted candidates are carried out by the Chair and certain other directs.

Appointment

The Nomination Committee makes a recommendation to the Board and, if in agreement with the recommendation, the Board approved the chosen candidate.

NOMINATION COMMITTEE REPORT.

Anita Kidgell
Non-executive Director

"IP Group is at the very forefront of innovation, investing in ideas today that are likely to have a significant impact on the environment, health and business of the future. I can't think of a more rewarding and fascinating area to be in."

Q What made you decide to join IP Group?

A The key factors in making my decision were the business and the people. IP Group is at the very forefront of innovation, investing in ideas today that are likely to have a significant impact on the environment, health and business of the future. I can't think of a more rewarding and fascinating area to be in. Maybe I am biased having spent my whole career in or around innovation, but who wouldn't want to work in such an environment? I wanted to work with people who are idea creators and passionate about growing such ideas. I also wanted to be part of a Board that is cohesive, respectful and works as a team.

Q What skills and experience do you bring to the role?

A I have worked in the life sciences sector my whole life and continue to do so with my current role at GSK, which is a key sector for IP Group. During this time I have worked in R&D (both Discovery Medicine and Clinical Research), Communications, Investor Relations and Strategy, so I believe I can bring some outside-in perspective to the Group in a variety of very relevant disciplines. Innovative sectors like life sciences are fast moving and constantly evolving. I live and breathe this environment everyday with my current role, which I hope will be of significant benefit to the Board and the Group.

Q How has your first year at IP Group been?

A It's been great! I have really enjoyed meeting the teams, getting to know the portfolio companies and working with the Board who have been very welcoming. I am continuing to learn; I am a great believer in continuous learning and trying to look at things in a different way or approaching things from a different angle. In a business like this you have to constantly innovate and challenge, because the environment is constantly moving and often at a fast speed. So I hope I will continue to learn, question and challenge well into my second year and beyond.

Q How did you find the induction process?

A Of course there was a significant amount of information given the nature of the Group but it was delivered in a thoughtful manner as part of a very well structured process. Everyone I spoke to was so passionate about their specific area and eager to share that passion with me. As I get to know the Group more and more, I am always encouraged by the depth of this passion and the desire of individuals to really want to make a difference. It is never easy to invest in the unknown, but those that do are the real shapers of the future.

NOMINATION COMMITTEE REPORT.

Induction process

Following the appointment of Anita Kidgell to the Board in January 2023, Anita completed a comprehensive induction process during the first quarter of 2023. The Group's induction programme is tailored to the needs of each Director, agreed with them in advance and monitored throughout the process to ensure each new Director gains a good understanding of the Group, its strategy, its people and its business. The process for Anita's induction included:

- An overview of the Group and its businesses, structure, functions, strategic aims, risk management framework and remuneration policies
- Meetings with both Executive Directors, the Company Secretary, members of the Executive Committee (including the Managing Partners of Life Sciences and Technology, a Kiko founding partner and the Managing Director of IP Group Australia) and the heads of the Group's key functions
- Meetings with both the Group's auditor and internal audit function
- Training on key legal matters relevant to the Group and its policies
- Meetings with some of the Group's priority portfolio companies and presentations from their management teams on their businesses
- Observing a meeting of the Valuation Committee
- Sessions as appropriate with the Group's advisors, as well as with appropriate external governance specialists, to ensure understanding of the responsibilities and obligations she accepts as a Director of a FTSE 250 company, and of the governance and legislative framework within which the Board must operate

Diversity and inclusion

The Board is committed to a culture that attracts and retains talented people to deliver outstanding performance and enhance the success of the Group. Within that culture, the Board's policy is to make appointments to the Board based upon merit measured against objective criteria, whilst recognising that diversity, in all its many forms, is key to introducing different perspectives into Board debate and decision making and creating optimal balance and composition of the Board.

The Nomination Committee applies the Board's diversity strategy and policy in accordance with its terms of reference, considering diversity in the widest possible sense in evaluating the composition of the Board, identifying suitable candidates for the Board and overseeing a diverse pipeline for succession. The Board also ensures that the same rigorous approach is applied to roles across the senior management team.

The Group supports the diversity targets and recommendations of the FTSE Women Leaders Review (having at least one woman in the Chair or Senior Independent Director role and of 40% female representation on each FTSE 350 board and in senior management teams); and the Parker Review updates issued in 2020 and 2023.

As of 31 December 2023, the Board meets the Financial Conduct Authority's Listing Rule 9.8.6R(9) target of at least 40% of individuals on its Board being women, at least one individual on the Board being from a minority ethnic background and at least one senior Board position being held by a woman. Diversity information for the Board, senior management and the gender split for the Group as a whole, as at 31 December 2023, can be found on pages 43 to 44.

With the Group's small team, low turnover and focus on ensuring that every appointment throughout the Group is based on an objective, merit-based process, we generally prefer not to set hard targets for gender, ethnicity or other characteristics as part of our recruitment processes. However, noting the updated Parker Review guidance from 2023 and the move beyond a "one and done" approach to ethnic diversity, we have set a target of 15% of our senior management team being from an ethnically diverse background by the end of 2027. We will focus on this target as part of our recruitment activity and are committed to regularly reviewing both the target and our progress against it as part of our regular cycle.

At this stage, we are not intending to set similar targets for gender or other characteristics, not because we are less committed to these forms of diversity but because we intend to maintain our input-focused approach to driving wider forms of diversity across the organisation. This approach remains under constant review. The Committee continues to aspire to the organisation being representative of the communities in which we operate, and monitors progress in this area accordingly. Should the Committee feel that setting similar such targets for other diverse characteristics would be additive to progress in this area, it would seek to do so.

The Group's broad commitment to inclusion and diversity is not limited to the areas directly overseen by the Committee. The Committee is also active in overseeing the continuation and evolution of the inclusion and diversity strategy for the whole Group, which is overseen by the Group's Inclusion and Diversity Project ("IDP").

During 2023, the IDP further developed and refined the Group's Inclusion and Diversity ("I&D") Masterplan, which includes a forward-looking

NOMINATION COMMITTEE REPORT.

plan and actions over the next three years. Both the Committee and the Board have received regular updates on the work of the IDP, monitoring progress against deliverables in the Masterplan, as well as taking the opportunity to contribute to the overall development and refining of the Masterplan itself.

This oversight is part of our commitment to continue to consider all aspects of diversity throughout the Group. This commitment applies both to the assessment of overall Board and senior management composition, and also extends to the composition and culture of the whole Group. This in turn ensures we are able to ensure the best possible pipeline of diverse internal talent as part of our succession planning process, and of course also ensures that we make IP Group a welcoming, inclusive and positive place to work for employees from all backgrounds and of all characteristics.

For further detail on the work of the IDP and of the Masterplan see page 43. The Nomination Committee looks forward to significant continued progress in increasing both inclusion and diversity during 2024.

Succession planning

The Nomination Committee recognises that the Group's performance is highly dependent upon its ability to attract, recruit and retain the highest-quality people and that maintaining a robust succession planning framework is a key factor in ensuring the Group's long-term success. Succession planning also mitigates the risk of any unforeseen circumstances, ensuring that changes in Board or senior management positions are effectively managed, avoiding significant disruption to the Group and thereby ensuring that the Group can successfully execute its corporate strategy.

Executive Directors and Executive Committee

In partnership with the internal HR team, the Committee reviewed and agreed an updated comprehensive succession plan for both Executive Directors and all Executive Committee members. Our comprehensive plan considers each role in detail, and includes emergency as well as medium and long-term internal succession options. In each case, development needs for potential successors have been identified, and (in discussion with management) these needs have been or are being incorporated into the development plans for each relevant individual.

The Committee noted that, consistent with its conclusions in 2022, one of the disadvantages of a small internal team is the lack of "bench" coverage for some of the roles. In these cases, the Committee noted that emergency plans for either internal coverage via a redesign of roles and responsibilities and/or a plan to cover the roles with external resource for an emergency period remained in place, should this be required. The Committee therefore remains satisfied that management focus on succession is sufficient to mitigate any short-term or emergency challenges, and that the management team is balancing succession and continuity requirements with appropriate control over operational expenditure.

Overall, the Nomination Committee remains confident that the Board and Executive Committee are well positioned to deliver the Group's evolving strategy into 2024 and beyond.

Non-executive Directors

The Group's Head of People and Company Secretary team worked with myself and the other Committee members through the year to agree an updated skills matrix across the members of the Board. The updated matrix reflects the changes to the Board following Anita Kidgell's appointment in January 2023 which was made in recognition of the retirement from the Board of Elaine Sullivan in 2024, following her ninth year of tenure.

Once agreed, the updated matrix was then used by the Committee as the basis for some initial discussions on Non-executive succession. In particular, the matrix provided the Committee and Board with the confidence that the retirement of Dr Sullivan will not need to be followed by the immediate recruitment of an additional Non-executive Director. This decision was taken following Committee consideration on whether there would be any skills gaps immediately following Dr Sullivan's retirement; whether there were any additional skills which would further add to the short-term effectiveness of the Board; and whether there would be an advantage in maintaining the current 6:2 ratio of Non-executives to Executives. In particular, the Committee noted that the recruitment of Ms Kidgell had mitigated the immediate skills gap which would have emerged upon Dr Sullivan's retirement and, therefore, gave them confidence in the ability of the Board to continue to operate effectively without an immediate replacement.

The Committee is also aware that the maximum nine-year appointment term of each of the remaining Non-executive Directors, myself, Caroline Brown, Heejae Chae and Aedhmar Hynes, are all coming to an end in a relatively short timeframe during 2027/28. This potential, longer-term issue is one which will inform the

NOMINATION COMMITTEE REPORT.

Committee's Board succession work over the course of 2024 and beyond. Given this, the Committee's focus over this period will be to identify the most effective succession plan and timings for the Chair, Senior Independent Director and Committee Chair positions which will all become vacant in 2027/2028.

This longer-term succession issue was also considered by the Committee as part of its decision not to immediately replace Dr Sullivan. The Committee's view is that reversion to a 5:2 ratio for a period allows additional flexibility to identify, recruit and onboard longer-term succession candidates for the key Board positions in a timely manner. This in turn will provide the combination of continuity and effective and meaningful handover periods to underpin the ongoing effectiveness of the Board. We may also be able to bolster the existing skills on the Board as the first stage of the strategy ("putting IP Group on the map") continues to play out through to the end of 2025 (see more on page 17), and the next phase of development for both the Group and the Board are determined.

Below Executive Committee

In addition to succession planning at Board and Executive Committee level, developing internal talent at all levels within the Group remains a continuous process. The Nomination Committee is responsible for ensuring that suitable assessment and development plans are in place to maximise the potential of the Group's employees and that the Group has effective recruitment policies to continue to attract and retain a diverse mix of talented employees. The Committee remains confident that this is the case.

As part of this wider review of talent plans, the Committee also considered areas of the business where the existing structures and/or resource plans create key-person dependency risks, and the plans in place to mitigate this. In particular, the Committee was pleased to note the work being undertaken to develop external talent maps for each of the investment teams. These talent maps, developed in tandem with an external partner using proprietary systems and expertise, provide the Group with detailed information on the total candidate base for each of the mapped teams. This in turn allows the Group to make both immediate and longer-term talent and structure decisions with greater confidence based on our understanding of the total addressable market for talent at each level. By the end of 2023, projects for both the UK Life Sciences team and the UK Deeptech Investment teams had been completed.

Board effectiveness and performance evaluation

In line with best practice under the Code, the Board carries out a review of the effectiveness of its performance and that of its Committees and Directors every year. This evaluation is externally facilitated every three years with the next external evaluation due in 2025, following a full external Board evaluation in respect of the year to 31 December 2022, which was undertaken by Bvalco Ltd. The 2023 review was therefore an internal review, and was led by the Chair, with the support of the Company Secretary, in line with the process set out right.

Board evaluation process

1. Review of the recommendations of the 2022 Board effectiveness evaluation and summary of progress against recommendations prepared
2. Board members invited to one-to-one meetings with the Company Secretary and requested to complete questionnaires
3. The Company Secretary summarised the outputs of meetings/questionnaires in reports for the Board and its committees
4. Results were presented and discussed at Board and Committee meetings
5. Actions and priorities for 2024 were agreed, as set out on page 109

NOMINATION COMMITTEE REPORT.

Progress against 2023 actions

Set out below is the progress made in 2023 against actions identified through the 2022 externally facilitated Board effectiveness review.

Action	Progress
Re-instigate regular Non-executive only meetings/dinners around Board meetings, with topics to include how the Non-executives can individually and collectively support the CEO's development and strategy delivery.	The Non-executives met by themselves on a number of separate occasions during the year, including a pre-strategy-day dinner. All of the Non-executives agreed that these meetings were useful and added value to the subsequent Board and Committee meetings.
Encourage active attendance and contribution at Board meetings by the Managing Partners of Life Sciences & Technology; continue to facilitate Board exposure to portfolio companies through presentations by management/the Group's investment teams and/or site visits.	The Managing Partners of Life Sciences & Technology now attend all Board meetings and present to the Board on their divisions and on the priority companies within each of their divisions. The Board attended the July meeting at the offices of Ultraleap in Bristol, where they received a presentation from Ultraleap's management team and had the opportunity to trial the Ultraleap software in a number of devices. The Board has also received presentations from members of the Group's investment teams on a number of the Group's portfolio companies and also from the Istesso CEO. Further, Board members have access to the internal Spotlight series on the portfolio, which involves bitesize update presentations from investment team members on portfolio companies across various divisions and stages of development.
Oversee an externally facilitated Executive Committee 360-degree review and support the CEO in any actions arising from the same.	An independent review of the working of the Executive Committee was carried out through 2023 and involved 1:1 conversations with each of the Executive Committee members and wider members of staff. The outcome of the review led to a change in the way sub-committees of the Executive Committee operate.
Board to debate and evolve, as required, the Group's international connectivity strategy and focus.	The Board critically analysed and challenged the Group's international strategy on a number of occasions through the year, which contributed to the decisions to deprioritise future investment in the US platform and cease plans for a China growth fund.
Continue to develop the Board skills matrix in view of Non-executive and Chair succession requirements by 2027/28; continue to complement Board experience with external expert networks, including to present at Board meetings.	The Nomination Committee debated at length at two of its meetings through the year the updated Board skills matrix and to what extent there were any gaps, alongside its plans for NED succession over the next three years.
Interrogate effectiveness of the Board more regularly throughout the year; regular self-evaluation of Board performance post-meeting, including prioritising its time on the right topics and delivering against its 2023 objectives; include periodic discussions in Board rolling agenda on Board culture and dynamics, challenging whether there are ways to improve how the dynamics work; consider Board development day to challenge itself in a differentiated way.	Bvalco, the entity that facilitated the 2022 external Board effectiveness exercise, ran a further Board development session in July on Board dynamics, focusing on bias, beliefs and expectations, and shifting Board behaviour, as well as supercharging insights. In addition, an additional agenda item was added to the Board meeting agenda to encourage regular post-meeting reflections.
Continue to increase connectivity with the wider organisation, including through the use of Board/Executive dinners, Non-executive Q&A and Panel discussions, interactive staff social sessions (breakfasts/lunches/drinks) around Board meetings; and Non-executive visits to non-UK operations.	The Group's employee forum, IP Connect, hosted a "fireside chat" with the Group's Non-executive Directors at the Company's offices in December 2023. Aedhmar Hynes accompanied David Baynes on a trip to meet the management team of the Group's US platform holding, as well as the management team of some of US platform's portfolio companies. Various Board dinners were held after Board meetings throughout 2023, to which staff members who had presented at the Board were invited. Various Board and staff drinks were also held during 2024 to encourage interaction between the Board and the employee base in a more informal way.

NOMINATION COMMITTEE REPORT.

Conclusion of the 2023 review

The 2023 internal review concluded that the Board, each of its Committees and each of its Directors continue to operate effectively, with all Board members agreeing that the Board had developed its own strong and collegiate culture, enabled by a strong Chair. In particular, it was agreed that the Board was strengthened through its diversity, which included the knowledge, experience, skillsets, backgrounds and perspectives of the various board members; its openness and transparency; the collaborative nature of its members and the high level of trust and mutual respect around the table; and the different, yet complementary, personalities enabling full and open conversations around the matters tabled for discussion and decision. The experience of the Chair was highly appreciated, in particular with regard to his management of the meetings to ensure everyone's voices are heard, his listening skills, his ability to analyse the various contributions and relay them back to achieve consensus and his ability to manage contentious issues. As part of the internal review, Board members also agreed that good progress had been made against the actions identified from the 2022 external review undertaken by Bvalco and that the Chair had an agreed set of clear priorities for himself and the Board for the year ahead.

The Board also identified the following actions and priorities for 2024 from its internal review:

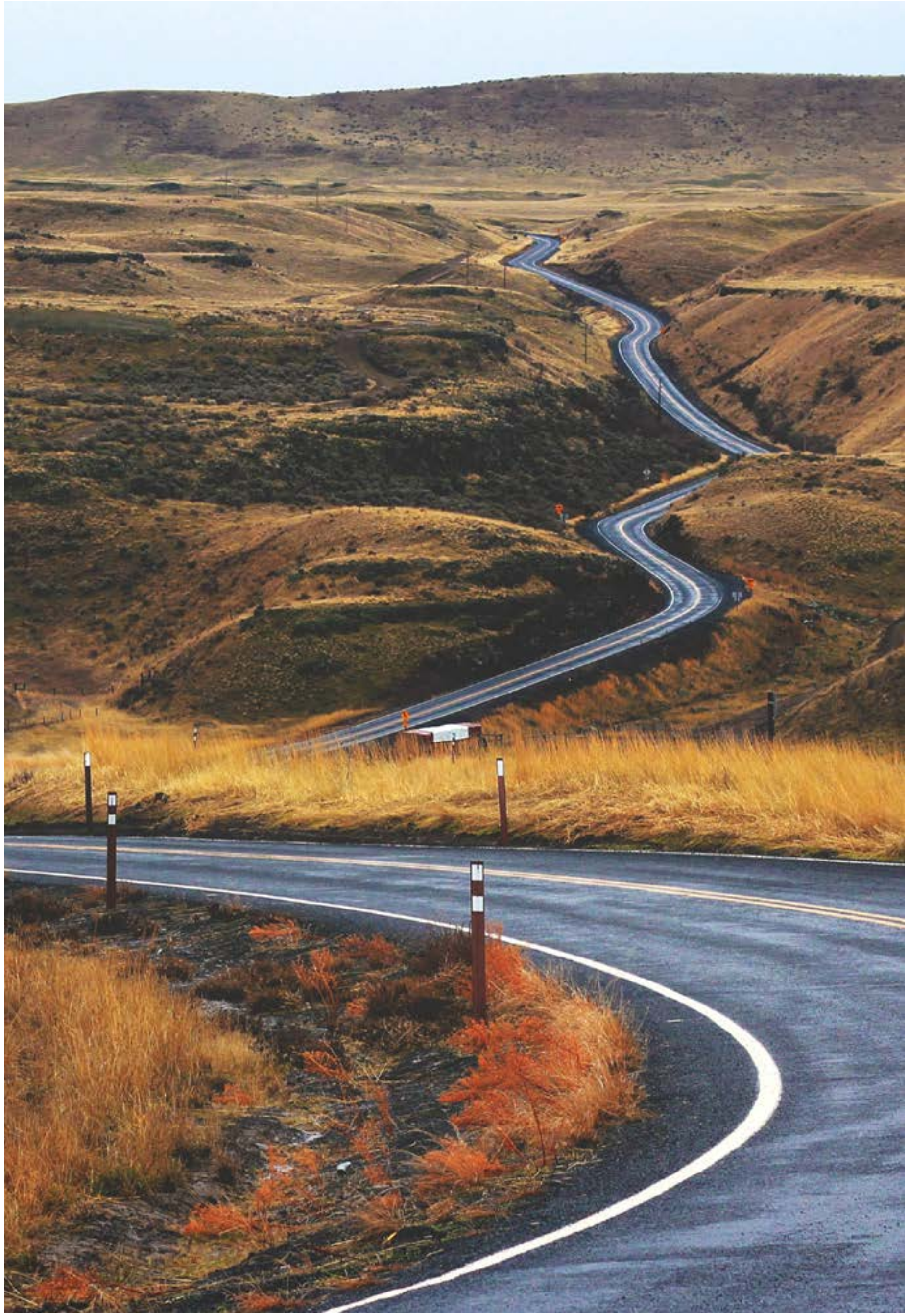
	Actions
Portfolio oversight	Continue to challenge and hold the Executive Directors and the wider investment teams to account for delivery of priority portfolio company 2024 milestones; undertake scenario planning for various outcomes in key portfolio companies through 2024.
Non-executive sessions	Schedule additional NED-only focused sessions around Board meetings, in addition to NED-only dinners, so as to fully capitalise on time all together around the Board table.
Succession planning	Agree the staging and timetable for Non-executive Director and Chair succession planning through to 2027/28 and begin implementing the same towards the end of the year.
Board materials	Continue to evolve the structure and succinctness of Board and Committee papers so as to focus board discussion and challenge on the material questions.
Executive Committee/Group connectivity	Seek greater participation from the wider Executive Committee members on ways in which the Board could add further value during its interactions with them and their respective teams through 2024; seek and respond to additional feedback and ideas through IP Connect to continue effective Board connectivity with the wider organisation.
Shareholder engagement and Board profile	Consider additional opportunities to utilise the Chair and NEDS for increased engagement with investors and shareholders; consider ways, including through investor events, the Group's website etc. to highlight the individual experience of the NEDs and their strengths/the collective strength of the Board.
ESG	Continue to actively oversee the Group's commitment to and communication of its approach to ESG matters, including challenging how what we are doing compares to others in our peer group and aligns with external investor priorities.

NOMINATION COMMITTEE REPORT.

Director performance assessment and review

The performance of each of the Non-executive Directors is reviewed by the Chair with support from the Company Secretary, the performance of the Chief Executive Officer is reviewed by the Chair and the performance of the Chief Financial and Operating Officer is reviewed by the Chief Executive Officer as part of the annual appraisal process. In addition to those reviews, the performance of the Executive Directors is reviewed by the Board on an ongoing basis. One-to-one meetings have been held amongst the individuals concerned using, amongst other things, the input collated on the performance of each of the individuals from the Board evaluation process and individual development plans arising from these meetings are now in place for the year ahead and include certain Board awareness sessions for continued development. These sessions are to include, as appropriate, continued exposure to and interaction with portfolio companies and their management teams, an annual update of corporate governance environment and trends, presentations from the Group's brokers and corporate finance advisors on shareholder perception, market performance (including versus the Group's peer group), potential strategic opportunities, defence strategies and shareholder activism and individual tailored sessions for some members on the Group's capital allocation and valuation processes and the Group's remuneration schemes. The Chair's performance is reviewed by the Senior Independent Director based on feedback from discussions with individual Directors; the resulting assessment is discussed with the Chair by the Senior Independent Director and actions required by the assessment are included in the Chair's objectives for 2024.

Sir Douglas Flint
Chair of the Nomination Committee
12 March 2024



DIRECTORS' REMUNERATION REPORT.

REMUNERATION STATEMENT

Heejae Chae
Chair of the Remuneration Committee

Committee membership

The Remuneration Committee currently comprises the following independent Non-executive Directors whose backgrounds and experience are summarised on pages 88 to 91:

- Heejae Chae (Chair)
- Sir Douglas Flint
- Dr Elaine Sullivan
- Dr Caroline Brown
- Aedhmar Hynes
- Anita Kidgell

Report contents

- Principal responsibilities
- Committee focus and key activities 2023
- Remuneration Policy summary
- Remuneration at a glance
- Annual report on remuneration

Principal responsibilities

In line with the UK Corporate Governance Code 2018, the terms of reference for the Remuneration Committee were reviewed, and adopted, by the Board in December 2023. The Committee will continue to review its terms of reference at least annually and will propose updates where necessary or appropriate. The key responsibilities of the Committee are unchanged, as follows:

- Determine the policy for Executive Director remuneration
- Design and set the remuneration for the Chair, Executive Directors and senior management
- Review workforce remuneration and related policies to ensure the Group attracts and retains the best talent
- Review remuneration practice and overall costs to the Group
- Consider retirement benefits and other employee benefits offered
- Consider the engagement and independence of external remuneration advisors
- Establish the Group's policy with respect to employee incentivisation schemes

The full terms of reference of the Committee are available on the Group's website at www.ipgroupplc.com.

Committee meetings are administered and minuted by the Company Secretary. In addition, the Committee receives assistance from the CEO, CFOO and Group People Director who attend meetings by invitation, except when matters relating to their own remuneration are being discussed.

Committee focus and key activities in 2023

In 2023, IP Group continued to both face and respond to significant external challenges, as set out on pages 06 to 30. In the face of these challenges, the main focus for the Committee during 2023 was to ensure that the implementation and outcomes of the Remuneration Policy agreed at our 2022 AGM remain reasonable and aligned with both performance and shareholder interests.

Once again, the difficult macroeconomic conditions have weighed upon our 2023 annual results and the performance of our shares. As in 2022, we consider the relatively restrained variable pay outcomes (25.1% maximum bonus and nil vesting on the 2021 LTIP) to be appropriate given shareholder outcomes over the period.

We continue to remain confident in the strategic direction of the Company, and believe that the management team has continued to focus on the areas required to set the business up for medium and long-term success. As such, we are confident that the work undertaken and milestones delivered during 2023 will generate significant shareholder value in the medium and long term.

Strong performance against the objectives that underpin our strategy (pages 17 to 18), and continued progress in the unquoted portfolio with a number of near-term value inflection points underpin this confidence. It is a key part of our strategy to align management focus with long-term shareholder value creation through the combination of restricted shares and a high minimum shareholding requirement. We have continued to focus and align remuneration in this way throughout 2023, and intend to do so as we move into 2024.

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DIRECTORS' REMUNERATION REPORT.

REMUNERATION STATEMENT

Through the year, the Committee has:

- Considered the skills and experience of the Executive Directors and carried out a benchmarking exercise in order to determine base salaries and total remuneration opportunity for the period 1 April 2023 to 31 March 2024
- Reviewed the application of the Group's Remuneration Policy for non-director employees, including the Group's approach to salary reviews as well as individual base salaries and incentive scheme targets and pay-outs
- Engaged with employees in both 2023 and early 2024 via our employee forum "IP Connect"
- Considered and approved the appropriate vesting level for the 2020 LTIP awards which vested in 2023, and the monitored potential outturns for the 2021 LTIP awards (the last award under the previous LTIP scheme)
- Considered the level of the 2023 Restricted Share Plan ("RSP") awards
- Considered the Annual Incentive Scheme ("AIS") awards and Group performance targets and out-turns as relevant for 2022, 2023 and 2024

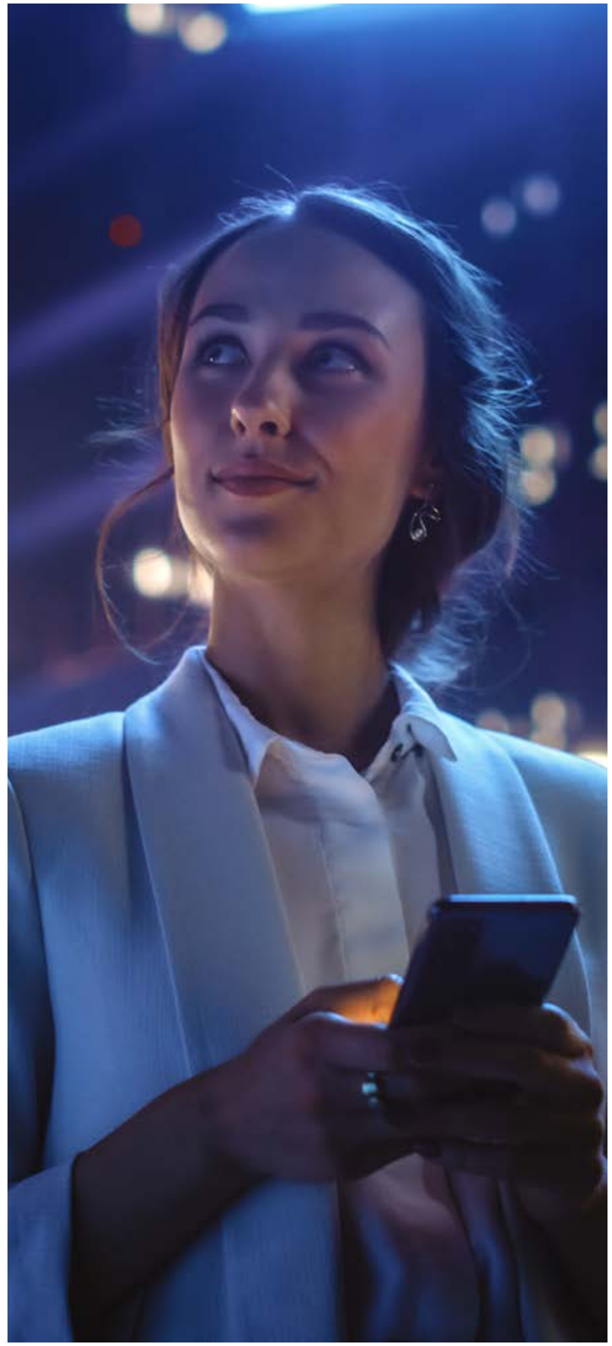
Structure of this Report

Following positive feedback received on the 2022 report, we have retained the Remuneration At A Glance section introduced last year. We have also included additional information on our bonus metrics for 2023 and 2024, in response to proxy agency and shareholder feedback. The report also contains a summary of our current Remuneration Policy (or the "Policy"), details of how we intend to implement the Policy in 2024 and detailed disclosure of outcomes in relation to 2023.

How has the Committee engaged with employees since the last report?

In February 2023, Aedhmar Hynes (our Designated NED) and I directly engaged with our employee forum "IP Connect" on the subject of Executive remuneration. We repeated this exercise in early 2024, as part of our commitment to ensure that this direct dialogue with employees takes place at least once each year, enabling our employees to have the opportunity to both challenge our direction and inform our decision-making process.

The input provided by IP Connect informed our decisions around both salary levels for 2024 and bonus outcomes for 2023. Overall, we were encouraged by the level of engagement and quality of discussion. It was also reassuring to find that our overall strategy for Executive remuneration (outlined in the Policy) remains well understood, and is considered by employees to be fair, equitable and reasonable in the context of the remuneration we offer elsewhere in the business.



DIRECTORS' REMUNERATION REPORT.

REMUNERATION POLICY SUMMARY

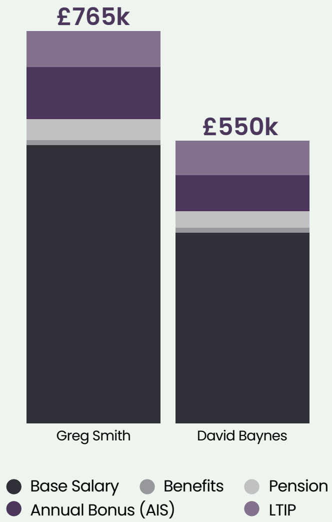
Set out below is a summary of the Remuneration Policy, which was approved by shareholders at the AGM held on 14 June 2022, and which is effective for a period of up to three years from approval. The full text of the Remuneration Policy can be found on page 118 to 124 of the 2021 Annual Report and Accounts and is available on the Group's website at **www.ipgroupplc.com**.

Element	Purpose and link to strategy	Policy and approach
Salary	To provide an appropriate level of fixed cash income to attract and retain individuals with the personal attributes, skills and experience required to deliver the Group's strategy.	Market median benchmark. Reflects lower upside potential and talent market perspective. Annual salary increases to not normally exceed the average increase awarded to other UK-based employees.
Retirement Benefits	To provide a competitive post-retirement benefit in a way that manages the overall cost to the Group.	Maximum contribution of 10% – aligned to workforce. Contribution made either to Group Pension Plan, personal pension plan of the Executive's choosing or an equivalent cash alternative.
Other Benefits	To provide a competitive and appropriate benefits package to assist individuals in carrying out their duties effectively and to retain individuals with the personal attributes, skills and experience.	Ongoing benefits typically comprise, but are not limited to, health and travel insurance, income protection and life assurance and may also comprise a car benefit (or cash equivalent). Executives are also provided with telecoms and computing equipment needed to perform their duties. Executive Directors may also participate in any all-employee share plans that may be operated by the Group from time to time on the same terms as other employees.
Annual Incentive Scheme ("AIS")	To provide a simple, performance-linked annual incentive mechanism that will: • attract, retain and motivate individuals with the required personal attributes, skills and experience • support our strategic objectives of long-term equity ownership and value creation • align the interests of management and shareholders	Maximum payment of 75% of salary, with payment based upon an appropriate mix of financial and strategic targets. Targets are reviewed annually prior to the start of each financial year to ensure the detailed performance measures and weightings are appropriate and continue to support business strategy. Performance targets are set at or around the start of each financial year. 50% of any amount above £25,000 deferred into shares for two years. Malus and clawback provisions also apply.
Long-term award: restricted shares	To provide market competitive long-term share awards, which align the interests of management and shareholders.	Restricted Share Plan awards. Maximum annual awards of 200% of salary (CEO) or 133% of salary (CFOO). Vesting subject to a performance underpin and Committee discretion, with a three-year vesting period and two-year holding period post-vesting. Malus and Clawback provisions also apply.
Shareholding guidelines	Align the interests of management and shareholders.	Minimum shareholding requirement of 350% of salary (CEO) or 250% of salary (CFOO), with post-cessation holding requirement applying for two years after exit.
Portfolio company share awards and carried interest	Balance our policy of encouraging direct investment in the portfolio below Executive Director level with appropriate controls to ensure that all decisions are made with the best interests of shareholders and other stakeholders in mind.	Direct investment in portfolio companies by Executive Directors is prohibited after appointment, with the exception of the take-up of pre-emption rights on existing investments. No Executive Director participation in carried interest pools.

REMUNERATION AT A GLANCE.

2023 Single Figure

	Greg Smith CEO	David Baynes CFOO
Base salary	£541k	£371k
Annual bonus	£103k 24.8% of maximum	£70k 24.8% of maximum
LTIP[1] (Long-term incentive plan)	£70k 13.7% of original award	£67k 13.7% of original award



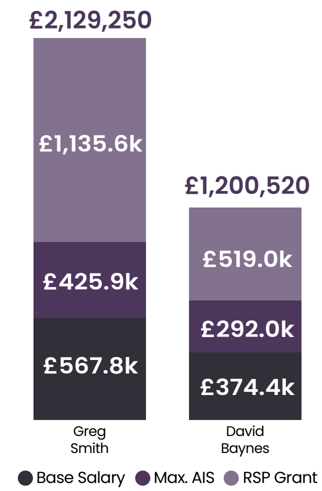
1 Refers to vesting of 2020 LTIP which vested on 31 March 2023.

Base Pay and Total Package

Base Salary Increase

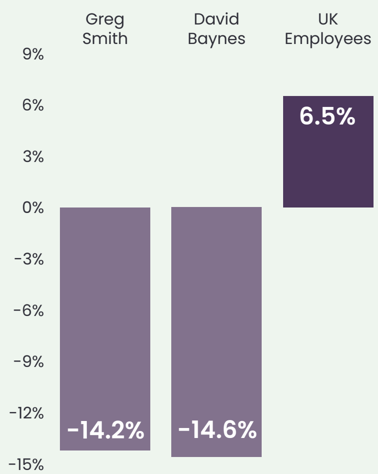
	April 2024	April 2023
Greg Smith	4%	4%
David Baynes	4%	4%
UK Employees (Average)	6.2%	7.4%

2024 Maximum Implementation



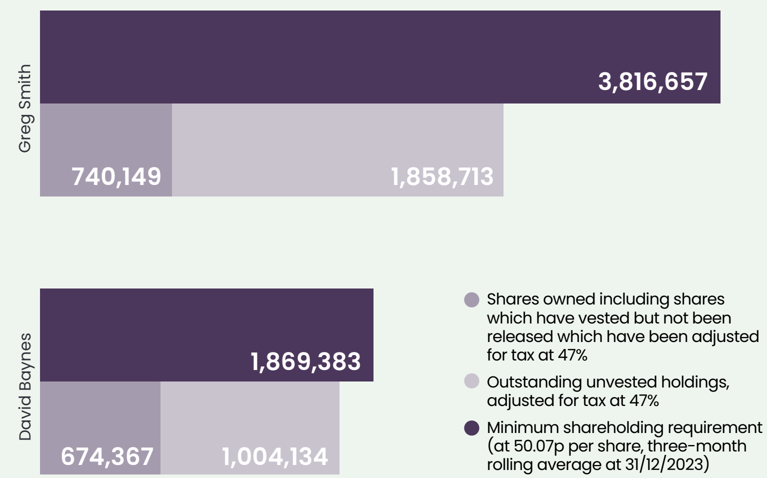
Variable Pay, Awards and Outcomes 2023

% Change in Bonus



RSP Awards

Directors' Shareholdings



ANNUAL REMUNERATION STATEMENT.

STATEMENT OF IMPLEMENTATION OF REMUNERATION POLICY IN 2023

The Group targets a remuneration package for its Executive Directors that will enable the attraction, retention and incentivisation of individuals of the highest calibre in order to successfully deliver the Group's strategic objectives.

In 2024, we will continue to base our approach on the Remuneration Policy approved by shareholders in 2022. Our approach combines market aligned base salary levels with short- and long-term incentives, which underpin long-term shareholder value creation through a focus on building an ownership mindset in the senior team.

During the year, we will begin to engage with shareholders on their preferred approach for the next policy period, which runs from 2025 to 2027, and which will be the subject of a binding shareholder vote in 2025.

For 2024, our Remuneration Policy will be implemented as set out below.

Salary

As explained in the 2021 report, upon appointment to their current roles in October 2021, salaries for both Greg Smith and David Baynes were set at market competitive levels. As such, the Committee expected a period of moderate salary increases for both individuals at or below the level that is applied to the wider workforce.

This has continued to inform the approach for 2024, where inflationary rises for both Executive Directors and the wider leadership team were aligned with the rest of the business at 4.0%. Overall, the average rise for both Executive Directors and the wider leadership team is below the average for the rest of the workforce.

With effect from April 2024, the salaries of the Executive Directors will be:

	2024/25 base salary	2023/24 base salary	Increase %
Greg Smith (CEO)	**£567,800**	£546,000	4.0%
David Baynes (CFOO)	**£389,400**	£374,400	4.0%

For reference, in 2024 the average like-for-like increase for the wider workforce is expected to be around 6.2%.

Our investment in this area is intended to ensure that our salary levels remain competitive, reflecting the importance of attracting and retaining a high quality team as part of our business model.

The inflationary rise applied reflects the fact that inflation (and salary inflation) remained well above recent historic levels during 2023, and our desire to treat both employees and shareholders fairly and proportionally.

Retirement and other benefits

Retirement and other benefits will continue to be in line with the levels stated in the Remuneration Policy table set out on page 113. Pension levels for both Executive Directors are aligned with the wider workforce, with employer contributions of up to 10% of salary.

Annual Incentive Scheme ("AIS")

The maximum AIS opportunity will remain at 75% of base salary for both Executive Directors, in line with the Remuneration Policy. The approach to setting targets will also remain consistent with the Policy.

As such, 40% of the 2024 AIS will be based upon Group NAV per share growth, which in the view of the Committee represents the most appropriate leading indicator of underlying business performance. The conservative approach to portfolio valuation, set out in more detail on page 131 underpins the Committee's faith in this measure. This element will be awarded at 25% of the maximum level provided a minimum level of audited NAV per share of 120.5p is achieved by the end of the year, and will be awarded in full if audited NAV per share exceeds 132.0p.

A further 40% of the 2024 AIS will be based on other in-year financial metrics which underpin our strategy. For 2024, these metrics include the level of realisations achieved from the portfolio and access to third-party capital. These objectives support long-term, sustainable growth. Targets for these elements of bonus will be disclosed retrospectively in the 2024 Annual Report.

For 2024, 15% of the AIS will be based on reducing the discount between NAV per share and our share price. Ensuring that our share price more accurately reflects the underlying value of our portfolio is key to ensuring that our shareholders are able to share in the value we create. We remain focused on improving this and so, for 2024, our Executive Directors will be explicitly targeted on improving this measure.

As has been the case since 2020, ESG will continue to form part of our approach to AIS. We first introduced this metric in 2020, and updated the measure for 2023 to align with our developing strategic focus on ESG. We intend to continue this alignment to our strategic focus for 2024, placing equal emphasis on the performance of our own business against key ESG measures, and the impact we have on the wider world through our portfolio.

ANNUAL REMUNERATION STATEMENT.

STATEMENT OF IMPLEMENTATION OF REMUNERATION POLICY IN 2023

For 2024, the AIS outcomes will, therefore, be determined based on the following mix of targets:

- 40% on achievement of the targeted levels for the Group's audited NAV per share
- 25% on the level of realisations generated from the portfolio during the year
- 15% on sourcing managed third-party capital in support of our strategy
- 15% on reducing the discount between share price and NAV per share
- 5% based on ESG metrics aligned to our sustainability strategy

Overall, the targets for all AIS measures set are considered by the Committee to be aligned to strategy and appropriately stretching, especially in light of the current economic climate and 2023 performance. However, and in line with the Remuneration Policy, the Committee may adjust any 2024 outcome to take into account overall business or individual performance or any other factors it considers appropriate.

Restricted Share Plan

The Committee intends to make RSP awards to Executive Directors at the normal maximum level allowed by the Remuneration Policy, being 200% of base salary for the CEO and 133% of base salary for the CFOO. As has been the case for each award, the Committee will carefully monitor both share price and performance in the lead up to making these awards, and will adjust the final award level if appropriate or necessary to do so.

Vesting of the 2024 awards will take place over a three-year period commencing on 1 April 2024. Any RSP awards that vest will be subject to a further two-year holding period. Vesting will be subject to a financial underpin based on adjusted NAV per share growth over the vesting period. For the 2024 awards, the financial underpin has again been set such that NAV per share on the vesting date must be no lower than 100% of NAV per share on the award date, after making appropriate adjustments for dividends, buybacks and any other distributions.

The Committee will also monitor qualitative performance to ensure that Executive Directors are not rewarded where the Committee considers there to have been a failure of performance. This will include a serious breach of regulation, failure to sufficiently progress against ESG objectives, material reputational damage and gross misconduct. In the event of any underpin condition not being met, the Committee will review the number of RSP awards which are due to vest, and may reduce (in full or in part) the number of shares that ultimately vest.

Chair and Non-executive Directors

With a small Board, the Group relies heavily upon a deep level of commitment from the Chair and all of the Non-executive Directors. The Chair and each Non-executive Director serves on multiple Committees as well as the Board itself.

Our Chair provides significant operational support to the management team, committing time and delivering value to the business and its stakeholders well beyond that required by his role. Fee levels for both Non-executive Directors and our Chair were adjusted in 2023 to reflect this and wider changes to market, and as such our intention is to limit increases in 2024 to the inflationary increase of 4.0% applied to the wider workforce.

We will therefore increase our Non-executive Director fee to £59,800 from the current level of £57,500, and the Chair fee to £236,000 from £227,000. Increases will be applied from April 2024.

Additional fees for Committee Chairs (including the Valuation Committee Chair), Designated NED and for being Senior Independent Director shall remain unchanged at £10,000. There remains no additional fee payable for membership of a Committee.

ANNUAL REMUNERATION STATEMENT.

STATEMENT OF IMPLEMENTATION OF REMUNERATION POLICY IN 2023

Single figure for total remuneration (audited)

The following table sets out the single figure for total remuneration for Directors for the financial years ended 31 December 2023 and 2022.

	Base salary/ fees[1]		Benefits[2]		Retirement benefits[3]		Total fixed		Annual bonus ("AIS")[4]		LTIP[5]		Total Variable		Total	
All £000s	2023	**2022**	2023	**2022**	2023	**2022**	2023	**2022**	2023	**2022**	2023	**2022**	2023	**2022**	2023	**2022**
Greg Smith	**541**	525	**3**	3	**48**	46	**592**	574	**103**	120	**70**	264	**173**	384	**765**	958
David Baynes[6]	**371**	360	**19**	14	**33**	32	**423**	406	**70**	82	**67**	264	**137**	346	**560**	752
Douglas Flint	**218**	189	**–**	–	**–**	–	**218**	189	**–**	–	**–**	–	**–**	–	**218**	189
Elaine Sullivan	**55**	48	**–**	–	**–**	–	**55**	48	**–**	–	**–**	–	**–**	–	**55**	48
Caroline Brown	**75**	66	**–**	–	**–**	–	**75**	66	**–**	–	**–**	–	**–**	–	**75**	66
Aedhmar Hynes	**75**	68	**21**	29	**–**	–	**96**	97	**–**	–	**–**	–	**–**	–	**96**	97
Heejae Chae	**66**	58	**–**	–	**–**	–	**66**	58	**–**	–	**–**	–	**–**	–	**66**	58
Anita Kidgell	**53**	–	**–**	–	**–**	–	**53**	–	**–**	–	**–**	–	**–**	–	**53**	–

1 Base salary/fees represent each Director's contractual entitlement during the calendar year in question, noting that the Group's salary year runs from 1 April to 31 March.

2 Travel costs for Non-executive Directors are reimbursed and are subject to PAYE, and a consumable expenses payment of £26 (net) per month is paid to all employees, Executive and Non-executive Directors to cover the additional costs of homeworking.

3 Retirement benefits include payments made to defined contribution schemes on behalf of the Directors or the value of a cash equivalent, if applicable. The pension available to the Executive Directors is aligned to that available for the employee population.

4 AIS executive bonus outturn was 25.1% of the maximum for 2023, equating to 18.8% of bass salary. Consistent with the Remuneration Policy, the first £25,000 will be paid in cash and thereafter 50% will be paid in cash and 50% deferred into shares over two years. AIS is calculated using the annual salary in effect from April 2023.

5 The 2023 LTIP value disclosure is based on the 2020 LTIP, which vested on 31 March 2023. The value shown has been calculated using the share price on the date of vesting (54.16p) and includes the value of dividend equivalents accrued in the vesting period. As the share price on the date of vesting was below the price on the date of grant none of the amounts in the table are attributable to share price appreciation.

6 David Baynes receives an annual car allowance or equivalent thereof of £12,000. He also participated in our Electric Vehicle salary sacrifice scheme during the year, sacrificing gross salary of £10,189 over the period, and has use of an electric vehicle with a taxable benefit of £998 in 2023. The benefits figure reported for David Baynes includes all of these amounts in aggregate, in addition to the value of his other benefits.

Additional disclosures for single figure for total remuneration table

Annual Incentive Scheme

The targets for the 2023 AIS for Executive Directors were set in line with the Statement of Implementation for 2023 laid out in the 2022 Directors' Remuneration Report. That is, AIS outcomes for 2023 have been determined based upon the following mix of targets:

- 50% on the annual return achieved on the Group's NAV per share
- 37.5% on the performance against key commercial objectives, which in 2023 were based on financial metrics
- 12.5% on a combined ESG performance metric

ANNUAL REMUNERATION STATEMENT.

The detailed performance conditions used to calculate initial AIS outturn for 2023 are set out in the table below.

Performance condition (% weighting)	Payment criteria	2023 performance (% of component awarded)	Performance commentary
Return on NAV (50%)	5% improvement in NAV per share (target 139.5p): 25% of maximum opportunity ("threshold") 15% improvement in NAV per share (target 152.8p): 100% of maximum opportunity	Below minimum target (0% of component)	NAV and NAV per share reduced across 2023, primarily due to falls in the quoted portfolio and a number of discrete valuation adjustments (including in our US portfolio) (see pages 33 and 36 for details)
Liquidity as a strategic asset (25%)	£nil to £70.1m (sliding scale) excluding any contribution from Oxford Nanopore Technology	£38.6m (55% of component)	Performance to plan with receipt of deferred funds from Waveoptics transaction (see pages 35 and 37 for details)
Access to third-party capital (12.5%)	Access to new co-investment capital of £20m (25% of maximum opportunity) to £100m (100% of maximum opportunity)	Below minimum target (0% of component)	FCA approval delay (Parkwalk Advisors) and strategic shift impacting our China Fund weighed on performance (see pages 14 and 37 for details)
ESG Performance (12.5%)	50% plc performance: Based on continued out-performance of sector benchmarks for Refinitv, MSCI and ISS. 50% portfolio impact: Based upon making sufficient progress in the agreement, collection and analysis of data relating to specific portfolio company ESG and impact metrics.	100% achievement of plc element; 82.1% achievement of portfolio impact (91.0% of component awarded)	Outperformance of sector benchmarks for all of Refinitv, MSCI and ISS Definition and agreement of 52 new Impact KPI's within the portfolio, alignment with investment teams and partial completion of operationalisation/ data collection (see page 41 for details)
Total weighted outturn		**25.1% of maximum (equating to 18.8% of base salary)**	

The Committee discussed the output of the quantitative targets as shown above, and considered that this outturn appropriately reflected the broader overall performance of the business for the year. The Committee particularly noted the impact of a number of external factors on the calculated bonus amount, including the continuation of difficult macroeconomic conditions through the year, but also noted the significant progress in a range of areas expected to underpin shareholder value growth as the Group moves forward.

As such, the Committee determined that the relatively low calculated outcome aligned with a fair assessment of performance over the year, and that no discretionary adjustment to this calculated outcome was therefore required.

The resulting AIS outturn for 2023 for the Executive Directors was, therefore, determined as 25.1% of maximum opportunity. In accordance with the Remuneration Policy, all amounts to individuals above an initial minimum amount paid in cash, which for the 2023 AIS is £25,000, will be paid 50% in cash and 50% in shares (deferred over two years under the Group's Deferred Bonus Share Plan ("DBSP")).

ANNUAL REMUNERATION STATEMENT.

Share-Based Incentive Schemes

2020 LTIP awards that vested in 2023

As reported in the 2022 Directors' Remuneration Report, the performance of the Group over the vesting period of the 2020 LTIPs, which vested in March 2023, was sufficient for the awards to partially vest.

Group NAV (the Group's net assets excluding intangibles) growth to 31 December 2022 was just above the minimum threshold. The one-month average share price at 31 March 2023 was below the lower Total Shareholder Return ("TSR") target and that of the FTSE 250. On this basis, the 2020 LTIP award vested as expected at 13.67% of maximum on 31 March 2023. The 2023 disclosure in the Single Figure For Total Remuneration table (page 117) relates to this vested award.

After the end of the vesting period, the Committee considered the calculated level of vesting in the context of performance delivered over the vesting period, and determined that 13.67% was a fair reflection of performance over that period. In making this determination, the Committee considered the level of overall performance during the vesting period, the shareholder experience over that time and the contribution of the individual Executive Directors over the same period.

The vested 2020 LTIP awards are subject to a further two-year holding period, with shares only being issued to participants at the end of this period.

2021 LTIP awards due to vest in 2024

The final outstanding LTIP award was awarded in 2021. As with prior awards, vesting is based on the performance of the Group's NAV for the three financial years ending on 31 December 2023 and TSR from 1 April 2021 to the ordinary vesting date, being 31 March 2024, based on a one-month average share price at that date. Both performance measures are combined into a matrix format as per the vesting table below. The total award is subject to an underpin based on the relative performance of the Group's TSR to that of the FTSE 250 index, which can reduce the awards by up to 50%.

Vesting matrix: estimated 2021 LTIP outturn

TSR (p.a.)	15%	**60%**	75%	90%	100%
	10%	**30%**	45%	60%	90%
	8%	**12.5%**	25%	45%	75%
	<8%	**0%**	12.5%	30%	60%
		<8%	8%	10%	15%
		Growth in NAV (p.a.)			

Performance condition	Target performance	Actual/forecast performance
Group NAV (at 31 Dec 2023)	8%: £1.66bn 15%: £2.01bn	£1.19bn (-1.7% p.a.)
Annual TSR[1] (share price)	8%: 149.2p 15%: 161.9p	49.9p (-27.1% p.a. growth)
Comparative TSR	FTSE 250 0.93%	IP Group -27.1%

1 TSR performance shown reflects the Group's one-month average share price to 4 March 2024. Actual performance period is the one-month average to 31 March 2024.

ANNUAL REMUNERATION STATEMENT.

As the tables show, both measures are expected to be below the levels required to trigger vesting. As such, the 2021 award is expected to lapse in full on the vesting date. Final vesting will be determined after the end of the vesting period on 31 March 2024, and will be subject to the Remuneration Committee determination that the calculated vesting amount is a fair and reasonable reflection of performance through the vesting period and that it should not apply the discretion it reserves for itself to adjust the outcome.

In making a final determination of the proportion of the 2021 LTIPs which will vest, the Committee will take into account the need to avoid windfall gains, but as the award is expected to lapse in full the Committee does not currently envisage any adjustment would be necessary.

2023 Restricted Share Plan Awards

As set out in the 2022 Remuneration Policy, we introduced a Restricted Share Plan ("RSP") in 2022 to replace the previous LTIP structure. In accordance with the Policy, in 2023 an award of restricted shares was made to each Executive Director, as set out in the table below:

Executive Director	Type of interest	Basis of award (% salary)	Face value (000s)	End of underpin period
Greg Smith	2023 RSP	200%	£1,092	31 Mar 2026
David Baynes	2023 RSP	133%	£497	31 Mar 2026

The RSP awards made in 2023 were made at the normal maximum level permitted by the policy of 200% (CEO) and 133% (CFOO).

The Committee continues to believe that the maximum award permitted under the Policy (being 200% of salary for the CEO, 133% of salary for other Executive Directors) is set at an appropriate and reasonable level. It also recognises the responsibility to make individual awards in a prudent and responsible way, only utilising the maxima agreed under the Policy when it is confident that such awards are appropriate and in the best interests of shareholders. The Committee believes that this condition held in 2023.

Change in remuneration of the Directors compared to Group employees

The table below sets out the change in the remuneration of the Directors and that of our UK employees (excluding Directors and new joiners/leavers):

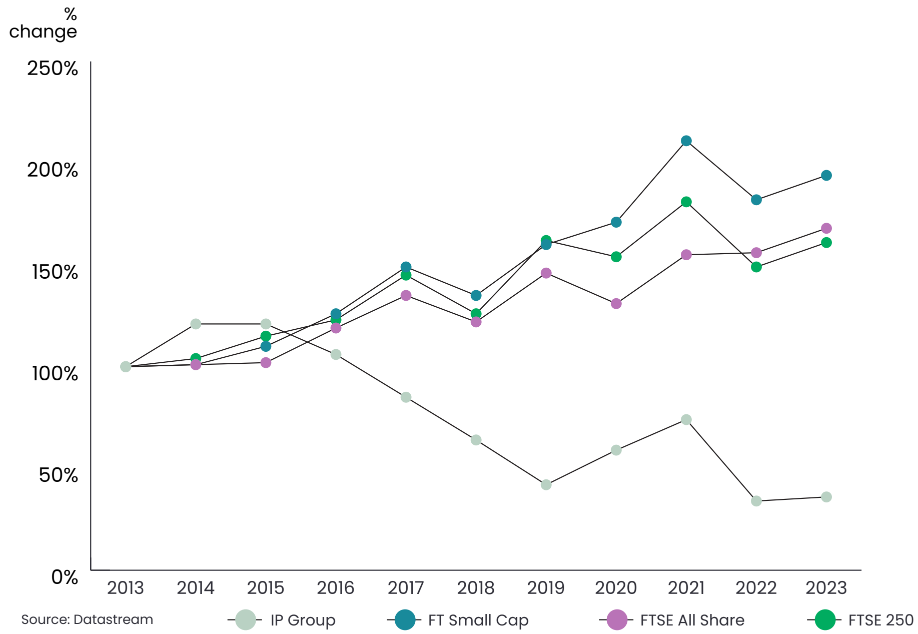
	% Change in base salary				% Change in bonus				% Change in benefits (excluding pensions)			
	2022 to 2023	2021 to 2022	2020 to 2021	2019 to 2020	2022 to 2023	2021 to 2022	2020 to 2021	2019 to 2020	2022 to 2023	2021 to 2022	2020 to 2021	2019 to 2020
Greg Smith	**3.0%**	48.4%	20.8%	5.9%	**(14.2)%**	(65.0)%	23.5%	254.1%	**(11.7)%**	(2.3)%	4.2%	5.1%
David Baynes	**3.0%**	17.4%	7.7%	2.0%	**(14.6)%**	(72.3)%	11.2%	241.0%	**33.2%**	(14.1)%	17.6%	5.2%
Douglas Flint	**15.5%**	4.2%	2.0%	2.2%	**–**	–	–	–	**–**	–	–	–
Elaine Sullivan	**13.7%**	4.6%	2.2%	1.8%	**–**	–	–	–	**–**	–	–	–
Caroline Brown	**13.9%**	17.1%	1.8%	1.8%	**–**	–	–	–	**–**	–	–	–
Aedhmar Hynes	**9.7%**	19.6%	19.8%	1.8%	**–**	–	–	–	**(26.9)%**	142.0%	–	–
Heejae Chae	**13.1%**	3.8%	1.8%	1.8%	**–**	–	–	–	**–**	–	–	–
Anita Kidgell	**–**	–	–	–	**–**	–	–	–	**–**	–	–	–
UK employees	**7.3%**	10.4%	5.9%	8.0%	**6.5%**	(39.1)%	59.3%	78.7%	**5.6%**	11.9%	7.9%	4.7%

ANNUAL REMUNERATION STATEMENT.

Historical Executive pay and Group performance

The table and graph set out below enable a comparison of the TSR of the Group and the Chief Executive Officer remuneration outcomes over the last ten years.

The chart below shows the Company's TSR performance against the performance of the FTSE All Share, FTSE Small Cap and FTSE 250 indices over the ten-year period to 31 December 2023. Taking into account IP Group's business model, there is no directly relevant FTSE sector index. The Directors have therefore selected these indices as relevant equity indices for comparison over the period in question.



Source: Datastream

Historical Chief Executive Officer remuneration outcomes

The table below summarises the Chief Executive Officer single figure for total remuneration, annual bonus pay-out and LTIP vesting as a percentage of maximum opportunity for the current year and previous ten years.

Chief Executive Officer	2013	2014	2015	2016	2017	2018	2019	2020	2021[1]	2022	2023
CEO single figure of remuneration (£000s)	2,231	902	669	265	552	413	498	797	730	958	**765**
Annual bonus pay-out (% of maximum)	100%	0%	100%	0%	57%	17%	28%	93%	96.3%	30.4%	**25.1%**
LTIP vesting (% of maximum)	100%	100%	57%	0%	0%	0%	0%	0%	0%	51.1%	**13.7%**

1 2021 and years thereafter relate to Greg Smith, who was appointed as CEO on 7 October 2021 (previously CFO). Previous years reported relate to Alan Aubrey.

ANNUAL REMUNERATION STATEMENT.

Directors' shareholdings and share interests

The Group's Remuneration Policy determines a minimum shareholding requirement for each of the Executive Directors. The Remuneration Policy approved in 2022 increased the minimum level to 350% of salary for the Chief Executive Officer (from 200%), and 250% of salary for other Executive Directors including the CFOO (from 150%).

At the end of the year, neither Greg Smith nor David Baynes met this requirement. Both Executive Directors are ordinarily, at a minimum, expected to retain all post-tax shares received under the RSP, LTIP and DBSP to ensure that minimum levels are met and maintained, in line with the Policy.

Interests in shares (audited)

The Directors who held office during 2023 had the following beneficial interests in the ordinary shares of the Company:

At 31 December 2023		Total interest in shares			Total unvested holdings		
Current Directors	Shares owned Number	Shares which have fully vested but have not yet been issued	Total interest	Minimum shareholding requirement met?[1]	LTIP	DBSP	RSP
Greg Smith	522,001	411,602	933,603	No	483,253	166,754	2,856,999
David Baynes	458,620	407,071	865,691	No	465,709	122,859	1,306,024
Elaine Sullivan	–	–	–	–	–	–	–
Sir Douglas Flint	94,500	–	94,500	–	–	–	–
Heejae Chae	32,712	–	32,712	–	–	–	–
Caroline Brown	–	–	–	–	–	–	–
Aedhmar Hynes	21,000	–	21,000	–	–	–	–
Anita Kidgell	–	–	–	–	–	–	–

1 Based on owned/vested shares only.

There have been no changes in the interests of the Directors set out above between 31 December 2023 and 7 March 2024.

ANNUAL REMUNERATION STATEMENT.

Share-Based Incentive Plan Awards (audited)

The Executive Directors' participations in the Group's Long-Term Incentive Plan ("LTIP") and Restricted Share Plan ("RSP") are set out in the table below:

	Number of shares conditionally held at 1 January 2022	Conditional shares notionally awarded in the year	Vested during the year[1]	Lapsed during the year	Potential conditional interest in shares at 31 December 2023	Share price at date of conditional award (p)	Earliest vesting date(s)
Greg Smith							
2020 LTIP	894,869	–	122,328	772,541	–	61.40	31-Mar-23
2021 LTIP	483,253	–	–	–	483,253	125.40	31-Mar-24
2022 RSP	1,043,046	–	–	–	1,043,046	75.50	31-Mar-25
2023 RSP	–	1,813,953	–	–	1,813,953	60.20	31-Mar-26
	2,421,168	**1,813,953**	**122,328**	**772,541**	**3,340,252**		
David Baynes							
2020 LTIP	861,726	–	117,797	743,929	–	61.40	31-Mar-23
2021 LTIP	465,709	–	–	–	465,709	125.40	31-Mar-24
2022 RSP	476,809	–	–	–	476,809	75.50	31-Mar-25
2023 RSP	–	829,215	–	–	829,215	60.20	31-Mar-26
	1,804,244	**829,215**	**117,797**	**743,929**	**1,771,733**		

1 LTIP awards vesting during the year will be subject to a further holding period of two years, with shares not being issued to participants until the end of the holding period. The actual number of shares to be issued at the end of the holding period will be adjusted in aggregate to account for any dividends paid during the vesting and holding period.

ANNUAL REMUNERATION STATEMENT.

Deferred Bonus Share Plan ("DBSP") (audited)

Directors' interests in nil-cost options under the Group's DBSP that have been granted in order to defer AIS bonuses in accordance with our Policy are as follows:

	Options held at 1 January 2023	Option awarded in the year	Exercised during the year[1]	Lapsed during the year	Options held at 31 December 2023	Share price at date of award (p)	Earliest vesting dates
Greg Smith							
Deferral from 2020 AIS	50,259	–	50,259	–	–	125.40	31-Mar-23
Deferral from 2021 AIS	88,100	–	88,100	–	–	90.00	31-Mar-23
Deferral from 2021 AIS	88,100	–	–	–	88,100	90.00	31-Mar-24
Deferral from 2022 AIS	–	39,327	–	–	39,327	60,20	31-Mar-24
Deferral from 2022 AIS	–	39,327	–	–	39,237	60.20	31-Mar-25
	226,459	**78,654**	**138,359**	**–**	**166,754**		
David Baynes							
Deferral from 2020 AIS	48,213	–	48,213	–	–	125.40	31-Mar-23
Deferral from 2021 AIS	75,451	–	75,451	–	–	90.00	31-Mar-23
Deferral from 2021 AIS	75,451	–	–	–	75,451	90.00	31-Mar-24
Deferral from 2022 AIS	–	23,704	–	–	23,704	60.20	31-Mar-24
Deferral from 2022 AIS	–	23,704	–	–	23,704	60.20	31-Mar-25
	199,115	**47,408**	**123,664**	**–**	**122,859**		

1 Actual number of options released for exercise is adjusted where relevant to reflect the adjustment made to account for dividend payments made during the holding period.

Save As You Earn ("SAYE") (audited)

The Group operates an HMRC-registered SAYE share save scheme for all UK employees in which both Executive Directors have participated during the year:

	Options held at 1 January 2023	Options awarded in the year	Exercised during the year	Lapsed during the year	Options held at 31 December 2023	Option exercise price (p)	Share price at date of award (p)	Earliest vesting date(s)
Greg Smith								
2019 SAYE	34,816	–	–	34,816	–	51.70	64.60	01-Nov-22
2022 SAYE	27,692	–	–	27,692	–	65.0	81.25	01-Nov-25
2023 SAYE	–	39,586	–	–	39,586	46.86	58.56	01-Nov-26
David Baynes								
2019 SAYE	34,816	–	–	34,816	–	51.70	64.60	01-Nov-22
2022 SAYE	27,692	–	–	–	27,692	65.0	81.25	01-Nov-25

ANNUAL REMUNERATION STATEMENT.

Relative importance of spend on pay

The table below shows total employee costs, change in shareholder distributions, change in NAV and change in share price from 2022 to 2023.

	2023	2022	% change
Total employee costs (£m)	**19**	20.0	-5%
Distributions to shareholders (dividend or share buyback, £m)	**13.1**	20.7	-37%
NAV (£m)	**1,182.5**	1,381.2	-14%
Share price (p)	**58.1**	55.8	4%

The information shown in this chart is based on the following:
Total employee pay: total employee costs from note 9 on page 168 including wages and salaries, social security costs, pension and share-based payments.
Change in NAV: change in the Group's net assets excluding goodwill and intangibles taken from the statement of financial position on page 153.

External appointments for Executive Directors

Any proposed external directorships are considered by the Board to ensure they do not cause a conflict of interest but, subject to this, Executive Directors may accept a maximum of two external Non-executive appointments and, indeed, the Board believes that it is part of their ongoing development to do so. Where an Executive Director accepts an appointment to the board of a company in which the Group is a shareholder, the Group generally retains the related fees. In the circumstances where the Executive Director receives such fees directly, such sums are generally deducted from their base salary from the Group. Fees earned for directorships of companies in which the Group does not have a shareholding are normally retained by the relevant Director. Key external appointments (excluding companies in which the Group holds shares) held by Executive Directors are set out on pages 88 to 91.

Limits on the number of shares used to satisfy share awards (dilution limits)

All of the Group's incentive schemes that contain an element that may be satisfied in IP Group shares incorporate provisions that in any ten-year period (ending on the relevant date of grant), the maximum number of the shares that may be issued or issuable under all such schemes shall (i) not exceed 10% of the issued ordinary share capital of the Company; and (ii) such shares issued on a discretionary basis shall not exceed 5% of the issued ordinary share capital of the Company.

The Committee regularly monitors the position and prior to the making of any share-based award considers the effect of potential vesting of outstanding awards to ensure that the Company remains within these limits. Any awards which are required to be satisfied by market-purchased shares are excluded from such calculations, but any shares utilised from treasury to settle share-based awards are included, and are reflected within the chart shown.

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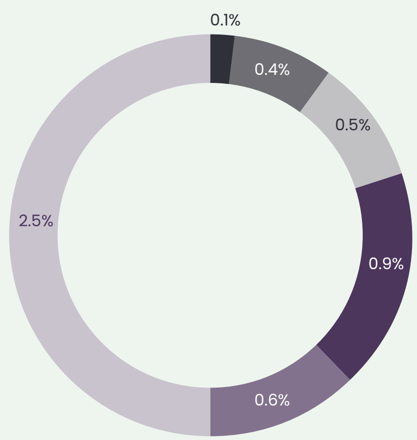
As at 12 March 2023, the Company's headroom position, which remains within such guidelines, was as shown in the chart below.



Key

- Vested LTIP awards in past ten years – Executives
- Vested LTIP awards in past ten years – Other staff
- Outstanding LTIP and awards – Executives
- Outstanding LTIP and Former Touchstone LTIP awards – Other staff
- Other share schemes (Sharesave, DBSP, etc.)
- Additional headroom (to 5%)

Service agreements

The Executive Directors have service contracts that commenced on the dates set out in the chart below and contain a contractual notice period of six months by either party. The Non-executive Directors have letters of appointment that commenced on the dates set out in the chart below, are generally for an initial fixed term of three years, which is reviewed and may be extended for two further three-year periods and are terminable on three months' notice by either party.

During the year, and as reported in the Nomination Committee report, Anita Kidgell was appointed as a Non-executive Director.

The letters of appointment and service contracts are available for inspection at the Company's registered office. In accordance with the Code, all Directors submit themselves for annual re-election by shareholders at each AGM and will do so at the AGM to be held on 12 June 2024.

Effective dates of service contracts of the Executive Directors

Greg Smith	David Baynes
7 October 2021	7 October 2021

Effective dates of letters of appointment of the Non-executive Directors

Dr Elaine Sullivan	Heejae Chae
30 July 2015	3 May 2018
Sir Douglas Flint[1]	**Dr Caroline Brown**
17 September 2018	1 July 2019
Aedhmar Hynes	**Anita Kidgell**
1 August 2019	18 January 2023

1 Effective as Chair from November 2018.

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Adherence to Corporate Governance Code principles

When considering the proposed operation of the Remuneration Policy for the forthcoming year, the Committee took into consideration the following principles set out in the 2018 Corporate Governance Code.

Clarity	• The Company seeks to provide full transparency to shareholders on the operation of the Remuneration Policy, including prospective disclosure of our NAV target range under the AIS • The Committee encourages frequent and open dialogue on Executive Director remuneration with shareholders and, during the triennial review process, undertook significant consultation with advisors, shareholders, proxy advisors and other stakeholders to optimise the proposed approach
Simplicity	• Our ongoing remuneration arrangements for Executive Directors, including the AIS, are simple in nature and well understood by participants and shareholders and other stakeholders, including our employees • Our Restricted Share Plan is a simple and effective long-term incentive structure, and directly aligns the interests of long-term shareholders with the management team • Incentive arrangements are cascaded down through the Group and provide alignment and overall simplicity in our approach to remuneration. All employees participate in the AIS (with additional components based on team and/or individual objectives for non-director employees), and the RSP is extended to senior managerial levels and roles which are expected to have a material financial impact on the Group's outcomes • The Committee continuously reviews and challenges the Group's wider remuneration arrangements and will continue to do so in order to ensure that this principle continues to be appropriately met
Risk	• Under each of the AIS, LTIP and RSP, discretion may be applied where formulaic outturns are not considered reflective of overall business or individual performance or for any other reason considered appropriate by the Committee • Deferral of a proportion of AIS awards, the LTIP and RSP holding periods and our higher than usual minimum shareholding requirement (which has not yet been met) including a two-year post-cessation shareholding requirement provide a strong link to the ongoing performance of the business and the experience of our shareholders • Malus and clawback provisions apply to AIS, LTIP and RSP awards
Predictability	• Our Remuneration Policy contains details of the maximum opportunities and pre-determined target ranges under our AIS and RSP, with actual outcomes dependent on performance
Proportionality	• We operate a performance-based philosophy with a focus on the long term • Our performance measures under the AIS and RSP underpin, including the use of NAV measures in both, are selected based on their alignment to Company strategy and shareholder experience • The Committee's ability to apply discretion ensures appropriate outturns in the context of long-term Company performance • The focus on the long term within our remuneration approach, including the delivery of a significant proportion of our incentives in the form of Company shares and the use of a long-term carried interest scheme for non-director employees, provides significant alignment between employees' and Executive Directors' remuneration outcomes and long-term Company performance
Alignment to culture	• All employees are entitled to participate in the pension scheme and the SAYE scheme. Executive Director participation in these schemes is on the same terms as for other employees • Strong individual and Company performance is incentivised and recognised through our AIS and, for our more senior employees, the RSP (and previously the LTIP)

ANNUAL REMUNERATION STATEMENT.

External advisors

The Remuneration Committee is authorised, if it wishes, to seek independent specialist services to provide information and advice on remuneration at the Company's expense, including attendance at Committee meetings.

During the year, the Remuneration Committee took into consideration independent professional advice from Deloitte LLP in respect of the application of the Group's Remuneration Policy, and reporting under the Directors' Remuneration Reporting Regulations. During the year Deloitte also provided advice in relation to shares schemes and related tax matters.

Deloitte is a founding member of the Remuneration Consultants Group and adheres to its Code in relation to Executive remuneration consulting in the UK. The lead engagement partner has no other connection with the Company or individual Directors. Fees paid to Deloitte LLP in connection with advice to the Committee in 2023 were £21,250.

Statement of shareholder voting

The table below sets out the proxy results of the votes on resolutions in respect of Directors' remuneration at the 2022 AGM and the 2023 AGM.

	Votes for		Votes against			
	Number	**% of votes cast**	**Number**	**% of votes cast**	**Total votes cast**	**Votes withheld**
Remuneration Policy (2022 AGM)	654,265,665	80.67%	156,765,453	19.33%	820,514,461	9,483,343
Remuneration Report (2023 AGM)	643,188,184	85.99%	104,756,327	14.01%	747,944,511	9,557,004

The Remuneration Committee was pleased with the level of support for the Remuneration Report at the 2023 AGM, and is looking forward to engaging with shareholders on the next evolution of our remuneration policy later in 2024.

Remuneration disclosure

This report complies with the requirements of the Large and Medium-sized Companies and Groups Regulations 2008 as amended in 2013, the provisions of the UK Corporate Governance Code (July 2018) and the Listing Rules.

On behalf of the Board

Heejae Chae
Chair of the Remuneration Committee
12 March 2024

AUDIT AND RISK COMMITTEE REPORT.

Dr Caroline Brown
Chair of the Audit and Risk Committee

Committee membership

The Audit and Risk Committee currently comprises the following independent Non-executive Directors whose backgrounds and experience are summarised on pages 88 to 91:

- Dr Caroline Brown (Chair)
- Aedhmar Hynes
- Dr Elaine Sullivan
- Heejae Chae
- Anita Kidgell

Report contents

- Principal responsibilities
- Key activities in the year
- Procedural and governance matters
- Key accounting judgements and other priority items reviewed by the Committee

Principal responsibilities

- Monitor the integrity of the financial statements of the Group including its Annual and Half-yearly Reports, and other formal announcements relating to its financial performance with consideration being given to any significant financial reporting judgements contained within them
- Review and report to the Board on significant financial reporting issues and judgements contained in the financial statements
- Advise the Board on whether it believes the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy
- Review and monitor the Group's risk management system and carry out a review of its effectiveness and approve the statements included in the Annual Report concerning risk management
- Ensure that a robust assessment of the principal risks facing the Group has been undertaken
- Assessing the Group's ongoing viability and going concern status
- Recommend the appointment and remuneration of the external auditor, assess audit effectiveness and monitor provision of non-audit services
- Assess the content of the external auditor's independence report in providing both audit and non-audit services
- Review the remit, planned scope of activities, performance and effectiveness of the outsourced internal audit function
- Monitor the Group's systems and controls for the prevention of bribery and fraud
- Review the adequacy and security of the Group's arrangements for its employees to speak up and raise concerns

Key activities in the year

The key areas of focus for the Committee in 2023 and early 2024 included:

- Key areas of accounting judgement and disclosure items were considered in detail, including: (i) valuation of unquoted investments at half-year and year-end reporting; and (ii) IFRS 10 treatment of the US platform and Istesso Limited
- Conducted an audit tender process including determining the firms to be approached, agreeing the scorecard criteria for the selection process, meeting with each prospective audit partner and attending each firm's proposal presentation and making a recommendation to the Board
- Reviewing the FRC's consultation on the UK Corporate Governance Code and inputting into the Group's response and interim updates
- Reviewed management updates on preparation for a new internal controls regime in line with expected requirements to be contained within the updated UK Corporate Governance Code
- During the year the Committee received three internal audit reviews performed by the Group's outsourced internal audit function and continues to monitor implementation of agreed improvements
- The Committee monitored procedures for the prevention of bribery and fraud. It reviewed new and updated policies, including the operation of the conflicts of interest policy, and exceptions to regular key risk indicator ("KRI") monitoring

AUDIT AND RISK COMMITTEE REPORT.

Procedural and governance matters

- The Group's Chief Financial & Operating Officer, Company Secretary, Finance Director, outsourced Head of Internal Audit and the external auditor are invited to attend each Committee meeting, at which they present reports and provide analysis on key areas of significance to the Committee in relation to audit and risk matters
- At the request of the Committee, the Group's Chair and CEO also attended each Committee meeting
- Meetings cover regular agenda items on audit, risk and internal controls, compliance and policies. Additional matters are considered as required and other members of management are invited to attend for specific subjects where required
- In preparation for each Committee meeting, I meet privately with management, the external auditor and the outsourced Head of Internal Audit
- At the end of the annual audit process and at several points throughout the year the Committee meets with the external auditor without any members of the executive management team being present
- As part of the annual evaluation of risk management and internal controls the Committee as a whole also met with the Head of the outsourced Internal Audit function without management being present
- I continued to attend meetings of the Group's Valuation Committee as a member, which provides both an element of independence to the Committee and provides me with a detailed understanding of the conclusions reached on the portfolio company valuations. My fellow Non-executive Director, Heejae Chae joined the Committee as a member during the year and attended the Valuation Committee meetings from December. The Valuation Committee met three times in 2023 and once in early 2024 to review HY23 and FY23 reporting
- The Committee met five times in 2023 as well as one ad hoc meeting to attend tendering audit firm presentations and discuss which candidate auditor it would recommend to the Board
- Following her appointment as Non-executive Director on 18 January 2023 the Committee welcomed Anita Kidgell as a member

In relation to governance considerations:

- The Committee comprises five independent Non-executive Directors. All members are considered to be appropriately experienced to fulfil their role and allow the Committee to perform its duties effectively
- I am deemed by the Board to have recent and relevant financial experience, being a Fellow of the Chartered Institute of Management Accountants, having held senior executive financial positions and current Audit and Risk Committee experience
- The Board is satisfied that for the year under review, and thereafter, the Group's Audit and Risk Committee, as a whole, has competence relevant to the sector in which the Group operates
- The Committee assessed its performance in 2023 through externally facilitated interviews with Committee members, members of management and the external auditor and the observation of a Committee meeting by a third-party specialist evaluation firm
- The Committee undertook an evaluation of the external auditor's performance in 2022, which included input from the Finance Director, CFOO and wider finance team. Through this process minor areas for improvement were identified and agreed with the auditor who was deemed to have met the Committee's expectation in the year
- The Committee undertook an assessment of the outsourced internal audit function in 2023, which included input from the individual members of the Group's Risk Council, Non-executive Directors and all those members of management who had interacted with the internal auditor in the year. The assessment considered the internal audit function's understanding of the Group's business risks, their subject matter expertise, professionalism and effectiveness in improving the Group's operations via recommendations that are appropriate for the size, nature and scale of the business. The Committee concluded that the internal auditor performance had met expectations and that the outsourced internal audit model remained appropriate for the Group
- The Committee continues to review its terms of reference at least annually and will propose updates where necessary or appropriate to reflect current market practice

AUDIT AND RISK COMMITTEE REPORT.

Key accounting judgements

Valuation of unquoted equity and debt investments:

The valuation of unquoted investments remains the most material area of judgement in the financial statements and is a key audit risk for the Group. At each reporting date the Committee receives updates from the Valuation Committee and from the external auditor regarding the approach that has been taken in assessing and auditing, respectively, the key estimates and judgements in respect of portfolio valuations. Significant time at Committee meetings is assigned to discuss portfolio valuations, which has allowed the Committee to debate and challenge the approach taken. The Group continued to apply its valuation policy consistently across investments at the year end, which included consideration of the macro environment and relevant industry metrics where available.

As in previous years, the Committee has paid significant attention to the valuation of the Group's holdings in unquoted investments, which have not completed a funding round within the last twelve months, assets which have seen significant positive or negative developments in the year, companies which require funding in the next twelve months, and assets with active financings or sale processes on or after the measurement date. We continue to make extensive use of third-party valuations specialists, with external valuation reports being commissioned on eleven of our larger investments (2022: ten). This increases the independence of our process and incorporates how other market participants are approaching valuations for year end reporting.

The Valuation Committee assists in the application and documentation of management's valuation judgements in line with the Group's accounting policies and industry valuation guidance from IPEV. The Valuation Committee is chaired by the CFOO, its members are the Group CEO, myself and Heejae Chae who joined in the second half of the year. Also in attendance were the Managing Partners of the Technology and Life Sciences investment partnerships, Non-executive Director Anita Kidgell, Finance Director and external auditor. During the year, the Committee considered the Valuation Committee's terms of reference and composition, formalised that at least one member would be independent to management going forward noting that any member of the Board would be able to attend and observe. The Committee concluded that it was satisfied with the current level of scrutiny and challenge by the ARC at the Valuation Committee.

The Valuation Committee met three times in 2023 and once in early 2024 to review management's valuations for the half-year and full-year results reporting and included a review of market data and peer analysis. The 2023 Valuation Committee meeting included a review of valuation disclosures including the IFRS 13 requirements around the disclosure of quantitative valuation inputs and sensitivity disclosures. The Committee agreed that, given greater emphasis placed on revenue multiples for certain companies during 2022, disclosure of inputs and sensitivities for this valuation method was now appropriate. For other valuation methods, the Valuation Committee concluded that quantitative unobservable inputs were below a size threshold which would warrant disclosure under IFRS 13, paragraph 93(d). Additionally, the Valuation Committee concluded that because of the large number of inputs used in the valuation of assets valued on 'other methods', any range of reasonably possible alternative assumptions does not significantly impact the fair value and hence does not require disclosure. See further details in note 13 on page 174.

The Valuation Committee

Members	
Chief Financial and Operating Officer **David Baynes** **(Chair)**	Chief Executive Officer **Greg Smith**
Non-executive Director and ARC Chair **Dr Caroline Brown**	Non-executive Director **Heejae Chae** (joined December 2023)

Attendees	
Managing Director Tech Investment Partnership **Mark Reilly**	Managing Director Life Sciences Investment Partnership **Sam Williams**
Finance Director **Chris Glasson**	External Audit Partner **Jonathan Martin** (Observer)

Valuation Committee recommends reporting date valuations to the Audit and Risk Committee

Valuation Committee review and challenge of the recommendations, request further reviews or third-party support be utilised

Valuation assessments and recommendations shared with Committee, including relevant supporting evidence

Group finance team prepare valuations with input from:

Investment Directors	External valuation specialists	Market data sources

AUDIT AND RISK COMMITTEE REPORT.

Application of the consolidation requirements of IFRS 10 in respect of IPG Cayman LP and Istesso Limited

The Group's US portfolio is held via a limited partnership fund, IPG Cayman LP, which was set up in 2018 to facilitate third-party investment into the US portfolio. The fund is managed by Longview Innovations, formerly IP Group, Inc. the Group's US operating subsidiary. In November 2021, the Group disposed of its equity in IPG Cayman LP's fund manager, IP Group, Inc. and was deemed to no longer control the fund manager of the fund and was therefore deconsolidated from the Group's accounts from that date. In 2023, the Group made an investment of $10m into IPG Cayman LP via a Simple Agreement for Future Equity ("SAFE") whose terms were consistent with those of another third party which also entered into a SAFE with IPG Cayman LP in the year. The terms of the SAFE did not confer additional substantive rights.

In respect of Istesso Limited, although the Group has a 56.5% undiluted economic interest in the company, the Group holds a significant proportion of its equity via non-voting shares resulting in it holding less than 50% of the voting rights at the company. Additionally, the Group does not control the board of Istesso Limited via a majority of board directors and has no mechanism whereby it can do so and therefore its results are not consolidated with those of the Group. During the year, the Group provided a £13.5m convertible loan to Istesso Limited. This was in addition to a £10m convertible loan which was provided in 2022. The terms of the loans contain specific provisions preventing their conversion where this would result in IP Group obtaining control of Istesso. In addition, the Group provided £1.5m equity funding to Istesso in 2023. As part of this transaction, convertible loans advanced by IP Group and a third party in 2020 converted into equity, leading to a marginal increase in IP Group's economic interest (from 56.4% to 56.5%), but a decrease in IP Group's voting rights as a result of IP Group's debt conversion being into non-voting shares. The new convertible loan note does not confer additional substantive rights. Istesso Limited updated its Articles of Association in the year to clarify that IP Group Board Directors would be required to resign if IP Group were to be deemed to control the company.

The Committee reviewed and discussed management's detailed assessment and conclusion that the Group does not control IPG Cayman LP and Istesso Limited under IFRS 10 at its meetings in July 2023 and February 2024 and agreed that this judgment continued to be appropriate.

Review of Annual Report and Accounts and Half-yearly Report

The Committee carried out a thorough review of the Group's Annual Report and Accounts and its Half-yearly Report for 2023 resulting in the recommendation of both for approval by the Board. In carrying out its review, the Committee gave particular consideration to whether the Annual Report, taken as a whole, was fair, balanced and understandable, concluding that it was. It did this primarily through consideration of the reporting of the Group's performance, business model and strategy, the competitive landscape in which it operates, the significant risks it faces, the progress made against its strategic objectives and by its portfolio companies during the year.

During the year, the Committee considered the application of IFRS 10, segmental reporting, long-term viability and going concern disclosures and reviewed a summary of controls reliance obtained in the year and related internal control disclosures made within the Corporate Governance Report and the use of Alternative Performance Measures ("APMs").

Going concern and long-term viability review

On an annual basis the Committee reviews and approves the long-term viability review prepared by management and satisfies itself that the Group remains a going concern for a period of at least 12 months from the publication date of the accounts, and that therefore the going concern basis for the preparation of the Group's results remains appropriate.

The Committee reviewed management reports setting out its view of the Group's long-term viability including a description of the factors considered in forming an assessment of the Group's prospects. The long-term viability review was based on the Group's three-year strategic plan, including forecast investment, realisations, overheads, financing cash flows and dividends. The Committee agreed to recommend the Viability Statement to the Board for approval. For the details of the viability assessment, including stress-test scenarios, please refer to page 73.

Risk and internal controls

The key elements of the Group's internal control framework and procedures are set out on pages 60 to 63. The principal risks the Group faces are set out on pages 64 to 72. During the year, the Committee devoted part of each meeting to items concerning risk and its management.

An important element of the Group's risk management framework is the Risk Council whose purpose is to co-ordinate governance, risk and controls internally prior to reporting to the Committee and Board. Its permanent members are the CFOO, Company Secretary, Finance Director and Senior Compliance and Risk Manager, with other executives and management from across the business attending during the year as necessary. The Risk Council met six times

AUDIT AND RISK COMMITTEE REPORT.

during the year and reported to the Committee at each meeting.

During 2023, the Committee reviewed management's updated assessment of strategic and principal risks and risk appetite statements prepared using input from an executive management workshop and took part in a risk workshop to assess the Group's principal risks, risk appetite and desired control investment. The Committee reviewed output from the Risk Council summarising key themes arising from the operational risk reviews and the Group's updated strategic and principal risk profiles. The Committee also considered the Group's emerging risks and paid special attention to economic and geopolitical uncertainty, cyber and IT security including developing AI threats, global government spending on healthcare and drug development, competition and the use of AI and climate change transition and technology risks.

The Committee also reviewed the output of testing of key controls in place to mitigate the Group's principal risks. This review included all material financial, operational and compliance controls. PwC, on behalf of management, assessed the control design and operating effectiveness of these key controls over principal risks using the COSO framework principles. No significant failings or weaknesses were identified. However, control deficiencies were identified and recommendations for improvement were agreed with management. Implementation of the remedial actions is monitored by the Risk Council and reported to the Committee.

During 2023, the Committee reviewed management's progress on an agreed programme of work to support the Group's transition to a new internal controls regime, reviewed the Group's response to the FRC's open consultation on proposed changes to the UK Corporate Governance Code released in May and an interim update from the FRC in November.

The Committee's review of risk management systems in place includes an assessment of performance of the Risk Council against agreed objectives and monitoring of key risk indicators against pre-agreed thresholds determined in response to the Board's annual assessment of the Group's principal risks and risk appetite.

Cybersecurity

The Board continues to consider cyberthreats as a principal risk to the business with an overall "high" risk rating. During the year the Committee has been provided with regular updates on cyber and information security in place across the Group as well as specific results from a cyber-focused internal audit review and the results of a serious cyber incident scenario-based training session with the Group's "Silver Response Team" chaired by the CFOO which was facilitated by Baker Mckenzie. The Group continued to deploy regular and interactive cyber threat training sessions in response to the continued and increasing threats posed by external threat actors in relation to this risk.

Compliance

Ensuring compliance for regulated businesses remains a priority from the perspective of the Committee and regular updates are provided to the Committee by the Group's subsidiary compliance officers and international equivalents. Ongoing internal reviews are conducted through the use of a compliance monitoring programme and specialist advisory firms and local advisors are employed to advise on areas of regulation relevant to the Group's operations where required.

The Committee reviewed and recommended the approval of a new internal Conflicts of Interest Policy, which formalises the conflict management work already being undertaken at Group-level on investment and divestment committee decision making and also reviewed existing Group policies on anti-bribery and corruption, speaking-up, related-party transactions and modern slavery. The Committee reviewed the summary findings of procedures in place which review the nature of gifts and hospitality received and provided in the year to identify any instances of corruption and bribery, and management carried out an enhanced fraud risk assessment and determined that there was a low risk of fraud occurring undetected. We recognise this as an area of importance and will seek to increase the level of testing performed in relation to fraud in the future.

Internal audit

2023 was the fifth year that the Group operated an outsourced internal audit function, delivered by PwC. The internal audit function designed a plan of work having considered the Group's principal, strategic and operational risks, which the Committee approved. The internal audit function delivered three internal control reviews which were focused on (i) cybersecurity risk via an ethical hacking style review; (ii) an Australian investment approval process review; and (iii) an ESG review which considered high-level governance arrangements surrounding internal and external ESG reporting.

The Committee values the work of the internal auditor in providing independent and objective assurance in meeting its corporate governance and regulatory responsibilities.

The Committee considered the effectiveness of the internal audit function by reviewing the outcomes of their reports and recommendations, management's implementation of recommendations and closure of the audits, access to experts, the annual strategy document and a management assessment of quality in the

AUDIT AND RISK COMMITTEE REPORT.

year. The Committee concluded that the internal audit function had performed satisfactorily in the year and recommended the continued use of an outsourced internal audit function. See page 130 for more information on the review.

External audit

The Committee discussed the auditor's plan for the 2023 year end audit at its July and December meetings. This included a summary of the proposed audit scope and the auditor's assessment of the most significant financial reporting risks facing the Group, together with the auditor's proposed audit approach. The main areas of audit focus for the year were the valuation of the Group's unquoted investments, the application of IFRS 10 as it relates to IPG Cayman LP and Istesso Limited and the carried interest liability.

As in previous years a number of the Group's small trading subsidiaries will be audited by Moore Northern Home Counties Limited, which has worked well in previous years and facilitates an accelerated audit timetable for these subsidiary audits.

Appointment and independence

The Committee advises the Board on the appointment of the external auditor and on its remuneration both for audit and non-audit work and discusses the nature, scope and results of the audit with the external auditor. The Committee keeps under review the independence and objectivity of the external auditor. Controls in place include monitoring the independence and effectiveness of the audit, implementing a policy on the engagement of the external auditor to supply non-audit services, and a review of the scope of the audit and fee and performance of the external auditor.

Mandatory audit firm rotation is required after 20 years, and a re-tender must be conducted at least every ten years. The Code requires disclosure of the length of tenure of the current audit firm and when a tender was last conducted, as well as advance notice of any re-tendering plans. KPMG LLP have acted as the auditor to the Group since 2014 and the lead audit partner rotates every five years to assure independence. Jonathan Martin became lead audit partner responsible for the Group's statutory audit for the 2019 year end onwards and the Committee has benefited from Jonathan Martin's extensive valuation expertise and continues to believe he is a suitable audit partner for the Group.

Audit tender

The 2023 audit was the tenth year of KPMG audit. Therefore the Committee undertook a comprehensive tender process in 2023 for the audit in relation to the year ended 31 December 2024 which is described in detail below.

The Committee conducted an audit tender process in the year and in September 2023 recommended to the Board the re-appointment of KPMG as the Group's external auditor for the year ending 31 December 2024. A resolution will be proposed at the 2024 AGM for shareholders to approve the re-appointment of KPMG.

As Chair of the Committee, I led the audit tender process and oversaw the work of management who supported the Committee in developing and implementing the planned approach and met with the audit tender working group (the CFO, Finance Director and Senior Compliance and Risk Manager) regularly throughout the process. The Board received and commented on the tender materials before they were issued to the participating firms.

The process was designed to be transparent and efficient and give each firm an equal opportunity to tender and included meetings with key members of management and myself as ARC Chair in advance of the formal presentations to the Committee. Materials to aid understanding of the Group, its operations and its portfolio were released via a data room and a technical exercise which allowed the firms to showcase their technical expertise and ability to engage with non-technical members of the Committee was included in the process.

No firm was prohibited from taking part in the tender, however only KPMG, Grant Thornton and Mazars were issued with a request for proposal. Each firm was assessed against the key criteria listed below. In line with the FRC's latest minimum standard for Audit Committees and the external audit, these explicitly did not include price or perceived cultural fit.

AUDIT AND RISK COMMITTEE REPORT.

Audit tender criteria
Audit quality; including valuation expertise of private technology and life sciences companies and FTSE 250 audit experience and recent FRC AQR review results
Audit team capability; including lead audit partner experience in private valuations and listed company engagements, feedback from professional references and ability to challenge management
Ability to work productively with the management and Board of Directors
Understanding of the Group's business and risks
Efficiency and accuracy of costing
Transition planning

Each tendering audit firm was invited to present to the Committee on the same day. After each audit firm presentation there was time allocated for each Committee member to document their individual feedback via the balanced scorecard criteria and for the Committee to have a discussion on the presenting firm. After all firms had presented the Committee received feedback from management on their assessment of the technical exercise which had been scored and a verbal update on references obtained for each firm. The Committee immediately ruled out one firm and requested further information and referencing to be carried out on the remaining firms. A final recommendation was made by the Committee to the Board to conditionally re-appoint KPMG as the Group's external auditor in September 2023 based on their ability to satisfy the Committee's audit tender selection requirements, noting they scored higher in each of the evaluation criteria. Planning for the transition to a new audit partner at KPMG has commenced which includes shadowing Jonathan Martin on the FY23 audit.

Non-audit work

The Group has a policy for setting out what non-audit services can be procured by the Group from the external auditor. The policy aims to support and safeguard the objectivity and independence of the external auditor and incorporates the requirements of the FRC's revised Ethical Standards for auditors.

A copy of the Group's non-audit services policy is available at **https://www.ipgroupplc.com/investors/corporate-governance**.

An analysis of audit and non-audit fees paid to KPMG is provided in note 6 to the financial statements on page 167. In 2023, the only non-audit service provided by KPMG in the year was the review of the Group's half-yearly results.

The Committee prefers to engage other firms to perform consulting engagements to ensure that the independence of the auditor is not compromised and during 2023 engaged the services of PwC (internal audit, risk and governance), Deloitte (valuations), Kroll (valuations) and S&P (valuations).

Auditor independence

KPMG has reviewed its own independence in line with the FRC's Ethical Standards for auditors and its own ethical guideline standards. KPMG has confirmed to the Committee that following its review it is satisfied that it has acted in accordance with relevant regulatory and professional requirements. KPMG has provided the Committee with details of the safeguards in place which include a culture of regular training, internal accountability and independent reviews performed by an engagement quality control reviewer, who is a partner not otherwise involved in the Group's audit, and an annual attestation from all KPMG partners and staff to confirm their compliance with internal ethics and independence policies and procedures including in particular that the audit team have no prohibited shareholdings which include IP Group plc and portfolio company shares. Having considered the aforementioned safeguards, the level of non-audit services provided in the year and a formal statement of independence, the Audit and Risk Committee is satisfied that the independence of the auditor has been maintained.

AUDIT AND RISK COMMITTEE REPORT.

Auditor effectiveness

In order to assess the effectiveness of the external audit process, the Committee requested that management provide an assessment of the outcome of the 2022 audit process, considering (i) the robustness of planning, (ii) independence, objectivity and ethics, (iii) robustness of the audit, (iv) quality of delivery, (v) quality of people and service and (vi) insight and ideas. The memo highlighted potential areas for future improvement including the front-loading of more audit work into H2 2023 to reduce the volume of critical audit work carried out in the latter part of February 2024, which were agreed between management and the auditor, and discussed by the Committee. These results were reviewed in conjunction with KPMG's reports to the Committee.

The Committee concurred with management's view that there had been appropriate focus and challenge of the primary areas of audit risk and the Committee concluded that the substantive and detailed approach taken by the auditor was entirely appropriate and effective. As in the previous year, the vast majority of the Group's assets by value were reviewed as part of the audit, and once again there was particular emphasis on the valuation of unquoted investments. I was able to see first-hand how the auditor challenged management on their assumptions used when determining the valuation of certain unquoted portfolio company valuations at each Valuation Committee meeting. KPMG utilised specialist corporate finance staff to support its audit work on the valuation of Istesso Limited and First Light Fusion Limited and, overall, the auditor's risk-based approach drew on both their knowledge of the business and the wider economic and business environment.

Dr Caroline Brown

Chair of the Audit and Risk Committee

12 March 2024

DIRECTORS' REPORT.

Report of the Directors

The Directors present their report together with the audited financial statements for IP Group plc and its subsidiaries for the year ended 31 December 2023.

Corporate Governance Statement

Information that fulfils the requirements of the Corporate Governance Statement can be found on pages 86 to 101 and is incorporated into this Directors' Report by reference.

Results

During the period, the Group made an overall loss after taxation for the year ended 31 December 2023 of £174.4m (2022: £344.5m loss).

Directors

The names of Directors who currently hold office are as follows:

Executive Directors

- Greg Smith
- David Baynes

Non-executive Directors

- Sir Douglas Flint (Chair)
- Dr Caroline Brown
- Heejae Chae
- Aedhmar Hynes
- Anita Kidgell
- Dr Elaine Sullivan

Details of the interests of the Directors in the share capital of the Company are set out in the Directors' Remuneration Report on page 122.

Principal risks and uncertainties and financial instruments

The Group is exposed to a number of risks through its operations, where risk mitigation is most notably focused on ensuring continued capabilities to support portfolio companies. The Group's risk management objectives and policies are described on pages 60 to 73 and in the Corporate Governance Report on page 100. Further information on the Group's financial risk management objectives and policies, including those in relation to credit risk, liquidity risk and market risk, is provided in note 3 to the consolidated financial statements, along with further information on the Group's use of financial instruments.

Significant events affecting the Group

Details of the important events affecting the Group and future development of the business are described on pages 12 to 13 of the Strategic Report.

Branches of the Group outside of the UK

The Group has branches in Australia and Hong Kong.

Significant agreements

The Group has entered into various agreements to form partnerships or collaborations with nine universities in Australasia, which contain certain change of control provisions. In addition, in 2022 the Group entered into a Note Purchase Agreement with Phoenix Group in relation to private placement debt. This agreement contains certain provisions that would apply in the event of a change of control.

Share capital and related matters

Details of the structure of the Company's share capital and the rights attaching to the Company's shares are set out in note 1 to the consolidated financial statements. There are no specific restrictions on the size of a holding or on the transfer of shares, which are both governed by the general provisions of the Company's Articles of Association (the "Articles") and prevailing legislation.

At the last Annual General Meeting ("AGM") of the Company held on 15 June 2023 (the "2023 AGM"), authority was given to the Directors pursuant to the relevant provisions of the Companies Act 2006 (the "CA 2006") to allot shares and grant rights over securities in the Company up to a maximum amount equivalent to approximately one-third of the issued ordinary share capital on 19 April 2023 at any time up to the earlier of the conclusion of the next AGM of the Company and 15 September 2024. In addition, at the 2023 AGM, the Directors were also given authority effective for the same period as the aforementioned authority to allot shares and grant rights over securities in the Company to a maximum of approximately two-thirds of the total ordinary share capital in issue on 19 April 2023 in connection with an offer by way of a fully pre-emptive rights issue. The Directors propose to renew both authorities at the Company's next AGM to be held on 12 June 2024 ("2024 AGM"). The authorities being sought are in accordance with guidance issued by the Investment Association.

DIRECTORS' REPORT.

A further special resolution passed at the 2023 AGM granted authority to the Directors to allot equity securities in the Company for cash, without regard to the pre-emption provisions of the CA 2006, both: (i) up to a maximum of approximately 10% of the aggregate nominal value of the shares in issue on 19 April 2023 with an additional authority of up to a maximum of approximately 2% of the aggregate nominal value of the shares in issue on 19 April 2023 only for the purposes of a follow-on offer that the Board determines to be of a kind contemplated by paragraph 3 of section 2B of the Pre-Emption Group's Statement of Principles (the "Statement of Principles"); and (ii) up to a further maximum of approximately 10% of the aggregate nominal value of the shares in issue on 19 April 2023 with an additional authority of up to a maximum of approximately 2% of the aggregate nominal value of the shares in issue on 19 April 2023 only for the purposes of a follow-on offer that the Board determines to be of a kind contemplated by paragraph 3 of section 2B of the Statement of Principles, each authority exercisable at any time up to the earlier of the conclusion of the next AGM of the Company and 15 September 2024. The Directors will seek to renew these authorities for a similar period at the 2024 AGM. The authorities sought are in accordance with the revised Statement of Principles which were published by the Pre-Emption Group in November 2022.

Under Part 18, Chapter 5 of the CA 2006, the Company has the power to purchase its own shares. At the 2023 AGM, a special resolution was passed which granted the Directors authority to make market purchases of the Company's shares pursuant to these provisions of the CA 2006 up to a maximum of approximately 10% of the Company's issued share capital on 19 April 2023 provided that the authority granted set a minimum and maximum price at which purchases can be made and is exercisable at any time up to the earlier of the conclusion of the next AGM and 15 September 2024. This authority has been utilised during the year in connection with the Group's share buyback programme, further detail of which can be found on page 35. The Directors will seek to renew this authority within similar parameters and for a similar period at the 2024 AGM.

Articles of Association

The Company's Articles may be amended by a special resolution of the shareholders and were last amended at the 2021 AGM.

Substantial shareholders

As at the dates stated below the following shareholders held interests of 3% or more in the Company's ordinary share capital. Other than as shown, so far as the Company (and its Directors) are aware, no other person held or was beneficially interested in a disclosable interest in the Company.

Shareholder	% as at 31 December 2023	% as at 29 February 2024
RPMI Railpen	15.66	15.71
BlackRock	4.66	4.70
Vanguard Group	4.46	4.53
Lombard Odier Investment Managers	4.29	7.37
Baillie Gifford	4.28	4.19
Liontrust Sustainable Investments	4.12	–
Schroder Investment Management	3.91	3.93

Corporate and social responsibility

Details of the Group's policies, activities and aims with regard to its corporate and social responsibilities, including details of its greenhouse gas emissions, are included in the meaningful impact section on pages 38 to 45, in the Corporate Governance Statement on page 93 and in the s172(1) Statement on pages 74 to 85.

Directors' indemnity and liability insurance

During the year, the Company has maintained liability insurance in respect of its Directors. Subject to the provisions of the CA 2006, the Articles provide that, to the extent that the proceeds of any liability insurance are insufficient to meet any liability in full, every Director is entitled to be indemnified out of the funds of the Company against any liabilities incurred in the execution or discharge of his or her powers or duties. A copy of the indemnity is available for inspection as required by the CA 2006.

Regulation

Top Technology Ventures Limited and Parkwalk Advisors Ltd, wholly owned subsidiaries of the Company, are authorised and regulated by the Financial Conduct Authority under the Financial Services and Markets Act 2000. In Australia, the Group's wholly owned subsidiary, IP2IPO Australia Management Pty Ltd is authorised and regulated by the Australian Securities and Investment Commission. IP Group Greater China Services Limited, a wholly owned Hong Kong-incorporated subsidiary of the Company, is authorised and regulated by the Hong Kong Securities and Futures Commission.

DIRECTORS' REPORT.

Post balance sheet events

Material events occurring since the balance sheet date are disclosed in note 29 to the Group's financial statements.

Political expenditure

It is the Board's policy not to incur political expenditure or otherwise make cash contributions to political parties and there is no intention of changing that policy. However, the CA 2006 is very broadly drafted in this area and the Board has raised a concern that it may include activities such as funding conferences or supporting certain bodies involved in policy review and law reform. Accordingly, at the 2023 AGM and as at previous AGMs, the shareholders supported a resolution on a precautionary basis to authorise the Group to incur political expenditure (as defined in Section 365 of the CA 2006) not exceeding £50,000 in total at any time from the date of the 2023 AGM up to the conclusion of the 2024 AGM. The Board intends to seek renewed authority for the Group to incur political expenditure of not more than £50,000 in total at the Company's 2024 AGM, which the Group might otherwise be prohibited from making or incurring under the terms of the CA 2006.

Political donations

The Group did not make any political donations during 2023.

Disclosure of information to auditor

Each Director at the date of approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware
- the Director has taken all steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the CA 2006.

Going concern

The Directors confirm that they have a reasonable expectation that the Group will have adequate resources to continue in operational existence for at least the next twelve months from the date of the accounts and, accordingly, they continue to adopt the going concern basis in preparing the financial statements. A viability statement, as required by the Code, can be found in the Strategic Report on page 73.

Appointment of auditor

During the year the Audit and Risk Committee conducted an audit tender process and recommended the re-appointment of KPMG LLP as the Group's external auditor to the Board. Having reviewed KPMG's ability to satisfy the audit tender selection requirements and the Committee's assessment that they were the best candidate for the Group, the Board agreed to recommend the re-appointment of KPMG as the Group's auditors, subject to both agreement on the terms of the engagement letter and approval by shareholders at the 2024 AGM. For further information relating to the audit tender process, please refer to pages 134 and 135 of the Audit and Risk Committee Report. A resolution to appoint KPMG LLP, together with a resolution to authorise the Directors to determine their remuneration, will be proposed at the 2024 AGM.

On behalf of the Board

Angela Leach
Company Secretary
12 March 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES.

IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

In respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report, Strategic Report, Directors' Report, the Directors' Remuneration Report, the Corporate Governance Statement and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable, relevant, reliable and prudent
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule ("DTR") 4.1.16R, the financial statements will form part of the annual financial report prepared under DTR 4.1.17R and 4.1.18R. The auditor's report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

Responsibility statement of the Directors in respect of the annual financial report

The Directors confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face

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

On behalf of the Board

Sir Douglas Flint
Chair
12 March 2024

INDEPENDENT AUDITOR'S REPORT.

TO THE MEMBERS OF IP GROUP PLC

1. Our opinion is unmodified

We have audited the financial statements of IP Group plc ("the Group") for the year ended 31 December 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity, the Company Balance Sheet, the Company Statement of Changes in Equity, and the related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit and Risk Committee.

We were first appointed as auditor by the shareholders on 13 May 2014. The period of total uninterrupted engagement is for the ten financial years ended 31 December 2023. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: group financial statements as a whole	£12.4m (2022: £12.5m) 0.9% (2022: 0.8%) of total assets	
Coverage	100% (2022: 100%) of total assets	
Key audit matters		**vs 2022**
Recurring risks	Valuation of certain unquoted investments (Group)	↔
	Application of IFRS 10 in respect of Istesso Limited and IP Cayman LP (Group)	↑
	Recoverability of investments in subsidiary undertakings (Parent Company)	↔

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (unchanged from 2022), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and our findings from those procedures in order that the Company's members, as a body, may better understand the process by which we arrived at our audit opinion. These matters were addressed, and our findings are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT.

KEY AUDIT MATTERS

	The risk	Our response
Valuation of certain unquoted investments (Certain specific investments within total unquoted investments of £961.1 million (2022: £817.9 million) of which, £630.2 million are included within "The Top 20" investment) Refer to page 129 **(Audit and Risk Committee Report)**, page 152 **(accounting policy)** and page 152 **(accounting policy and financial disclosures).**	**Subjective Valuation** Certain of the unquoted investments within the total unquoted investments balance of £961.1m are subject to significant inherent estimation uncertainty in determining their valuation. The factors considered in assessing which unquoted investments were subject to significant risk included the prominence in the financial statements ("The Top 20"), the quantum of the individual investment, time since funding round aligned with time until "cash out", performance of the investment and changes in the valuation methodology. Unquoted investments are measured at fair value, which is established in accordance with the International Private Equity and Venture Capital Valuation Guidelines, by using measurements of value such as prices of recent orderly transactions, discounted cash flows, and earnings multiples. We assessed that there is a significant risk associated with this matter due to the quantum of the balance, and the level of judgement associated with certain unobservable inputs. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of certain unquoted investments has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 13) disclose the sensitivity estimated by the Group in respect of all the unquoted investments held.	We performed the tests below rather than seeking to rely on any of the Group's controls, because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described below: Our procedures included: • **Historical comparisons**: Assessment of investment valuations, comparing current period valuations and movements to prior period valuations in the absence of any exits, to understand the reasons for significant variances and determine whether they are indicative of bias or error in the Company's approach to valuations; • **Methodology choice**: In the context of observed industry best practice and the provisions of the International Private Equity and Venture Capital Valuation Guidelines, we challenged the appropriateness of the valuation basis selected; • **Our valuation experience**: Challenging key judgements affecting investee company valuations, such as calibration to latest funding rounds or adjustments to reported NAVs. We compared key underlying financial data inputs to external sources, investee company audited accounts where available and management information as applicable. Our work included consideration of events which occurred subsequent to the period end until the date of this audit report; • **Comparing valuations**: Where a recent transaction has been used to value a holding, we obtained an understanding of the circumstances surrounding the transaction and whether it was considered to be on an arms-length basis and suitable as an input into a valuation; • **Our corporate finance expertise**: Utilising the expertise of KPMG Corporate Finance specialists to assist the audit team in assessing specific areas for a selection of assets, such as evaluating the appropriateness of valuation assumptions (e.g. discount rates) and methodologies; and • **Assessing transparency**: Consideration of the appropriateness, in accordance with relevant accounting standards, of the disclosures in respect of unlisted investments and the effect of changing one or more inputs to reasonably possible alternative valuation assumptions. **Our findings:** We found the Company's valuation of certain specific unquoted investments to be mildly cautious (2022: mildly cautious) and the related disclosures to be proportionate (2022: proportionate).

INDEPENDENT AUDITOR'S REPORT.

KEY AUDIT MATTERS

	The risk	Our response
Application of IFRS 10 in respect of Istesso Limited and IPG Cayman LP Refer to page 129 **(Audit and Risk Committee Report)**, and page 152 **(accounting policy and financial disclosures)**.	**Significant accounting judgement** In determining whether an entity is classified as a subsidiary and is therefore required to be consolidated under the principles of IFRS 10, the directors assess whether the Group has control over the entities. In respect of Istesso Limited, the directors have concluded that the Group does not control this entity. This is because although the Group has 56.5% of the undiluted economic interest in the entity, it holds less than 50% of the voting rights at the company and does not control the Board. However, there is significant judgement involved in the application of IFRS 10 in respect of Istesso Limited. Given that the Group holds close to 50% of the voting rights at the company, it must be determined whether the Group has de facto control under the principles of IFRS 10. During the year, the Group purchased £1.5m of A shares in Istesso and had a convertible loan note convert into A shares. The A shares have no voting rights and both the share purchase and conversion involved other investors who acquired ordinary shares which have voting rights which slightly diluted the Group voting rights. Additionally, the Group provided a £13.5m convertible loan to Istesso Limited. Given this change in circumstances, the application of IFRS 10 in respect of Istesso Limited remains an area of focus in the current year audit.	We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the judgement is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: **Accounting analysis:** For Istesso Limited: • We inspected the articles of association for Istesso Limited to understand the voting rights of the entity. • We evaluated the independence of the other shareholders of Istesso Limited from the Group through inspecting evidence of their identities and relationships with the Group. • We inspected the terms of the convertible loan and additional capital invested in the period to determine whether it provides the Group with any substantive rights. • We challenged whether the Group has de facto control with reference to the size of the Group's holding of voting rights relative to the size and dispersion of the holdings of other vote holders and historic voting patterns of vote holders. For IPG Cayman LP: • We inspected the Limited Partnership Agreement of IPG Cayman LP to understand the contractual decision making authority. • We evaluated the kick-out rights of the Group and other LPs. • We inspected the terms of the SAFE to determine whether it provides the Group with any substantive rights. • We challenged whether the Group has de facto control with reference to its relationship and influence over the fund manager.

INDEPENDENT AUDITOR'S REPORT.

KEY AUDIT MATTERS

	The risk	Our response
Application of IFRS 10 in respect of Istesso Limited and IPG Cayman LP – continued Refer to page 129 **(Audit and Risk Committee Report)**, and page 152 **(accounting policy and financial disclosures)**.	During the year, the Group provided IPG Cayman LP with $10m through a Simple Agreement for Future Equity ("SAFE"). Given this change in circumstances, the application of IFRS 10 in respect of IPG Cayman LP has been an area of increased focus in the current year audit. The directors have concluded that the Group does not control this entity. This is because although the Group has 58.1% of the undiluted economic interest in the entity, the decision making authority is established within the LPA which designates Longview Innovation Corp as the sole fund manager and does not provide the Group with substantive kick-out rights. Therefore, the relevant decisions are controlled via the respective contractual arrangements, rather than direct voting rights.	**Assessing transparency:** • We considered the appropriateness of the disclosures related to the application of IFRS 10 in respect of Istesso Limited and IPG Cayman LP. **Our findings:** In determining the application of IFRS 10 in respect of Istesso Limited there is room for judgement and we found that the Group's judgement gave slightly more weight to arguments favouring the conclusion that Istesso Limited is not required to be consolidated (2022 finding: the Group's judgement gave slightly more weight to arguments favouring the conclusion that Istesso Limited is not required to be consolidated). In determining the application of IFRS 10 in respect of IP Cayman LP there is room for judgement and we found that the Group's judgement was balanced (2022 finding: balanced). We found the related disclosures to be proportionate (2022: proportionate).

INDEPENDENT AUDITOR'S REPORT.

KEY AUDIT MATTERS

	The risk	Our response
Recoverability of investment in subsidiary undertakings (Parent Company) (£330.4 million; 2022: £329.2 million) Refer to page 152 **(accounting policy and financial disclosures)**.	**Low risk, high value** The carrying amount of the Parent Company's investments in subsidiaries represents 34% (2022: 35%) of the Parent Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Parent Company financial statements, this is considered to be the area that had the greatest effect on our overall Parent Company audit.	We performed the tests below rather than seeking to rely on any of the Parent Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: **Tests of detail:** • We compared the carrying amount of 100% of investments in subsidiaries draft balance sheet to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessed whether those subsidiaries have historically been profit-making therefore supporting the recoverability of the debt owed. **Assessing transparency:** • We considered the appropriateness, in accordance with relevant accounting standards, of the disclosures related to the Parent Company's investment in subsidiaries. **Our findings:** We found the recoverability of the Parent Company's investment in subsidiary undertakings to be balanced (2022 findings: balanced) and the related disclosures to be proportionate (FY22: proportionate).

We continue to perform procedures over loans to subsidiary undertakings in the Parent Company. However, following a reassessment of the risk of material misstatement we no longer consider the loans, which are repayable on demand, to have a significant risk of non payment, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

INDEPENDENT AUDITOR'S REPORT.

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £12.4m (2022: £12.5m), determined with reference to a benchmark of Group total assets, of which it represents 0.9% (2022: 0.8%).

Materiality for the Parent Company financial statements as a whole was set at £10.3m (2022: £7.2m), determined with reference to a benchmark of Parent Company total assets, of which it represents 1.0% (2022: 0.8%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2022: 75%) of materiality for the financial statements as a whole, which equates to £9.3m (2022: £9.4m) for the Group and £7.7m (2022: £5.4m) for the Parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

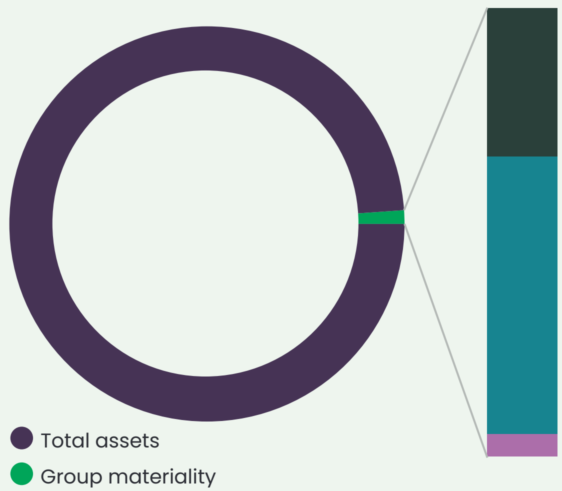
We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £0.6m (2022: £0.6m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

The Group team performed the audit of the Group as if it was a single aggregated set of financial information. The audit was performed using the materiality and performance materiality levels set out above.

The scope of the audit work performed was fully substantive as we did not rely upon the Group's internal control over financial reporting.

Total assets
£1,411.6m
(2022: £1,558m)

Group materiality
£12.4m
(2022: £12.5m)



£12.4m
Whole financial statements materiality (2022: £12.5m)

£9.3m
Whole financial statements performance materiality (2022: £9.4m)

£0.6m
Misstatements reported to the Audit and Risk Committee (2022: £0.6m)

INDEPENDENT AUDITOR'S REPORT.

4. The impact of climate change on our audit

In planning our audit we have considered the potential impacts of climate change on the Group's business and its financial statements.

Climate change impacts the Group principally through the valuation of investments and through potential reputational risk associated with the Group's strategy. The Group's exposure to climate change is primarily through the investee companies, as the key valuation assumptions and estimates could be impacted by climate risks, for example where a new low carbon technology is more likely to attract greater investment; this is most apparent in the Cleantech investments.

As part of our audit we have made enquiries of directors to understand the extent of the potential impact of climate change risk on the Group's financial statements and the Group's preparedness. We have performed a risk assessment of how the impact of climate change may affect the financial statements and our audit, in particular over the valuation of unquoted investments and the related key audit matter above.

Given the nature of the current investment portfolio, the valuation methods and investing strategy of the Group, we consider that climate risks do not have a significant effect on our key audit matters.

We have read the disclosure of climate related information in the front half of the annual report and considered consistency with the financial statements and our audit knowledge.

5. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Parent Company's financial resources or ability to continue operations over the going concern period.

The risks that we considered most likely to adversely affect the Group's and Parent Company's available financial resources and metrics relevant to debt covenants over this period were:

- Significant additional funding being made into current and future investee companies;
- Reduction in realisations over the period including from listed investments.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the Directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable; and
- the related statement under the Listing Rules set out on page 140 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

INDEPENDENT AUDITOR'S REPORT.

6. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- Enquiring of directors and the Audit and Risk Committee as to the Group's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading minutes of meetings of those charged with governance;
- Considering remuneration incentive schemes and performance targets; and
- Holding discussions with fraud specialists to challenge our risk assessment conclusions on fraud risks.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we performed procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting entries and judgements such as valuation of certain unquoted investments and application of IFRS 10 with regard to Istesso Limited and IPG Cayman LP.

On this audit, we do not believe there is a fraud risk related to revenue recognition because revenue from services and other income are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation.

We did not identify any additional fraud risks.

We performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual account pairings and material post closing journals.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As certain entities within the Group are regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation including the Substantial Shareholding Exemption ("SSE"), and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: liquidity and certain aspects of company legislation recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evidence from relevant correspondence, an audit will not detect that breach.

INDEPENDENT AUDITOR'S REPORT.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

7. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic Report and Directors' Report

Based solely on our work on the other Information:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' Remuneration Report

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

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the viability statement on page 73 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the risks and internal controls disclosures on page 132 describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement, set out on page 73 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

INDEPENDENT AUDITOR'S REPORT.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the Financial Statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the Annual Report and Financial Statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the Annual Report describing the work of the Audit and Risk Committee, including the significant issues that the Audit and Risk Committee considered in relation to the Financial Statements, and how these issues were addressed; and
- the section of the Annual Report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

8. We have nothing to report on the other matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 140, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared using the single electronic reporting format specified in the TD ESEF Regulation under Disclosure Guidance and Transparency Rule ("DTR") 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements that format.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the terms of our engagement by the Company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Martin (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London, E14 5GL

12 March 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £m	2022 £m
Portfolio return and revenue			
Change in fair value of equity and debt investments	13	**(110.9)**	(303.4)
(Loss) on disposal of equity and debt investments	15	**(10.8)**	(7.8)
Change in fair value of limited and limited liability partnership interests	14	**(38.8)**	2.1
Revenue from services and other income	4	**5.9**	7.1
		(154.6)	(302.0)
Administrative expenses			
Carried interest plan credit/(charge)	23	**4.7**	(12.0)
Share-based payment charge	22	**(2.6)**	(2.9)
Other administrative expenses	8	**(28.0)**	(27.4)
		(25.9)	(42.3)
Operating loss	7	**(180.5)**	(344.3)
Finance income		**9.8**	2.2
Finance costs		**(5.6)**	(1.4)
Loss before taxation		**(176.3)**	(343.5)
Taxation	10	**1.9**	(1.0)
Loss for the year		**(174.4)**	(344.5)
Other comprehensive income			
Exchange differences on translating foreign operations		**(0.4)**	0.5
Total comprehensive loss for the year		**(174.8)**	(344.0)
Attributable to:			
Equity holders of the parent		**(171.3)**	(341.5)
Non-controlling interest		**(3.5)**	(2.5)
		(174.8)	(344.0)
Loss per share			
Basic (p)	11	**(16.53)**	(33.01)
Diluted (p)	11	**(16.53)**	(33.01)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION.

AS AT 31 DECEMBER 2023

	Note	2023 £m	2022 £m
ASSETS			
Non-current assets			
Goodwill		**0.4**	0.4
Property, plant and equipment		**1.4**	0.4
Joint venture investment		**0.6**	-
Portfolio:			
Equity investments	13	**1,011.5**	1,120.8
Debt investments	13	**83.7**	38.1
Limited and limited liability partnership interests	14	**69.7**	99.6
Receivable on sale of debt and equity investments	15, 17	**7.8**	6.9
Total non-current assets		**1,175.1**	1,266.2
Current assets			
Trade and other receivables	16	**8.2**	8.8
Receivable on sale of debt and equity investments	15, 17	**1.4**	41.3
Deposits	3	**126.0**	152.8
Cash and cash equivalents	3	**100.9**	88.7
Total current assets		**236.5**	291.6
Total assets		**1,411.6**	1,557.8
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Called up share capital	21	**21.3**	21.3
Share premium account		**102.5**	102.5
Retained earnings		**1,075.6**	1,257.9
Total equity attributable to equity holders		**1,199.4**	1,381.7
Non-controlling interest		**(9.1)**	(5.6)
Total equity		**1,190.3**	1,376.1
Current liabilities			
Trade and other payables	18	**17.1**	16.9
Borrowings	19	**6.3**	6.3
Total current liabilities		**23.4**	23.2
Non-current liabilities			
Borrowings	19	**128.9**	75.1
Carried interest plan liability	23	**38.0**	44.1
Deferred tax liability	10	**4.8**	6.8
Loans from limited partners of consolidated funds	19	**19.8**	19.5
Revenue share liability	20	**6.4**	13.0
Total non-current liabilities		**197.9**	158.5
Total liabilities		**221.3**	181.7
Total equity and liabilities		**1,411.6**	1,557.8

Registered number: 04204490

The accompanying notes on pages 156 to 203 form an integral part of the financial statements on pages 152 to 220. The financial statements were approved by the Board of Directors and authorised for issue on 12 March 2024 and were signed on its behalf by:

Greg Smith
Chief Executive Officer

David Baynes
Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS.

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £m	2022 £m
Operating activities			
Loss before taxation for the period		**(176.3)**	(343.5)
Adjusted for:			
Change in fair value of equity and debt investments	13	**110.9**	303.4
Change in fair value of limited and limited liability partnership interests	14	**38.8**	(2.1)
Loss on disposal of equity investments	15	**10.8**	7.8
Long-term incentive carry scheme (credit)/charge	23	**(4.7)**	12.0
Carried interest scheme payments	23	**(1.3)**	(1.0)
Share-based payment charge	22	**2.6**	2.9
Finance income		**(9.8)**	(2.2)
Finance costs		**5.6**	1.4
Depreciation of right-of-use asset, property, plant and equipment		**0.6**	0.6
Corporate finance fees settled in the form of portfolio company equity		**(0.1)**	(0.5)
Changes in working capital			
Decrease/(Increase) in trade and other receivables	16	**1.3**	(0.5)
Decrease in trade and other payables	18	**(0.3)**	(2.8)
Drawdowns from limited partners of consolidated funds		**0.3**	0.8
Other operating cash flows			
Interest received[1]		**3.7**	–
Net interest received		**–**	0.2
Net cash outflow from operating activities		**(17.9)**	(23.5)
Investing activities			
Purchase of property, plant and equipment		**-**	(0.3)
Purchase of equity and debt investments	13	**(63.4)**	(88.9)
Investment in limited and limited liability partnership funds	14	**(9.8)**	(4.6)
Investment in joint venture		**(0.6)**	–
Interest received on deposits[1]		**4.1**	0.8
Cash flow to deposits		**(191.7)**	(208.7)
Cash flow from deposits		**218.4**	272.1
Proceeds from sale of equity and debt investments	15	**37.7**	28.1
Distribution from limited partnership funds	14	**0.9**	–
Net cash outflow from investing activities		**(4.4)**	(2.3)
Financing activities			
Dividends paid	27	**(13.0)**	(12.3)
Repurchase of own shares – treasury shares	21	**(0.1)**	(8.0)
Lease principal payment		**(0.5)**	(0.5)
Interest paid[1]		**(5.5)**	–
Repayment of EIB loan facility	19	**(6.2)**	(29.8)
Drawdown of loan facility (net of costs)	19	**60.0**	59.4
Net cash inflow from financing activities		**34.7**	8.8
Net decrease in cash and cash equivalents		**12.4**	(17.0)
Cash and cash equivalents at the beginning of the year		**88.7**	105.7
Effect of foreign exchange rate changes		**(0.2)**	–
Cash and cash equivalents at the end of the year		**100.9**	88.7

1 In the current year interest paid and interest received on deposits have been shown separately. The directors have chosen not to represent the prior year comparatives as the amounts are immaterial.

The accompanying notes on pages 156 to 203 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.

FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to equity holders of the parent					
	Share capital	Share premium[1] £m	Retained earnings[2] £m	Total £m	Non-controlling interest[3] £m	Total equity £m
At 1 January 2022	21.3	102.4	1,617.5	1,741.2	(3.1)	1,738.1
Total comprehensive income for the period						
Loss for the year	–	–	(342.0)	(342.0)	(2.5)	(344.5)
Currency translation[4]	–	–	0.2	0.2	–	0.2
Total comprehensive income for the period	–	–	(341.8)	(341.8)	(2.5)	(344.3)
Transactions with owners, recorded directly in equity						
Issue of shares[5]	–	0.1	–	0.1	–	0.1
Purchase of treasury shares[6]	–	–	(8.0)	(8.0)	–	(8.0)
Equity-settled share-based payments[7]	–	–	2.9	2.9	–	2.9
Ordinary dividends[8]	–	–	(12.7)	(12.7)	–	(12.7)
Total contributions by and distributions to owners	–	0.1	(17.8)	(17.7)	–	(17.7)
At 1 January 2023	**21.3**	**102.5**	**1,257.9**	**1,381.7**	**(5.6)**	**1,376.1**
Total comprehensive income for the period						
Loss for the year	–	–	(170.9)	(170.9)	(3.5)	(174.4)
Currency translation[4]	–	–	(0.9)	(0.9)	–	(0.9)
Total comprehensive income for the period	–	–	(171.8)	(171.8)	(3.5)	(175.3)
Transactions with owners, recorded directly in equity						
Purchase of treasury shares[5]	–	–	(0.1)	(0.1)	–	(0.1)
Equity-settled share-based payments[7]	–	–	2.6	2.6	–	2.6
Ordinary dividends[8]	–	–	(13.0)	(13.0)	–	(13.0)
Total contributions by and distributions to owners	–	–	(10.5)	(10.5)	–	(10.5)
At 31 December 2023	**21.3**	**102.5**	**1,075.6**	**1,199.4**	**(9.1)**	**1,190.3**

1 Share premium – Amount subscribed for share capital in excess of nominal value, net of directly attributable issue costs.

2 Retained earnings – Cumulative net gains and losses recognised in the consolidated statement of comprehensive income net of associated share-based payments credits and distributions to shareholders.

3 Non-controlling interest – Share of profits attributable to the Limited Partners of IP Venture Fund II LP.

4 Currency translation – Reflects currency translation differences on reserves non-GBP functional currency subsidiaries. Exchange differences on translating foreign operations are presented before tax.

5 Issue of shares – Share premium in connection with the Interim Scrip Dividend, the Group has received valid elections from shareholders resulting in a requirement to issue new ordinary shares of 2p each ("New Shares").

6 Purchase of treasury shares – Reflects the issue of 220,302 ordinary shares, with an aggregate value of £0.1m, these were purchased by the Company during the year and are held in treasury. Total value including costs was £0.1m. (2022: 7,429,494 shares purchased for total value of £8.0m, total including costs of £8.0m). These shares were purchased for the £20m share buyback share buyback approved by the Board in December 2023.

7 Equity-settled share-based payments – amounts recognised in respect of the Group's share-based payments schemes recognised as a subsidiary investment in the Company accounts with a corresponding entry against equity.

8 Ordinary dividends – Of the £13.0m dividends paid in 2023, £13.0m was settled in cash (2022: £12.7m total, £12.3m cash, £0.4m Scrip). No new shares were issued in respect of scrip dividends in 2023 (2022: 485,569 shares issued).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

1. Basis of preparation

A) Basis of preparation

The Annual Report and Accounts of IP Group plc ("IP Group" or the "Company") and its subsidiary companies (together, the "Group") are for the year ended 31 December 2023. The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The Group financial statements have been prepared and approved by the directors in accordance with UK-adopted international accounting standards ("UK-adopted IFRS").

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in the most appropriate selection of the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

Going concern

The financial statements are prepared on a going concern basis. The directors have completed a detailed financial forecast alongside severe but plausible scenario-based downside stress-testing, including the impact of declining portfolio values and a reduced ability to generate portfolio realisations.

At the balance sheet date, the Group had cash and deposits of £226.9m, providing liquidity for at least two years' operating expenses, portfolio investment and debt repayments at recent levels. Furthermore, the Group has a portfolio of investments valued at around £1.2bn, which is anticipated to provide further liquidity over the forecast period. Accordingly, our forecasting indicates that the Group has adequate resources to enable it to meet its obligations including its debt covenants and to continue in operational existence for at least the next twelve months from the approval date of the accounts. For further details see the Group's viability statement on page 73.

Changes in accounting policies

(i) New standards, interpretations and amendments effective from 1 January 2023

No new standards, interpretations and amendments effective in the year have had a material effect on the Group's financial statements.

(ii) New standards, interpretations and amendments not yet effective

No new standards, interpretations and amendments not yet effective are expected to have a material effect on the Group's future financial statements.

B) Basis of consolidation

IFRS 10 Investment Entity Exemption

IFRS 10 defines an investment entity as one which:

a. Obtains funds from one or more investors for the purpose of providing those investors with investment management services
b. Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both
c. Measures and evaluates the performance of substantially all of its investments on a fair value basis

We believe that IP Group plc does not meet this definition of an investment entity with the key factors behind this conclusion being:

- the absence of specific exit strategies for early-stage assets (indicating condition (b) above is not satisfied)
- the ability to hold investments indefinitely (indicating condition (b) above is not satisfied)
- the flexibility to explore the direct commercialisation of intellectual property within the Group if that is determined to be the most attractive means of generating value for shareholders. (indicating condition (a) above is not satisfied)

Accordingly, we have applied IFRS 10 consolidation principles for each group of entities as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

1. Basis of preparation continued

(i) Subsidiaries

Where the Group has control over an entity, it is classified as a subsidiary. Typically, the Group owns a non–controlling interest in its portfolio companies; however, in certain circumstances, the Group takes a controlling interest and hence categorises the portfolio company as a subsidiary. As per IFRS 10, an entity is classed as under the control of the Group when all three of the following elements are present: power over the entity; exposure to variable returns from the entity; and the ability of the Group to use its power to affect those variable returns.

In situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights, it is considered that de facto control exists. In determining whether de facto control exists the Group considers the relevant facts and circumstances, including:

- The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- Substantive potential voting rights held by the Company and by other parties;
- Other contractual arrangements; and
- Historic patterns in voting attendance.

In assessing the IFRS 10 control criteria in respect of the Group's private portfolio companies, direction of the relevant activities of the company is usually considered to be exercised by the company's board, therefore the key control consideration is whether the Group currently has a majority of board seats on a given company's board, or is able to obtain a majority of board seats via the exercise of its voting rights. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the Company and its subsidiaries as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full. The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets and liabilities are initially recognised at their fair values at the acquisition date. Contingent liabilities dependent on the disposed value of an associated investment are only recognised when the fair value is above the associated threshold. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are consolidated until the date on which control ceases.

(ii) Associates/portfolio companies

The majority of the Group's portfolio companies are deemed to be Associates, as the Group has significant influence (generally accompanied by a shareholding of between 20% and 50% of the voting rights) but not control. A small number of the Group's portfolio companies are controlled and hence consolidated, as per section (i) above.

As permitted under IAS 28, the Group elects to hold investments in Associates at fair value through profit and loss in accordance with IFRS 9. This treatment is specified by IAS 28 Investment in Associates and Joint Ventures, which permits investments held by a venture capital organisation or similar entity to be excluded from its measurement methodology requirements where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with IFRS 9 Financial Instruments. Therefore, no associates are presented on the consolidated statement of financial position.

Changes in fair value of associates are recognised in profit or loss in the period of the change. The Group has no interests in Associates through which it carries on its operating business. During 2023, the Group made a £0.6m investment into a Joint Venture established in preparation for potential fund operations in China. Joint ventures are held at fair value with any change in value recognised through the income statement.

The disclosures required by Section 409 of the Companies Act 2006 for associated undertakings are included in note 13 of the Company financial statements. Similarly, those investments which may not have qualified as an Associate but fall within the wider scope of significant holdings and so are subject to Section 409 disclosures of the Companies Act 2006 are included in note 11 of the Company financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

1. Basis of preparation continued

(iii) Limited Partnerships and Limited Liability Partnerships ("Limited Partnerships")

a) Consolidated Limited Partnership fund holdings

The Group has a holding in the following Limited Partnership fund, which it determines that it controls and hence consolidates on a line by line basis:

Name	Interest in Limited partnership %
IP Venture Fund II LP ("IPVFII")	33.3

In order to determine whether the Group controls the above funds, it has considered the IFRS 10 control model and related application guidance. In respect of IPVFII, the Group has power via its role as fund manager of the partnership, and exposure to variable returns via its 33.3% ownership interest, resulting in the conclusion that the Group controls and hence consolidates the fund.

b) Other non-consolidated Limited Partnership fund holdings

In addition to Limited Partnerships where Group entities act as general partner and investment manager, the Group has interests in three further entities which are managed by third parties:

Name	Interest in Limited partnership %
IPG Cayman LP	58.1
UCL Technology Fund LP ("UCL Fund")	46.4
Technikos LLP ("Technikos")	17.7

The rationale for IPG Cayman LP's categorisation as a non-consolidated fund is considered a significant accounting judgment and is set out in note 2.

The Group has a 46.4% interest in the total capital commitments of the UCL Fund. The Group has committed £24.8m to the fund alongside the European Investment Fund ("EIF"), University College London and other investors. Participation in the UCL Fund provides the Group with the opportunity to generate financial returns and visibility of potential intellectual property from across University College London's research base.

The Group has an 17.7% interest in the total capital commitments of Technikos, a fund with an exclusive pipeline agreement with Oxford University's Institute of Biomedical Engineering.

See note 26 for disclosure of outstanding commitments in respect of Limited Partnerships.

iv) Other third-party funds under management

In addition to the Limited Partnership fund IPVFII, described above, the Group also manages other third-party funds, including within its Parkwalk Advisors business unit, and on behalf of Australian superannuation fund Hostplus. In both cases, the Group has no direct beneficial interest in the assets being managed, and its sole exposure to variable returns relates to performance fees payable on exits above a specified hurdle. As a result, the Group is not deemed to control these managed assets under IFRS10 and they are not consolidated.

v) Non–controlling interests

The total comprehensive income, assets and liabilities of non–wholly owned entities are attributed to owners of the parent and to the non–controlling interests in proportion to their relative ownership interests.

vi) Business combinations

The Group accounts for business combinations using the acquisition method from the date that control is transferred to the Group (see (i) Subsidiaries above). Both the identifiable net assets and the consideration transferred in the acquisition are measured at fair value at the date of acquisition and transaction costs are expensed as incurred. Goodwill arising on acquisitions is tested at least annually for impairment. In instances where the Group owns a non–controlling stake prior to acquisition the step acquisition method is applied, and any gain or losses on the fair value of the pre–acquisition holding is recognised in the consolidated statement of comprehensive income.

C) Other accounting policies

Regulated capital

Top Technology Ventures Limited and Parkwalk Advisors Ltd, are Group subsidiaries which are subject to external capital requirements imposed by the Financial Conduct Authority ("FCA"). Similarly, the Group's subsidiary in Hong Kong IP Group Greater China Services Limited is subject to external capital requirements imposed by the Securities and Futures Commission of Hong Kong

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

1. Basis of preparation continued

("SFC"). As such these entities must ensure that they have sufficient capital to satisfy their respective requirements. The Group ensures it remains compliant with these requirements as described in their respective financial statements.

Cash flow statement classification of portfolio investments

Cash flow relating to portfolio investments have been presented as investing cash flows as opposed to cash flows from operating activities. Management considers this to be an appropriate classification representing the fact that the relevant cashflows are allocated towards resources intended to generate future income and cash flows.

2. Significant accounting estimates and judgements

The directors make judgements and estimates concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, such as expectations of future events, and are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have the most significant effects on the carrying amounts of the assets and liabilities in the financial statements are discussed below.

(i) Valuation of unquoted equity and debt investments and limited partnership interests (significant estimate)

The Group's accounting policy in respect of the valuation of unquoted equity and debt investments is set out in note 13, and in respect of limited partnership interests in note 14. In applying this policy, the key areas over which judgement are exercised include:

- Consideration of whether a funding round is at arm's length and therefore representative of fair value.
- The relevance of the price of recent investment as an input to fair value, which typically becomes more subjective as the time elapsed between the recent investment date and the balance sheet date increases.
- In the case of companies with complex capital structures, the appropriate methodology for assigning value to different classes of equity based on their differing economic rights.
- Where an upwards or downwards calibration adjustment to a funding transaction valuation to reflect positive or negative developments within the company in question, the size of the adjustment made.
- Where using valuation methods such as discounted cash flows or revenue multiples, the assumptions around inputs including the probability of achieving milestones and the discount rate used, and the choice of comparable companies used within revenue multiple analysis.
- Where valuations are based on future events such as sales processes or future funding rounds, the appropriate level of execution risk to be applied to the anticipated event when assessing its valuation impact as at the balance sheet date.
- Debt investments typically represent convertible debt; in such cases judgement is exercised in respect of the estimated equity value received on conversion of the loan.

Valuations are based on management's judgement after consideration of the above and upon available information believed to be reliable, which may be affected by conditions in the financial markets. Due to the inherent uncertainty of the investment valuations, the estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material. Note 13 provides disclosure details on sensitivity and estimation uncertainty.

(ii) Application of IFRS 10 in respect of Istesso Limited and IPG Cayman LP (significant judgement)

Istesso Limited

In respect of Istesso Limited, although the Group has a 56.5% undiluted economic interest in the company, the Group holds a significant proportion of its equity via non–voting shares resulting in it holding less than 50% of the voting rights at the company. Under Istesso's Articles of Association, strategic and day-to-day decisions over running of the business rest with Istesso's board of directors rather than through shareholder voting rights attached to direct ownership of equity interests held in the entity. In this respect, power over Istesso is exercised predominantly through directors' meetings, on which IP Group is not deemed to have majority representation. As such, the relationship between Istesso and IP Group is designed in such a way that "shareholder" voting rights are not the dominant factor in deciding who directs the investee's relevant activities, but it is the directors who do so. IP Group does not control the board of Istesso Limited via a majority of board directors, and is specifically prevented from appointing additional directors to gain control of the board via restrictions in Istesso's Articles of Association.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

2. Significant accounting estimates and judgements continued

During the year, the Group provided a £13.5m convertible loan to Istesso Limited. This was in addition to a £10m convertible loan which was provided in 2022. The terms of the loans contain specific provisions preventing their conversion where this would result in IP Group obtaining control of Istesso. In addition, the Group provided £1.5m equity funding to Istesso in 2023. As part of this transaction, convertible loans advanced by IP Group and a third party in 2020 converted into equity, leading to a marginal increase in IP Group's economic interest (from 56.4% to 56.5%), but a decrease in IP Group's voting rights as a result of IP Group's debt conversion being into non-voting shares.

Based on an updated control assessment, including considerations around whether IP Group has 'de facto' control of Istesso including inter alia the number of voting shares held by the Group and its connected parties and the dispersion of other parties' voting rights, we have concluded that the Group does not control Istesso Limited under IFRS 10.

Had we concluded that consolidation in the current year was appropriate, the impact on the Group Balance Sheet would have been to recognise Istesso Limited's assets and liabilities and to recognise additional intangible assets including goodwill based on the fair value of the company at acquisition. The impact on the Group Income Statement would have been the recognition of Istesso Limited's costs from the point of acquisition. Furthermore, any subsequent fair value movements in the debt and equity of Istesso Limited would not be recognised until the point where IP Group was no longer deemed to control Istesso Limited.

IPG Cayman LP

The Group's US portfolio is held via a limited partnership fund, IPG Cayman LP, which was set up in 2018 to facilitate third-party investment into this portfolio. The fund is managed by Longview Innovations Inc., formerly an operating subsidiary of the Group. Prior to 2021, the Group was judged to control both IPG Cayman LP and Longview innovations Inc. under IFRS 10 and hence both entities were consolidated.

In 2021, several events took place which caused us to reassess the Group's control of both entities:

- IPG Cayman LP raised additional third–party funds in the first half of 2021, which reduced the Group's stake in the fund from 80.7% to 58.1% and revised the fund's Limited Partnership Agreement to reduced the Group's rights to replace the fund manager.
- Investors in the 2021 IPG Cayman LP funding round hold an option to subscribe additional funds which, if exercised, would result in IP Group holding less than 50% in the fund.
- In November 2021 the Group disposed of its equity in IPG Cayman LP's fund manager, Longview Innovations Inc. and hence no longer controls the fund manager.

As a result of these changes, our control assessment concluded that Longview Innovations Inc, is acting as an agent on behalf of all investors in the Cayman LP and not solely IPG plc, therefore the Group no longer controls IPG Cayman LP. The Group therefore ceased to consolidate it from November 2021.

Arriving at this conclusion required the application of judgement, most significantly in assessing the application guidance contained in IFRS 10 B19 which suggests that in some instances a special relationship may exist (such as the fact that we remain the largest individual investor in the fund), implying that an investor has a more than passive interest in the investee. Having considered this guidance we have concluded that on balance the Group does not have power over IPG Cayman LP and hence does not control it.

During 2023, the Group advanced $10m into IPG Cayman LP via a Simple Agreement for Future Equity ("SAFE"). The terms of this SAFE were consistent with those of another third party who entered into a SAFE with IPG Cayman LP in the year and did not confer any additional substantive rights to the Group in the normal course of business and as a result did not change the consolidation conclusion in respect of IPG Cayman LP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

2. Significant accounting estimates and judgements continued

Had we concluded that consolidation was appropriate in the current year, the impact on the Group Balance Sheet would have been a gross-up adjustment to reflect the full value of IPG Cayman LP's assets and liabilities, with no impact on the Group's net assets. The impact on the Group Income Statement would have been to recognise IPG's gross portfolio fair value movements and costs from the date of acquisition, with profits attributable to minority interest in IPG Cayman LP being reflected as a movement in Minority Interest.

3. Financial risk management

As set out in the principal risks and uncertainties section on pages 64 to 72, the Group is exposed, through its normal operations, to a number of financial risks, the most significant of which are market, liquidity and credit risks.

In general, risk management is carried out throughout the Group under policies approved by the Board of Directors. The following further describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

A) Market risk

Price risk

The Group is exposed to equity securities price risk as a result of the equity and debt investments, and investments in Limited Partnerships held by the Group and recognised as at fair value through profit or loss.

The Group mitigates this risk by having established investment appraisal processes and asset monitoring procedures which are subject to overall review by the Board. The Group has also established corporate finance and communications teams dedicated to supporting portfolio companies with fundraising activities and investor relations.

The Group holds ten investments valued at £203.8m which are publicly traded (2022: 13, £228.7m), and the remainder of its investments are not traded on an active market.

The net portfolio loss in 2023 of £160.5m represents a 13% decrease against the opening balance (2022: loss of £304.3m, 21.5%). Sensitivity analysis showing the impact of movements in quoted equity and debt investments is disclosed in note 13, and movements in Limited and Limited Liability interests is shown in note 14.

(ii) Foreign exchange risk

The Groups' main exposure to foreign currency risk is via its investment portfolio, which is partially denominated in US dollars, Australian dollars, Euros and Swedish Krona. Further details of currency exposure in the portfolio are given in notes 13 and 14.

The Group's US dollar-denominated proceeds included in deferred consideration at December 2023 was £9.4m (2022: £35.5m). The reduction is largely due to the receipt of US dollar-denominated proceeds totalling £30.8m in the first half of 2023 relating to the disposal of WaveOptics.

The Group periodically enters into forward foreign exchange contracts to mitigate risk of exchange rate exposure in respect of non GPD-denominated proceeds. As at 31 December 2023 the notional amount of the forward foreign exchange contracts held by the Company was £nil (2022: $26.3m). The settlement date of the contacts outstanding in 2022 was 30 June 2023.

(iii) Interest rate risk

The Group holds a debt facility with the European Investment Bank and a loan note facility primarily with Phoenix Group with the overall balance as at 31 December 2023 amounting to £135.6m (excluding setup costs). These loans are all subject to fixed rate interest (following the repayment of variable rate loans in the year) being subject to an average fixed rate interest of 4.99% (2022: 4.65%).

For further details of the Group's loans including covenant details see note 19.

The other primary impact of interest rate risk to the Group is the impact on the income and operating cash flows as a result of the interest–bearing deposits and cash and cash equivalents held by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

3. Financial risk management continued

(iv) Concentrations of risk

The Group is exposed to concentration risk via the significant majority of the portfolio being UK–based companies and thus subject to the performance of the UK economy. In recent years, the Group has decreased the scale of its operations in the US as a result of the dilution of its holding in IPG Cayman LP. The group has, however, the scale of its operations in Australia have increased as a result of additional investment in this geography and portfolio value gains.

The Group mitigates this risk, in co–ordination with liquidity risk, by managing its proportion of fixed to floating rate financial assets. The table below summarises the interest rate profile of the Group.

	2023				2022			
	Fixed rate £m	Floating rate £m	Interest free £m	Total £m	Fixed rate £m	Floating rate £m	Interest free £m	Total £m
Financial assets								
Equity investments	–	–	1,011.5	1,011.5	–	–	1,120.8	1,120.8
Debt investments	–	–	83.7	83.7	–	–	38.1	38.1
Limited and limited liability partnership interests	–	–	69.7	69.7	–	–	99.6	99.6
Trade receivables	–	–	0.6	0.6	–	–	2.1	2.1
Other receivables	–	–	7.6	7.6	–	–	6.7	6.7
Receivable on sale of debt and equity investments	–	–	9.2	9.2	–	–	48.2	48.2
Deposits	126.0	–	–	126.0	152.8	–	–	152.8
Cash and cash equivalents	16.8	83.9	0.2	100.9	–	88.7	–	88.7
Total	142.8	83.9	1,182.5	1,409.2	152.8	88.7	1,315.5	1,557.0
Financial liabilities								
Trade payables	–	–	(0.5)	(0.5)	–	–	(1.3)	(1.3)
Other accruals and deferred income	–	–	(16.5)	(16.5)	–	–	(15.6)	(15.6)
Borrowings	(135.2)	–	–	(135.2)	(81.4)	–	–	(81.4)
Carried interest plan liability	–	–	(38.0)	(38.0)	–	–	(44.1)	(44.1)
Deferred tax liability	–	–	(4.8)	(4.8)	–	–	(6.8)	(6.8)
Loans from Limited Partners of consolidated funds	–	–	(19.8)	(19.8)	–	–	(19.5)	(19.5)
Revenue share liability	–	–	(6.4)	(6.4)	–	–	(13.0)	(13.0)
Total	(135.2)	–	(86.0)	(221.2)	(81.4)	–	(100.3)	(181.7)

At 31 December 2023, if interest rates had been 1% higher/lower, post-tax loss for the year, and other components of equity, would have been £2.2m (2022: £2.0m) higher/lower as a result of higher interest received on cash and deposits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

3. Financial risk management continued

B) Liquidity risk

The Group seeks to manage liquidity risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group's treasury management policy asserts that at any one point in time no more than 60% of the Group's cash and cash equivalents will be placed in fixed-term deposits with a holding period greater than three months. Accordingly, the Group only invests working capital in short-term instruments issued by reputable counterparties. The Group continually monitors rolling cash flow forecasts to ensure sufficient cash is available for anticipated cash requirements.

C) Credit risk

The Group's credit risk is primarily attributable to its deposits, cash and cash equivalents, debt investments and trade receivables. The Group seeks to mitigate its credit risk on cash and cash equivalents by making short-term deposits with counterparties, or by investing in treasury funds with an "AA" credit rating or above managed by institutions. Short-term deposit counterparties are required to have most recently reported total assets in excess of £5bn and, where applicable, a prime short-term credit rating at the time of investment (ratings are generally determined by Moody's or Standard & Poor's). Moody's prime credit ratings of "P1", "P2" and "P3" indicate respectively that the rating agency considers the counterparty to have a "superior", "strong" or "acceptable" ability to repay short-term debt obligations (generally defined as having an original maturity not exceeding 13 months). An analysis of the Group's deposits and cash and cash equivalents balance analysed by credit rating as at the reporting date is shown in the table opposite. All other financial assets are unrated.

Credit rating	2023 £m	2022 £m
P1	**158.9**	177.4
AAAMMF[1]	**66.7**	54.6
Other[2]	**1.3**	9.5
Total deposits and cash and cash equivalents	**226.9**	241.5

1 The Group holds £66.7m (2022: £54.6m) with JP Morgan GBP liquidity fund, which has a AAAMMF credit rating with Fitch.

2 The Group holds £1.3m (2022: £9.5m) with Arbuthnot Latham, a private bank with no debt in issue and, accordingly, on which a credit rating is not applicable. Bloomberg assess Arbuthnot Latham's 1-year default probability at 0.020408% (2022: 0.2107%).

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group has detailed policies and strategies which seek to minimise these associated risks including defining maximum counterparty exposure limits for term deposits based on their perceived financial strength at the commencement of the deposit. The single counterparty limit for fixed term deposits in excess of 3 months at 31 December 2023 was the greater of 60% of total group cash or £50m (2022: 60%, £50m). In addition, no single institution may hold more than the higher of 50% of total cash or £50m. (2022: 50%, £50m).

The group's exposure to credit risk on debt investments is managed in a similar way to equity security price risk, as described above, through the Group's investment appraisal processes and asset monitoring procedures which are subject to overall review by the Board. The maximum exposure to credit risk for debt investments, receivables and other financial assets is represented by their carrying amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

4. Revenue from services and other income

Accounting Policy:

Revenue from services and other income is generated primarily from within the United Kingdom and is stated exclusive of value added tax, with further revenue generated in the Group's Australian operations. Revenue is recognised when the Group satisfies its performance obligations, in line with IFRS 15. Revenue breakdown and disclosure requirements under IFRS 15 have not been presented as they are considered immaterial. Revenue from services and other income comprises:

Fund management services
Fund management fees include fiduciary fund management fees which are generally earned as a fixed percentage of total funds under management and are recognised as the related services are provided and performance fees payable from realisation of agreed returns to investors which are recognised as performance criterion are met.

Licence and royalty income
The Group's Intellectual Property licences typically constitute separate performance obligations, being separate from other promised goods or services. Revenue is recognised in line with the performance obligations included in the licence, which can include sales-based, usage-based or milestone-based royalties.

Advisory and corporate finance fees
Fees earned from the provision of business support services including executive search services and fees for IP Group representation on portfolio company boards are recognised as the related services are provided. Corporate finance advisory fees are generally earned as a fixed percentage of total funds raised and recognised at the time the related transaction is successfully concluded. In some instances, these fees are settled via the issue of equity in the company receiving the corporate finance services at the same price per share as equity issued as part of the financing round to which the advisory fees apply.

Revenue from services is derived from the provision of advisory and venture capital fund management services or from licensing activities, royalty revenues and patent cost recoveries.

5. Operating segments

For both the year ended 31 December 2023 and the year ended 31 December 2022, the Group's revenue and profit before taxation were derived largely from its principal activities within the UK.

For management reporting purposes, the Group is currently organised into five operating segments:

i. Venture Capital investing within our 'Healthier future' thematic area
ii. Venture Capital investing within our 'Tech-enriched future' thematic area
iii. Venture Capital investing within our 'Regenerative future' thematic area
iv. Venture Capital investing: Other, representing investments not included within our three thematic areas above, including platform investments
v. the management of third-party funds and the provision of corporate finance advice

Reporting line items within Venture Capital investing which are not allocated by thematic sector are presented in the 'Venture Capital investing: other' segment. The element of our 'Healthier future' thematic area relating to Oxford Nanopore Technologies Limited is disclosed separately given its size.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

5. Operating segments continued

These activities are described in further detail in the strategic report on pages 22 to 30.

Year ended 31 December 2023

STATEMENT OF COMPREHENSIVE INCOME	Venture capital investing: Healthier future £m	*Of which Oxford Nanopore £m*	Venture capital investing: Tech-enriched future £m	Venture capital investing: Regenerative future £m	Venture capital investing: Other £m	Venture capital investing: Total £m	Third-party fund management £m	Consolidated £m
Portfolio return and revenue								
Change in fair value of equity and debt investments	(92.9)	*(31.9)*	(7.0)	(8.7)	(2.3)	(110.9)	–	(110.9)
(Loss)/gain on disposal of equity and debt investments	(12.9)	–	2.1	–	–	(10.8)	–	(10.8)
Change in fair value of limited and limited liability partnership interests					(38.8)	(38.8)	–	(38.8)
Revenue from services and other income					1.3	1.3	4.6	5.9
	(105.8)	*(31.9)*	(4.9)	(8.7)	(39.8)	(159.2)	4.6	(154.6)
Administrative expenses[1]								
Carried interest plan charge[1]					4.7	4.7	–	4.7
Share-based payment charge[1]					(2.3)	(2.3)	(0.3)	(2.6)
Other administrative expenses[1]					(22.6)	(22.6)	(5.4)	(28.0)
					(20.2)	(20.2)	(5.7)	(25.9)
Operating loss	(105.8)	*(31.9)*	(4.9)	(8.7)	(60.0)	(179.4)	(1.1)	(180.5)
Finance income[1]					9.4	9.4	0.4	9.8
Finance costs[1]					(5.6)	(5.6)	–	(5.6)
Loss before taxation	(105.8)	*(31.9)*	(4.9)	(8.7)	(56.2)	(175.6)	(0.7)	(176.3)
Taxation[1]					1.9	1.9	–	1.9
Loss for the year	(105.8)	*(31.9)*	(4.9)	(8.7)	(54.3)	(173.7)	(0.7)	(174.4)
STATEMENT OF FINANCIAL POSITION								
Assets	576.5	*173.6*	231.4	275.3	310.2	1,393.4	18.2	1,411.6
Liabilities[1]					(214.7)	(214.7)	(6.6)	(221.3)
Net Assets	576.5	*173.6*	231.4	275.3	95.5	1,178.7	11.6	1,190.3
Other segment items								
Portfolio Investment	(33.9)	–	(11.9)	(17.6)	(9.8)	(73.2)	–	(73.2)
Proceeds from sale of equity and debt investments	3.7	–	33.2	0.1	1.6	38.6	–	38.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

5. Operating segments continued

Year ended 31 December 2022

STATEMENT OF COMPREHENSIVE INCOME	Venture capital investing: Healthier future £m	*Of which Oxford Nanopore £m*	Venture capital investing: Tech-enriched future £m	Venture capital investing: Regenerative future £m	Venture capital investing: Other £m	Venture capital investing: Total £m	Third-party fund management £m	Consolidated £m
Portfolio return and revenue								
Change in fair value of equity and debt investments	(400.9)	*(369.7)*	(22.2)	121.7	2.0	(303.4)	–	(303.4)
(Loss)/gain on disposal of equity and debt investments	(12.0)	–	4.0	–	0.2	(7.8)	–	(7.8)
Change in fair value of limited and limited liability partnership interests					2.1	2.1	–	2.1
Revenue from services and other income					1.1	1.1	6.0	7.1
	(412.9)	*(369.7)*	(18.1)	121.7	1.4	(308.0)	6.0	(302.0)
Administrative expenses[1]								
Carried interest plan charge[1]					(12.0)	(12.0)	–	(12.0)
Share-based payment charge[1]					(2.6)	(2.6)	(0.3)	(2.9)
Other administrative expenses[1]					(22.1)	(22.1)	(5.3)	(27.4)
					(36.7)	(36.7)	(5.6)	(42.3)
Operating loss	(412.9)	*(369.7)*	(18.1)	121.7	(35.3)	(334.7)	0.4	(344.3)
Finance income[1]					2.1	2.1	0.1	2.2
Finance costs[1]					(1.4)	(1.4)	–	(1.4)
Loss before taxation	(412.9)	*(369.7)*	(18.1)	121.7	(34.6)	(344.0)	0.5	(343.5)
Taxation[1]					(1.0)	(1.0)	–	(1.0)
Loss for the year	(412.9)	*(369.7)*	(18.1)	121.7	(35.6)	(345.0)	0.5	(344.5)
STATEMENT OF FINANCIAL POSITION								
Assets	659.2	*205.5*	257.3	266.4	357.1	1,540.0	17.8	1,557.8
Liabilities[1]					(176.0)	(176.0)	(5.7)	(181.7)
Net Assets	659.2	*205.5*	257.3	266.4	181.1	1,364.0	12.1	1,376. 1
Other segment items								
Portfolio Investment	(40.9)	*(3.2)*	(21.7)	(26.2)	(4.7)	(93.5)	–	(93.5)
Proceeds from sale of equity and debt investments	15.6	–	4.0	3.5	0.3	28.1	–	28.1

1 These amounts cannot be apportioned to the individual segments of the venture capital investing business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

6. Auditor's remuneration

Details of the auditor's remuneration are set out below:

	2023 £000	2022 £000
Audit of these financial statements (KPMG LLP)	**525.3**	470.0
Audit of financial statements of funds and subsidiaries of the companies (KPMG LLP)	**139.2**	123.9
Audit related assurance services (KPMG LLP)	**72.3**	60.0
Total assurance services	**736.8**	653.9

7. Operating loss

Operating loss has been arrived at after charging:

	2023 £000	2022 £000
Depreciation of right-of-use asset, property, plant and equipment	**(0.6)**	(0.6)
Total staff costs (see note 9)	**(19.0)**	(20.0)

8. Other administrative expenses

Other administrative expenses comprise:

	2023 £000	2022 £000
Employee costs (less share-based payment charge)	**16.4**	17.1
Professional services	**4.2**	4.0
Consolidated portfolio company costs	**–**	0.1
Depreciation of tangible assets	**0.6**	0.6
Other expenses	**6.8**	5.6
Total	**28.0**	27.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

9. Employee costs

Accounting Policy:

Employee benefits

Pension obligations

The Group operates a company defined contribution pension scheme for which all employees are eligible. The assets of the scheme are held separately from those of the Group in independently administered funds. The Group currently makes contributions on behalf of employees to this scheme or to employee personal pension schemes on an individual basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

Share–based payments

The Group engages in equity-settled share-based payment transactions in respect of services receivable from employees, by granting employees conditional awards of ordinary shares subject to certain vesting conditions. Conditional awards of shares are made pursuant to the Group's Long-Term Incentive Plan ("LTIP") awards and/or the Group's Annual Incentive Scheme ("AIS"). The fair value of the shares is estimated at the date of grant, taking into account the terms and conditions of the award, including market-based performance conditions.

The fair value at the date of grant is recognised as an expense over the period that the employee provides services, generally the period between the start of the performance period and the vesting date of the shares. The corresponding credit is recognised in retained earnings within total equity. The fair value of services is calculated using the market value on the date of award and is adjusted for expected and actual levels of vesting. Where conditional awards of shares lapse, the expense recognised to date is credited to the statement of comprehensive income in the year in which they lapse. Where the terms for an equity-settled award are modified, and the modification increases the total fair value of the share-based payment or is otherwise beneficial to the employee at the date of modification, the incremental fair value is amortised over the vesting period.

See the Directors' Remuneration Report on pages 111 to 128 and note 22 for further details.

Employee costs (including Executive Directors) comprise:

	2023 £000	2022 £000
Salaries	**11.3**	11.6
Defined contribution pension cost	**1.1**	1.0
Other bonuses accrued in the year	**2.6**	3.0
Social security	**1.4**	1.5
Employee costs	**16.4**	17.1
Share–based payment charge (see note 22)	**2.6**	2.9
Total staff costs	**19.0**	20.0

The average monthly number of persons (including executive directors) employed by the Group during the year was 101, all of whom were involved in management and administration activities (2022: 99). General details of the directors' remuneration can be found in the Directors' Remuneration Report on pages 111 to 128.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

10. Taxation

Accounting Policy:

Deferred tax

Full provision is made for deferred tax on all temporary differences resulting from the carrying value of an asset or liability and its tax base. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or deferred tax liability settled. Deferred tax assets are recognised to the extent that it is probable that the deferred tax asset will be recovered in the future.

	2023 £000	2022 £000
Current tax		
UK corporation tax on profits for the year	–	–
Foreign tax	–	–
	–	–
Deferred tax	(1.9)	1.0
Total tax	**(1.9)**	1.0

The Group primarily seeks to generate capital gains from its holdings in spin-out companies over the longer term. The majority of these capital gains qualify for UK Substantial Shareholding Exemption ("SSE") and are therefore not taxable, resulting in the Group making annual net operating losses from its operations from a UK tax perspective.

Gains arising on sales of holdings which do not qualify for SSE will ordinarily give rise to taxable profits for the Group, to the extent that these exceed the Group's ability to offset gains against current and brought forward tax losses (subject to the relevant restrictions on the use of brought–forward losses). In such cases, a deferred tax liability is recognised in respect of estimated tax amount payable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

10. Taxation continued

The amount for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	2023 £000	2022 £000
Loss before tax	**(176.3)**	(343.5)
Tax at the UK corporation tax rate of 23.52% (2022: 19%)	**(41.5)**	(65.3)
Expenses not deductible for tax purposes	**(1.1)**	2.3
Income not taxable	**2.5**	1.5
Prior year adjustment on deferred tax	**–**	0.4
Fair value movement on investments qualifying for SSE	**40.9**	58.4
Movement on share-based payments	**0.6**	0.4
Movement in tax losses arising not recognised	**0.1**	2.9
CIR reactivation	**(3.1)**	–
Foreign tax	**0.1**	–
Rate change on deferred tax	**(0.4)**	0.4
Total tax charge/(credit)	**(1.9)**	1.0

At 31 December 2023, deductible temporary differences and unused tax losses, for which no deferred tax asset has been recognised, totalled £298.3m (2022: £278.7m). An analysis is shown below:

	2023		2022	
	Amount £m	Deferred tax £m	Amount £m	Deferred tax £m
Accelerated capital allowances	**–**	**–**	(0.5)	(0.1)
Share-based payment costs and other temporary differences	**(48.1)**	**(12.0)**	(15.5)	(3.9)
Unused tax losses	**(250.2)**	**(62.6)**	(262.7)	(65.7)
Total	**(298.3)**	**(74.6)**	(278.7)	(69.7)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

10. Taxation continued

At 31 December 2023, deductible temporary differences and unused tax losses, for which a deferred tax liability has been recognised, totalled £18.9m (2022: £27.3m). An analysis is shown below:

	2023		2022	
	Amount £m	Deferred tax £m	Amount £m	Deferred tax £m
Temporary timing differences	**54.1**	**13.5**	79.7	19.9
Unused tax losses	**(35.2)**	**(8.7)**	(52.4)	(13.1)
Total	**18.9**	**4.8**	27.3	6.8

11. Earnings per share

Earnings	2023 £m	2022 £m
Earnings for the purposes of basic and dilutive earnings per share	**(171.3)**	(341.5)

Number of shares	2023 Number of shares	2022 Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,036,400,406**	1,034,483,278
Effect of dilutive potential ordinary shares:		
Options or contingently issuable shares	**–**	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,036,400,406**	1,034,483,278

	2023 pence	2022 pence
Basic	**(16.53)**	(33.01)
Diluted	**(16.53)**	(33.01)

No adjustment has been made to the basic loss per share in the years ended 31 December 2023 and 31 December 2022, as the exercise of share options would have the effect of reducing the loss per ordinary share, and therefore is not dilutive.

Potentially dilutive ordinary shares include contingently issuable shares arising under the Group's LTIP arrangements, and options issued as part of the Group's Sharesave schemes and Deferred Bonus Share Plan (for annual bonuses deferred under the terms of the Group's Annual Incentive Scheme).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

12. Categorisation of financial instruments

Accounting policy:

Financial assets and liabilities

Financial assets and liabilities are recognised in the balance sheet when the relevant Group entity becomes a party to the contractual provisions of the instrument. De-recognition occurs when rights to cash flows from a financial asset expire, or when a liability is extinguished.

Derivative financial instruments are accounted for at fair value through profit and loss in accordance with IFRS 9. They are revalued at the balance sheet date based on market prices, with any change in fair value being recorded in profit and loss. Derivatives are recognised in the Consolidated statement of financial position as a financial asset when their fair value is positive and as a financial liability whey their fair value is negative. The Group's derivative financial instruments are not designated as hedging instruments.

Financial assets

In respect of regular way purchases or sales, the Group uses trade date accounting to recognise or derecognise financial assets.

The Group classifies its financial assets into one of the categories listed below, depending on the purpose for which the asset was acquired.

At fair value through profit or loss

Held for trading and financial assets are recognised at fair value through profit and loss. This category includes equity investments, debt investments and investments in limited partnerships. Investments in associated undertakings, which are held by the Group with a view to the ultimate realisation of capital gains, are also categorised as at fair value through profit or loss. This measurement basis is consistent with the fact that the Group's performance in respect of investments in equity investments, limited partnerships and associated undertakings is evaluated on a fair value basis in accordance with an established investment strategy.

Financial assets at fair value through profit or loss are initially recognised at fair value and any gains or losses arising from subsequent changes in fair value are presented in profit or loss in the statement of comprehensive income in the period which they arise.

At amortised cost

These assets are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (trade receivables) and are carried at cost less provision for impairment.

Deposits

Deposits comprise longer-term deposits held with financial institutions with an original maturity of greater than three months and, in line with IAS 7 are not included within cash and cash equivalents. Cash flows related to investments in, and maturities of amounts held on deposit are presented within investing activities in the consolidated statement of cash flows. Interest income related to deposits is included within cashflows from operating activities.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and short-term deposits held with financial institutions with an original maturity of three months or less. Interest income related to cash is included within cashflows from operating activities.

Financial liabilities

Current financial liabilities are composed of trade payables and other short-term monetary liabilities, which are recognised at amortised cost.

Non-current liabilities are composed of loans from Limited Partners of consolidated funds, outstanding amounts drawn down from a debt facility provided by the European Investment Bank, loan notes provided by Phoenix Group, carried interest plans liabilities, and revenue share liabilities arising as a result of the Group's former Technology Pipeline Agreement with University College London.

Unless otherwise indicated, the carrying amounts of the Group's financial liabilities are a reasonable approximation to their fair value. Non-current liabilities are recognised initially at fair value net of transaction costs incurred, and subsequently at amortised cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

12. Categorisation of financial instruments continued

Financial assets	At fair value through profit or loss £m	Amortised cost £m	Total £m
Equity investments	**1,011.5**	**–**	**1,011.5**
Debt investments	**83.7**	**–**	**83.7**
Limited and limited liability partnership interests	**69.7**	**–**	**69.7**
Trade and other receivables	**–**	**8.2**	**8.2**
Receivables on sale of debt and equity investments	**9.2**	**–**	**9.2**
Deposits	**–**	**126.0**	**126.0**
Cash and cash equivalents	**–**	**100.9**	**100.9**
At 31 December 2023	**1,174.1**	**235.1**	**1,409.2**
Equity investments	1,120.8	–	1,120.8
Debt investments	38.1	–	38.1
Limited and limited liability partnership interests	99.6	–	99.6
Trade and other receivables	–	8.8	8.8
Receivables on sale of debt and equity investments	48.2	–	48.2
Deposits	–	152.8	152.8
Cash and cash equivalents	–	88.7	88.7
At 31 December 2022	1,306.7	250.3	1,557.0

In light of the credit ratings applicable to the Group's cash and cash equivalent and deposits, (see note 3 for further details), we estimate expected credit losses on the Group's receivables to be under £0.1m and therefore not disclosed further (2022: less than £0.1m), similarly we have not presented an analysis of credit ratings of trade and other receivable and receivables on sale of debt and equity investments.

All net fair value gains in the year are attributable to financial assets designated at fair value through profit or loss on initial recognition (2022: all net fair value gains in the year are attributable to financial assets designated at fair value through profit or loss on initial recognition).

Interest income of £nil (2022: £nil) is attributable to financial assets classified as fair value through profit and loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

13. Portfolio: Equity and debt investments

Accounting policy:

Fair value hierarchy

The Group classifies financial assets using a fair value hierarchy that reflects the significance of the inputs used in making the related fair value measurements. The level in the fair value hierarchy, within which a financial asset is classified, is determined on the basis of the lowest level input that is significant to that asset's fair value measurement. The fair value hierarchy has the following levels:

Level 1 – Quoted prices in active markets.
Level 2 – Inputs other than quoted prices that are observable, such as prices from market transactions.
Level 3 – One or more inputs that are not based on observable market data.

Equity investments

Fair value is the underlying principle and is defined as "the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date" (IPEV guidelines, December 2022).

Where the equity structure of a portfolio company involves different class rights in a sale or liquidity event, the Group takes these different rights into account when forming a view on the value of its investment.

Valuation techniques used

The fair value of unlisted securities is established using appropriate valuation techniques in line with December 2022 IPEV guidelines. The selection of appropriate valuation techniques is considered on an individual basis in light of the nature, facts and circumstances of the investment and in the expected view of market participants. The Group selects valuation techniques which make maximum use of market–based inputs. Techniques are applied consistently from period to period, except where a change would result in better estimates of fair value. Several valuation techniques may be used so that the results of one technique may be used as a cross check/corroboration of an alternative technique.

Valuation techniques used include:

- Quoted bid price: The fair values of quoted investments are based on bid prices in an active market at the reporting date.
- Funding transaction: The fair value of unquoted investments which have recently raised equity financing may be calculated with reference to the price of the recent investment. For investments for which the capital structure involves different class rights in a sale or liquidity event, a full scenario analysis via the use of the probability–weighted expected return method (PWERM) is used to calculate the implied values of the existing share classes.
- Other: Future market/commercial events: Scenario analysis is used, which is a forward–looking method that considers one or more possible future scenarios. These methods include simplified scenario analysis and relative value scenario analysis, which tie to the fully diluted ("post–money") equity value. The PWERM method may be utilised for this valuation technique for investments which have an equity structure which involves different class rights in a sale or liquidity event.
- Other: Adjusted funding transaction price based on past performance – upwards/downwards: The milestone approach involves making an assessment as to whether there is an indication of change in fair value based on a consideration of the relevant milestones, typically agreed at the time of making the investment decision.
- Other: Discounted cash flows: deriving the value of a business by calculating the present value of expected future cash flows.
- Other: Revenue multiple: the application of an appropriate multiple to a performance measure (such as earnings or revenue) of the investee company in order to derive a value for the business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

13. Portfolio: Equity and debt investments continued

The fair value indicated by a recent transaction is used to calibrate inputs used with valuation techniques including those noted on page 174. At each measurement date, an assessment is made as to whether changes or events subsequent to the relevant transaction would imply a change in the investment's fair value. The Price of a Recent Investment is not considered a standalone valuation technique (see further considerations below). Where the current fair value of an investment is unchanged from the price of a funding transaction, the Group refers to the valuation basis as 'Funding transaction'.

Price of recent investment as an input in assessing fair value
The Group considers that fair value estimates which are based primarily on observable market data will be of greater reliability than those based on assumptions. Given the nature of the Group's investments in seed, start–up and early–stage companies, where there are often no current and no short–term future earnings or positive cash flows, it can be difficult to gauge the probability and financial impact of the success or failure of development or research activities and to make reliable cash flow forecasts. Consequently, in many cases the most appropriate approach to fair value is a valuation technique which is based on market data such as the price of a recent investment, and market participant assumptions as to potential outcomes.

Calibrating such scenarios or milestones may result in a fair value equal to price of recent investment for a limited period of time. Often qualitative milestones provide a directional indication of the movement of fair value.

In applying a calibrated scenario or milestone-approach to determine fair value, consideration is given to performance against milestones that were set at the time of the original investment decision, as well as taking into consideration the key market drivers of the investee company and the overall economic environment. Factors that the Group considers include, inter alia, technical measures such as product development phases and patent approvals, financial measures such as cash burn rate and profitability expectations, and market and sales measures such as testing phases, product launches and market introduction.

Where the Group considers that there is an indication that the fair value has changed, an estimation is made of the required amount of any adjustment from the last price of recent investment.

Where a deterioration in value has occurred, the Group reduces the carrying value of the investment to reflect the estimated decrease. If there is evidence of value creation the Group may consider increasing the carrying value of the investment; however, in the absence of additional financing rounds or profit generation it can be difficult to determine the value that a market participant may place on positive developments given the potential outcome and the costs and risks to achieving that outcome and accordingly caution is applied.

Debt investments
Debt investments are generally unquoted debt instruments which are convertible to equity at a future point in time. Such instruments are considered to be hybrid instruments containing a fixed rate debt host contract with an embedded equity derivative. The Group designates the entire hybrid contract at fair value through profit or loss on initial recognition and, accordingly, the embedded derivative is not separated from the host contract and accounted for separately. The price at which the debt investment was made may be a reliable indicator of fair value at that date depending on facts and circumstances. Any subsequent remeasurement will be recognised as changes in fair value in the statement of comprehensive income.

Disclosure of unrealised and realised gains and losses
'Change in fair value of equity and debt investments' per the Group Income Statement represents unrealised revaluation gains and losses on the Group's portfolio of investment.

Gains on disposal of equity investments represents the difference between the fair value of consideration received and the carrying value at the start of the accounting period for the investment in question.

Changes in fair values of investments do not constitute revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

13. Portfolio: Equity and debt investments continued

Equity and Debt Investments within the Top 20 by holding value

The following table lists information on the debt and equity investments within the most valuable 20 portfolio company investments, which constitute 18 of the top 20 portfolio investments (the other two being holdings in Limited Partnerships), representing 70% of the total portfolio value (2022: 71%). Detail on the performance of these companies is included in the Life Sciences, Deeptech and Cleantech portfolio reviews.

The Group engages third-party valuation specialists to provide valuation support where required; during the period we commissioned third-party valuations on nine out of the top 20 holdings (2022: nine).

Company name	Primary valuation basis	Fair value of Group holding at 31 Dec 2023 £m	Fair value of Group holding at 31 Dec 2022 £m
Oxford Nanopore Technologies plc	Quoted bid price	**173.6**	205.5
Istesso Limited *	DCF	**113.8**	95.6
Featurespace Limited *	Revenue multiple	**73.0**	64.1
Hysata Pty Ltd	Funding transaction < 12 months, PWERM	**70.0**	18.7
Oxa Autonomy Limited *	Funding transaction > 12 months, PWERM	**65.7**	65.9
First Light Fusion Limited *	Other: Adjusted financing price based on past performance – Upwards	**64.9**	114.5
Hinge Health, Inc. *	Other: Adjusted financing price based on past performance – Downwards	**34.0**	53.6
Garrison Technology Limited	Funding transaction < 12 months	**31.6**	27.7
Ultraleap Holdings Limited *	Other: Adjusted financing price based on past performance – Downwards	**31.0**	37.9
Bramble Energy Limited	Funding transaction > 12 months, PWERM	**20.9**	20.9
Crescendo Biologics Limited	Funding transaction > 12 months, PWERM	**19.6**	18.7
Pulmocide Limited	Other: Adjusted financing price based on past performance – Upwards	**19.2**	14.7
Ieso Digital Health Limited *	Other: Adjusted financing price based on past performance – Downwards	**18.9**	21.8
Oxford Science Enterprises plc	Other: Adjusted financing price based on past performance – Downwards	**18.3**	20.6
Artios Pharma Limited *	Other: Adjusted financing price based on past performance – Downwards	**17.4**	18.3
Microbiotica Limited	Funding transaction > 12 months, PWERM	**16.1**	16.1
Mission Therapeutics Limited *	Other: Adjusted financing price based on past performance – Downwards	**15.8**	18.1
Centessa Pharmaceuticals plc	Quoted bid price	**15.7**	6.5
Total		**819.5**	839.2

* Third-party valuation specialists used for 31 December 2023 valuation. In these instances, the valuation basis is management's assessment of the primary valuation input used by the third-party valuation specialist.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

13. Portfolio: Equity and debt investments continued

	Level 1	Level 3		
	Equity investments in quoted spin-out companies £m	Unquoted equity investments in spin-out companies £m	Debt investments in unquoted spin-out companies £m	Total £m
At 1 January 2023	**228.7**	**892.1**	**38.1**	**1,158.9**
Investments	**–**	**32.8**	**30.6**	**63.4**
Transaction-based reclassifications	**–**	**7.8**	**(7.8)**	**–**
Other transfers between hierarchy levels	**1.8**	**(1.8)**	**–**	**–**
Disposals	**(1.6)**	**(7.6)**	**(0.3)**	**(9.5)**
Fees settled via equity	**–**	**0.1**	**–**	**0.1**
Change in revenue share[1]	**–**	**(6.8)**	**–**	**(6.8)**
Change in fair value[2]	**(24.5)**	**(103.7)**	**23.5**	**(104.7)**
Change in FX[2]	**(0.6)**	**(5.2)**	**(0.4)**	**(6.2)**
At 31 December 2023	**203.8**	**807.7**	**83.7**	**1,095.2**
At 1 January 2022	662.7	729.1	22.8	1,414.6
Investments	7.3	61.4	20.2	88.9
Transaction-based reclassifications	–	8.4	(8.4)	–
Other transfers between hierarchy levels	–	–	–	–
Disposals	(27.5)	(14.2)	–	(41.7)
Fees settled via equity	–	0.5	–	0.5
Change in revenue share[1]	–	–	–	–
Change in fair value[2]	(416.0)	93.6	3.1	(319.3)
Change in FX[2]	2.2	13.3	0.4	15.9
At 31 December 2022	228.7	892.1	38.1	1,158.9

1 For description of revenue share arrangement see description in note 19.

2 The total unrealised change in fair value and FX in respect of Level 3 investments was a loss of £85.8m (2022: gain of £110.4m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

13. Portfolio: Equity and debt investments continued

Unquoted equity and debt investment are measured in accordance with IPEV guidelines with reference to the most appropriate information available at the time of measurement. Where relevant, several valuation approaches are used in arriving at an estimate of fair value for an individual asset.

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re–assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Transfers between levels are then made as if the transfer took place on the first day of the period in question, except in the cases of transfers between tiers based on an initial public offering ("IPO") of an investment wherein the changes in value prior to the IPO are calculated and reported in level 3, and those changes post are attributed to level 1.

Transfers between level 3 and level 1 occur when a previously unquoted investment undertakes an initial public offering, resulting in its equity becoming quoted on an active market. In the current period, transfers of this nature amounted to £1.8m (2022: £nil). Transfers between level 1 and level 3 would occur when a quoted investment's market becomes inactive, or the portfolio company elects to delist. There has been one instance in the current year, totalling £0.0m (2022: no instances).

Transfers between level 3 debt and level 3 equity occur upon conversion of convertible debt into equity. In the current year, transfers of this nature amounted to £7.8m (2022: £8.4m).

The Group has considered the impact of ESG and climate change issues on its portfolio, including performing a materiality assessment (see summary TCFD disclosures on page 54) which suggested the Group's portfolio has a relatively low level of climate change risk, and clear areas of opportunity via the Group's Cleantech investments. For an overview of the portfolio split by sector, please refer to the portfolio analysis by sector on page 21. We believe our current valuation approach, based largely on quoted valuations, and funding transactions, reflects market participant assessment of the ESG and climate risks and opportunities of our portfolio.

Valuation inputs and sensitivities

Unobservable inputs are typically portfolio company-specific and, based on a materiality assessment, are not considered significant either at an individual company level or in aggregate where relevant for common factors such as discount rates.

The sensitivity analysis table on page 179 has been prepared in recognition of the fact that some of the valuation methodologies applied by the Group in valuing the portfolio investments involve subjectivity in their significant unobservable inputs. The table illustrates the sensitivity of the valuations to these inputs. The inputs of investments valued using techniques which involve significant subjectivity have been flexed, as below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

13. Portfolio: Equity and debt investments continued

Valuation technique	Fair value of investments	Variable inputs	Variable input sensitivity	Positive impact		Negative impact		Fair value of investments
	2023 £m		%	£m	% of NAV	£m	% of NAV	2022 £m
Quoted	**203.8**	n/a	n/a	n/a	n/a	n/a	n/a	228.7
Funding transaction <12 months	**187.9**	n/a	+/−5	9.4	0.8	(9.4)	(0.8)	289.8
Funding transaction >12 months	**162.7**	n/a	+/−5	8.1	0.7	(8.1)	(0.7)	117.8
Other: Future market/ commercial events	**25.0**	• Estimated impact of future event • Execution risk discount applied to future event (where positive) • Scenario probabilities • Discount rates • Extent to which future event is indicative of facts and circumstances in existence at the balance sheet date	+/−10	2.5	0.2	(2.5)	(0.2)	40.7
Other: Adjusted financing price based on past performance – Upwards*	**99.9**	• Company-specific milestone analysis resulting in a positive calibration adjustment versus the previous funding transaction price	+/−10	10.0	0.8	(10.0)	(0.8)	149.8
Other: Adjusted financing price based on past performance – Downwards*	**203.9**	• Company-specific milestone analysis resulting in a negative calibration adjustment versus the previous funding transaction price	+/−10	20.4	1.7	(20.4)	(1.7)	156.5
Other: Revenue multiple*	**85.4**	• Estimate of future recurring revenues • Selection of comparable companies • Discount/premium to multiple	+/−10	8.5	0.7	(8.5)	(0.7)	77.9
Other: DCF*	**126.6**	• Discount rate • Clinical trial and drug approval success rates • Estimate of likelihood, value and structure of a potential pharmaceutical partnership • Estimate of addressable market • Market share and royalty rates • Probability estimation of liquidity event • Estimate of forward exchange rates	+/−20	25.3	2.1	(25.3)	(2.1)	97.7
Total	**1,095.2**			**84.3**	**7.0**	**(84.2)**	**(7.1)**	**1,158.9**

* Due to the large number of inputs used in the valuation of these assets, unobservable inputs are below a size threshold that would warrant disclosure under IFRS 13, paragraph 93(d). Due to the large number of inputs, any range of reasonably possible alternative assumptions does not significantly impact the fair value and hence no valuation sensitivity is required under IFRS 13 paragraph 93(h)(ii).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

13. Portfolio: Equity and debt investments continued

Within the 'Other: DCF' category on page 179 is Istesso Limited, in which we value the equity of IP Group's holding at £86.7m as at 31 December 2023 (2022: £80.8m). The valuation of the equity in this company is based on a DCF model in which the key inputs include the discount rate, probability of clinical trial success, market share and royalty rates and the selection of relevant comparable deal sizes. The DCF model assesses the value of the future cash flows which would arise from the successful development of the company's lead asset Leramistat, which is in a PhIIb trial, within Rheumatoid Arthritis. Our estimated range for the value of the Group's equity investment as at 31 December 2023 is £80m to £120m (2022: £65m to £105m). A valuation range was not calculated in respect of the Group's debt investment in Istesso Limited, which totals £27.0m (2022: £14.8m)

Within the 'Adjusted valuation' category on page 179 is First Light Fusion Limited, whose equity is valued at £64.9m as at 31 December 2023 (2022: £114.5m). The valuation of this company is based on the last financing round price, calibrated upwards to reflect (inter alia) its achievement of fusion subsequent to the fundraise, and an assessment of recent comparable company financing transactions. Our estimated range for the value of the Group's equity investment in First Light Fusion based on this model as at 31 December 2023 is £48m to £99m (2022: £93m to £186m).

In addition to Istesso Limited and First Light Fusion Limited, nine other assets were reviewed by external valuers, using a broad range of relevant inputs. The aggregate of the range of valuations they concluded upon for these nine assets was £252.2m–£317.5m, and we have selected points within these ranges which in aggregate total £267.3m (2022: £234.7m–286.5m; £246.7m).

Change in fair value in the year (including fx)	2023 £m	2022 £m
Fair value gains	**97.4**	183.3
Fair value losses	**(208.3)**	(486.7)
Total	**(110.9)**	(303.4)

The Company's interests in subsidiary undertakings are listed in note 10 to the Company's financial statements.

Currency risk

Exposure to currency risk through asset allocation, which is calculated by reference to the currency in which the asset or liability is quoted, is shown below. A +/-1% sensitivity has been included to demonstrate the effect of fluctuations in foreign exchange rates. 1% is considered to be appropriate due to the stable currencies in which we hold cash.

At 31 December 2023

	Investments £m	Sensitivity +/- 1% £m
US dollar	**85.5**	**0.8**
Australian dollar	**99.9**	**1.0**
Euro	**6.7**	**0.1**
Swedish Krona	**1.6**	**–**
Total	**193.7**	**1.9**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

13. Portfolio: Equity and debt investments continued

At 31 December 2022

	Investments £m	Sensitivity +/- 1% £m
US dollar	102.2	1.0
Australian dollar	49.6	0.5
Euro	3.0	–
Swedish Krona	1.5	–
Total	156.3	1.5

14. Portfolio: Limited and limited liability partnership interests

Accounting Policy:

Valuations in respect of Limited and Limited Liability Funds are based on IP Group's share of the Net Asset Value of the fund as per the audited financial statements prepared by the fund manager. The key judgements in the preparation of these accounts relate to the valuation of unquoted investments.

Investments in these Limited and Limited Liability Partnerships are recognised at fair value through profit and loss in accordance with IFRS 9.

'Changes in fair value of Limited Partnership investments' per the Group Income Statement represents revaluation gains and losses on the Group's investment in Limited Partnership funds.

Fund interests are valued on a net asset basis, estimated based on the managers' NAVs. Manager's NAVs apply valuation techniques consistent with IFRS and are subject to audit. Where audited accounts are received in arrears of the publication of the Group's results hence these are marked as unaudited in the table below, however a retrospective review of audited accounts versus earlier unaudited results is carried out. Managers' NAVs are usually published quarterly, two to four months after the quarter end. The below table analyses the fund valuations with reference to manager NAV dates used at 31 December.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

14. Portfolio: Limited and limited liability partnership interests continued

Limited & Limited Liability Partnerships	Functional currency	Status	2023 £m	2022 £m
IPG Cayman Fund L.P. (Longview Innovation)	USD	Unaudited & Adjusted downwards	**46.0**	80.0
UCL Technology Fund L.P.	GBP	Unaudited	**20.7**	16.9
Technikos LLP	GBP	Unaudited & Adjusted downwards	**3.0**	2.7
Total			**69.7**	99.6

We reviewed the underlying valuation methodologies adopted by our Fund managers for all Fund investments of material value.

Following our review of valuation methodologies we were satisfied that the techniques utilised were appropriate, other than in respect of IPG Cayman Fund L.P. where a downwards adjustment was made to the fund manager's NAV estimate.

Limited & Limited Liability Partnerships movements in year	£m
At 1 January 2023	**99.6**
Investments during the year	**9.8**
Distribution from Limited Partnership funds	**(0.9)**
Change in fair value during the year	**(36.5)**
Currency revaluation	**(2.3)**
At 31 December 2023	**69.7**
At 1 January 2022	92.9
Investments during the year	4.6
Distribution from Limited Partnership funds	–
Change in fair value during the year	8.5
Currency revaluation	(6.4)
At 31 December 2022	99.6

The Group considers interests in limited and limited liability partnerships to be level 3 in the fair value hierarchy throughout the current and previous financial years.

The valuation of the Group's interests in limited and limited liability partnerships is a significant accounting estimate, as management has applied judgment in adjusting the NAV estimates provided by the fund manager. Such adjustments were based on an assessment of the valuations of specific equity and debt investments in portfolio companies held within the fund in question. In making these assessments, the Group has applied a valuation methodology consistent with that set out in note 13. Unobservable inputs are were portfolio company-specific and, based on a materiality assessment, are not considered individually significant either at an individual company level or in aggregate where relevant for common factors such as discount rates.

If no adjustment had been made to the NAV estimates provided by the fund manager, the carrying value of Limited Liability investments would be higher by £9.8m.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

15. (Loss) on disposal of equity investments

	2023 £m	2022 £m
Proceeds from sale of equity and debt investments	**37.7**	28.1
Movement in amounts receivable on sale of debt and equity investments	**(39.0)**	5.8
Carrying value of investments	**(9.5)**	(41.7)
(Loss) on disposal	**(10.8)**	(7.8)

(Loss) on disposal of investments is calculated as disposal proceeds plus deferred and contingent consideration receivable in respect of the sale, less the carrying value of the investment at the point of disposal.

The subsequent receipt of deferred and contingent consideration amounts is reflected in the above table as a positive amount of disposal proceeds and a negative movement in amounts receivable on sale of debt and equity investments, resulting in no overall movement in profit on disposal.

16. Trade and other receivables

Current assets	2023 £m	2022 £m
Trade debtors	**0.6**	2.1
Prepayments	**0.8**	0.8
Right-of-use asset[1]	**–**	0.7
Interest receivable	**2.9**	–
Other receivables	**6.8**	5.2
Trade and other receivables	**8.2**	8.8

1 Now presented under long-term assets on the Group Balance Sheet.

The directors consider the carrying amount of trade and other receivables at amortised cost to approximate their fair value. All receivables are interest free, repayable on demand and unsecured.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

17. Receivable on sale of debt and equity investments

Accounting Policy:

Consideration in respect of the sale of debt and equity investments may include elements of deferred consideration where payment is received at a pre–agreed future date, and/or elements of contingent consideration where payment is received based on, for example, achievement of specific drug development milestones. In such instances, these amounts are designated at fair value through profit and loss on initial recognition. Any subsequent remeasurement will be recognised as changes in fair value in the statement of comprehensive income.

	2023 £m	2022 £m
Deferred and contingent consideration (non-current)	**7.8**	6.9
Deferred and contingent consideration (current)	**1.4**	41.3
Total deferred and contingent consideration	**9.2**	48.2

The following table summarises the primary valuation basis used to value the deferred and contingent consideration:

Investment	Primary Valuation Basis	2023 £m	2022 £m
WaveOptics Limited	Discounted sale amount	**–**	28.8
Enterprise Therapeutics Holdings Limited	Probability-weighted DFC model reflecting potential milestone payments	**7.7**	12.5
Athenex, Inc.	Probability-weighted DFC model reflecting potential milestone payments	**–**	5.6
Reinfer Limited	Discounted sale amount	**–**	1.1
Perpetuum Limited	Discounted sale amount	**–**	0.2
Zihipp Limited	Probability-weighted DFC model reflecting potential milestone payments	**1.5**	–
Total		**9.2**	48.2

During 2023, consideration of £30.8m was received in 2023 relating to WaveOptics Limited, £1.5m was received relating to Reinfer and £0.1m was received relating to Perpetuum. Athenex, Inc. entered liquidation in 2023 and the fair value estimate of contingent consideration (triggered by future milestones) was reduced to £nil (2022: £5.6m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

18. Trade and other payables

Current liabilities	2023 £m	2022 £m
Trade payables	**0.5**	1.3
Social security expenses	**0.6**	0.6
Bonus accrual	**3.0**	2.8
Lease liability	**1.4**	0.9
Payable to Imperial College and other third parties under revenue share obligations (see note 20)	**6.9**	7.1
Other accruals and deferred income	**4.7**	4.2
Trade and other payables	**17.1**	16.9

19. Borrowings and Loans from Limited Partners of consolidated funds

Current liabilities	2023 £m	2022 £m
Borrowings	**6.3**	6.3
Total	**6.3**	6.3

Non–current liabilities	2023 £m	2022 £m
Loans drawn down from the Limited Partners of consolidated funds	**19.8**	19.5
Borrowings	**128.9**	75.1
Total	**148.7**	94.6

Loans drawn down from the Limited Partners of consolidated funds

Accounting Policy:

The Group consolidates the assets of a co–investment fund, IP Venture Fund II LP, which it manages. Loans from third parties of consolidated funds represent third–party LP loans into this partnership. Under the terms of the Limited Partnership Agreement, these loans are repayable only upon these funds generating sufficient realisations to repay the Limited Partners. Management anticipates that the funds will generate the required returns and consequently recognises the full associated liabilities.

The classification of these loans as non–current reflects the forecast timing of returns and subsequent repayment of loans, which is not anticipated to occur within one year.

As at 31 December, loans from Limited Partners of consolidated funds comprised loans into IP Venture Fund II LP £19.8m (2022: £19.5m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

19. Borrowings and Loans from Limited Partners of consolidated funds continued

Borrowings

Accounting Policy:

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowing using the effective interest rate method. Costs incurred in the course of issuing additional debt are recognised on the balance sheet and charged to the income statement on a straight line basis over the term of the borrowings.

In 2023, the Group drew a second £60m tranche of the £120m private placing it agreed with investors including Phoenix Group in 2022. The terms of the facilities are summarised below:

Description	Initial amount	Outstanding amount	Date drawn	Interest rate	Repayment terms	Repayment commencement date
EIB Facility	£50.0m	£15.6m	Feb 2017	Fixed 3.026%	8 years	Jul 2018
IP Group Series A Notes	£20.0m	£20.0m	Dec 2022	Fixed 5.230%	5 years	Dec 2027
IP Group Series B Notes	£20.0m	£20.0m	Dec 2022	Fixed 5.210%	6 years	Dec 2028
IP Group Series C Notes	£20.0m	£20.0m	Dec 2022	Fixed 5.300%	7 years	Dec 2029
IP Group Series D Notes	£20.0m	£20.0m	Jun 2023	Fixed 5.230%	5 years	Dec 2027
IP Group Series E Notes	£20.0m	£20.0m	Jun 2023	Fixed 5.210%	6 years	Dec 2028
IP Group Series F Notes	£20.0m	£20.0m	Jun 2023	Fixed 5.30%	7 years	Dec 2029
Total	**£170.0m**	**£135.6m**				

Loans totalling £135.6m (2022: £81.9m) are subject to fixed interest rates and are recognised at amortised cost. The fair value of these loans as at 31 December 2023 is £125.3m (2022: £76.9m).

In December 2022, the Group drew down the first Tranche of £60m of a £120m loan Note Purchase Agreement ("NPA") and a further £60m in June 2023. The NPA contains the following covenants:

- Total equity must be at least £500m as at the Group's 30 June and 31 December reporting dates
- Gross debt less restricted cash must not exceed 25% of total equity as at the Group's 30 June and 31 December reporting dates
- The Group must maintain cash and cash equivalents of not less than £25m at any time

Breach of any of the above covenants constitutes default under the NPA.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

19. Borrowings and Loans from Limited Partners of consolidated funds continued

The NPA also includes the concept of a 'Cash Trap', which is triggered based on conditions listed below. In the event of the Cash Trap being triggered, the Group is not permitted to pay or declare a dividend or purchase any of its shares. In addition, investments are restricted to £2.5m per calendar quarter other than those legally committed to. The Group is also required to place the net proceeds of all realisations (over a threshold of £1m) into a blocked bank account. Entering a Cash Trap does not constitute a default under the NPA.

A Cash Trap period is entered if any of the following conditions are breached.

- Total equity must be at least £750m as at the Group's 30 June and 31 December reporting dates
- Gross debt less restricted cash must not exceed 20% of total equity as at the Group's 30 June and 31 December reporting dates
- The Group must maintain cash and cash equivalents of not less than £50m at any time.

A cash trap period can be remedied by:

- Transferring sufficient cash into the restricted cash account so that gross debt less restricted cash is less than 20% of total equity
- If because of low equity of high leverage, once these are restored at a subsequent 30 June or 31 December measurement date
- If because of low liquidity, once two month-ends have passed with liquidity > £50m

The EIB loan contains a debt covenant requiring that the ratio of the total fair value of IP Group investments plus cash and qualifying liquidity to debt should at no time fall below 6:1. The Group must maintain that the amount of unencumbered funds freely available to the Group set with reference to the outstanding EIB facility which was £15.6m at December 2023 (2022: £21.9m). The loan also stipulates that on any date, the aggregate of all amounts scheduled for payment to the EIB in the following six months should be kept in a separate bank account, which totalled £3.3m on 31 December 2023 (2022: £3.4m) The Group is required to maintain a minimum cash balance of £9.4m (2022: £13.1m).

The Group closely monitors that the covenants are adhered to on an ongoing basis and has complied with these covenants throughout the year. The Group will continue to monitor the covenants' position against forecasts and budgets to ensure that it operates within the prescribed limits.

The 2023 NPA includes fixed and floating charges over the Company's assets, details of which are available on Companies House.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

19. Borrowings and Loans from Limited Partners of consolidated funds continued

The maturity profile of the borrowings including undiscounted cash flows and fixed interest is as follows:

	2023 £m	2022 £m
Due within 6 months	**6.4**	4.8
Due 6 to 12 months	**6.4**	4.8
Due 1 to 5 years	**112.4**	48.4
Due after 5 years	**42.1**	43.1
Total[1]	**167.3**	101.1

The maturity profile of the borrowings was as follows:

	2023 £m	2022 £m
Due within 6 months	**3.1**	3.1
Due 6 to 12 months	**3.1**	3.2
Due 1 to 5 years	**89.4**	35.6
Due after 5 years	**40.0**	40.0
Total[1]	**135.6**	81.9

1 These are gross amounts repayable and exclude amortised costs of £0.4m (2022: £0.5) incurred on obtaining the Phoenix loans, these are amortised on a straight-line basis over the life of the borrowings.

A reconciliation in the movement in borrowings is as follows:

	2023 £m	2022 £m
At 1 January	**81.4**	51.8
Amortisation of costs	**–**	–
Capitalised loan costs	**–**	(0.6)
Repayment of debt	**(6.2)**	(29.8)
New borrowings	**60.0**	60.0
At 31 December	**135.2**	81.4

There were no non–cash movements in debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

20. Revenue share liability

Accounting Policy:

The Group provides for liabilities in respect of revenue sharing obligations arising under the former Technology Pipeline Agreement with Imperial College London. Under this agreement, the Group received founder equity in spin out companies from Imperial College, and following a sale of such founder equity, a pre-specified "revenue share" (typically 50%) is payable to Imperial College and other third parties. The liability for this revenue share, based on fair value, is recognised as part of the movement in fair value through profit or loss (see note 13 for further details).

	2023 £m	2022 £m
Current liabilities: revenue share liability (note 18)	**6.9**	7.1
Non-current liabilities: revenue share liability (note 13)	**6.4**	13.0
Revenue share liability	**13.3**	20.1

Prior to 2018, the Group operated the Technology Transfer Office of Imperial College, under a contract referred to as the Technology Pipeline Agreement ("TPA"). Under the terms of this TPA, the Group owns licences, patents and equity in spin-out companies generated through Intellectual Property commercialised from Imperial College but is subject to various revenue-sharing arrangements whereby income generated from this Intellectual Property is shared with Imperial College (and other third parties where they have provided funding to research which is subsequently commercialised). These are categorised into short-term and long-term liabilities as follows:

Short-term liabilities: Revenue share arrangement

These represent a share of invoiced revenue in respect of licences and patents governed by the TPA, and a share of proceeds from the disposal of equity where a disposal of equity which is subject to revenue share (see further details below) has taken place. The maturity date on such liabilities is typically less than six months.

Long-term liabilities: Revenue share arrangement

Under the Group's former Technology Pipeline Agreement with Imperial College London, the Group received founder equity in spin out companies from Imperial College. Following any sale of such founder equity stakes, a pre-specified revenue share (typically 50%) is payable to Imperial College and other third parties. As at 31 December 2023, £6.4m (2022: £13.0m) of our equity investments were payable on their disposal to Imperial College and other third parties under these arrangements (i.e. 50% of a gross investment amount of approximately £13.0m) (2022: £26.0m). A corresponding non-current liability is recognised in respect of these revenue sharing obligations based on the fair value of the related assets. There is no fixed maturity on the liability as it becomes payable following the sale of the related portfolio equity investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

20. Revenue share liability continued

Movements in long-term revenue share are as follows:

	2023 £m	2022 £m
At 1 January	**13.0**	13.1
Movements in value of equity investments where revenue share is payable	**(0.3)**	(0.1)
Disposals in year resulting in transfer to short-term revenue share	**(6.3)**	–
At 31 December	**6.4**	13.0

21. Share capital

Accounting Policy:

Financial instruments issued by the Group are treated as equity if the holders have only a residual interest in the Group's assets after deducting all liabilities. The objective of the Group is to manage capital so as to provide shareholders with above-average returns through capital growth over the medium-to-long term. The Group considers its capital to comprise its share capital, share premium, merger reserve and retained earnings.

	2023		2022	
Issued and fully paid:	**Number**	**£m**	**Number**	**£m**
Ordinary shares of 2p each				
At 1 January	**1,063,188,005**	**21.3**	1,063,033,287	21.3
Issued in respect of scrip dividend	**–**	**–**	154,718	–
Share capital at 31 December	**1,063,188,005**	**21.3**	1,063,188,005	21.3
Existing treasury shares at 1 January	**(28,110,373)**	**(0.6)**	(22,279,127)	(0.4)
Purchase of treasury shares	**(220,302)**	**–**	(7,429,494)	(0.1)
Transfer of shares in respect of scrip dividend	**–**	**–**	330,851	–
Shares transferred out of treasury for SAYE	**285,335**	**–**	497,249	–
Settlement of employee share-based payments	**1,551,820**	**–**	770,148	–
Outstanding at 31 December	**1,036,694,485**	**20.7**	1,035,077,632	20.8

The Company has one class of ordinary shares with a par value of 2p ("Ordinary Shares") which carry equal voting rights, equal rights to income and distributions of assets on liquidation, or otherwise, and no right to fixed income.

During 2023, the Company purchased 220,302 ordinary shares (2022: 7,429,494 ordinary shares), with an aggregate value of £0.2k (2022: £8.0m), and they are held in treasury. Retained profits have been reduced by £0.2k (2022: £7.9m), being the net consideration paid for these shares, including the expenses directly relating to the treasury share purchase.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

22. Share–based payments

In 2023, the Group continued to incentivise employees through its LTIP and AIS. The main terms of both are described in more detail in the Directors' Remuneration Report on pages 119 to 120.

Deferred bonus share plan ("DBSP")

Awards made to employees under the Group's AIS above a certain threshold include 50% deferred into IP Group equity through the grant of nil–cost options under the Group's DBSP. The number of nil–cost options granted under the Group's DBSP is determined by the share price at the vesting date. The DBSP options are subject to further time–based vesting over two years (typically 50% after year one and 50% after year two).

An analysis of movements in the DBSP options outstanding is as follows:

	Number of options 2023	Weighted-average exercise price 2023	Number of options 2022	Weighted-average exercise price 2022
At 1 January	**2,556,682**	**–**	1,311,615	–
AIS deferral shares award during the year	**1,120,292**	**–**	2,066,174	–
Exercised during the year	**(1,523,595)**	**–**	(821,107)	–
At 31 December	**2,153,379**	**–**	2,556,682	–
Exercisable at 31 December	**–**	**–**	2,881	–

1,551,820 shares were transferred from treasury in respect of DBSP scheme during the year, comprising 1,523,595 DBSP options exercised on 14th April 2023 and 28,25 relating to dividends accrued on those options.

The options outstanding at 31 December 2023 had an exercise price of £nil (2022: £nil) and a weighted–average remaining contractual life of 0.5 years (2022: 0.6 years).

The weighted average share price at the date of exercise for share options exercised in 2023 was 61.0p (2022: 84.4p). The aggregate gain made by directors on the exercise of options in the year (all of which related to the DBSP) was £0.2m.

As the 2023 AIS financial performance targets were met and as the number of DBSP options to be granted in order to defer such elements of the AIS payments as are required under our remuneration policy are based on a percentage of employees' salary, the share–based payments line includes the associated share–based payments expense incurred in 2023.

IP Group Restricted Share Plan ("RSP")

As set out in the Remuneration Policy approved by shareholders in 2022, a Restricted Share Plan was introduced in 2022 to replace the previous LTIP structure. Vesting of these awards will take place over a three-year period commencing on 1 April 2023. Any RSP awards that vest will be subject to a further two-year holding period. Vesting may be subject to a financial underpin based on NAV growth over the vesting period. For 2022 awards, the financial underpin has been set such that NAV per share on the vesting date must be no lower than 100% of NAV per share on the award date, after making appropriate adjustments for dividends, buybacks and any other distributions. Further information on the Group's RSP is set out in the Directors' Remuneration Report on page 119.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

22. Share-based payments continued

The 2023 RSP awards were made on 13 April 2023. The awards will ordinarily vest on 31 March 2026, to the extent that the performance conditions have been met.

The movement in the number of shares conditionally awarded under the RSP is set out below:

	Number of options 2023	Weighted-average exercise price 2023	Number of options 2022	Weighted-average exercise price 2022
At 1 January	**3,458,509**	**–**	–	–
Lapsed during the year	**–**	**–**	–	–
Forfeited during the year	**(16,367)**	**–**	(74,235)	–
Notionally awarded during the year	**6,796,721**	**–**	3,532,744	–
At 31 December	**10,238,863**	**–**	3,458,509	–
Exercisable at 31 December	**–**	**–**	–	–

The options outstanding at 31 December 2023 had an exercise price in the range of £nil (2022: £nil) and a weighted-average remaining contractual life of 3.9 years (2022: 4.2 years).

The fair value of the RSP shares notionally awarded in 2023 was calculated using the Finnerty pricing model with the following key assumptions:

	2023	2022
IP Group share price as of valuation date	**£0.602**	£0.558
Exercise price	**£nil**	£nil
Indicated Discount for Lack of Marketability	**15%**	15%
Adjusted probability assigned for performance conditions	**20%**	20%
Fair value at grant date	**£0.24**	£0.21

Pre-2022 IP Group Long-Term Incentive Plan ("LTIP")

Awards under the LTIP take the form of conditional awards of ordinary shares of 2p each in the Group which vest over the prescribed performance period to the extent that performance conditions have been met. The Remuneration Committee imposes objective conditions on the vesting of awards and these take into consideration the guidance of the Group's institutional investors from time to time. General information on the Group's LTIP is set out in the Directors' Remuneration Report on page 119.

The 2021 LTIP awards were made on 6 May 2021. The awards will ordinarily vest on 31 March 2024, to the extent that the performance conditions have been met. The awards are based on the performance of the Group's NAV and Total Shareholder Return ("TSR"). Both performance measures are combined into a matrix format to most appropriately measure performance relative to the business, as shown in the Directors' Remuneration Report within the Group's 2021 Annual Report and Accounts. The total award is subject to an underpin based on the relative performance of the Group's TSR to that of the FTSE 250 index, which can reduce the awards by up to 50%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

22. Share-based payments continued

The 2021 LTIP matrix is designed such that up to 100% of the award (prior to the application of the underpin) will vest in full in the event of both NAV increasing by 15% per year on a cumulative basis, from 1 January 2021 to 31 December 2023, and TSR increasing by 15% per year on a cumulative basis from the date of award to 31 March 2024, using an industry-standard average price period at the beginning and end of the performance period. Further, the matrix is designed such that 30% of the award shall vest (again prior to the application of the underpin) if the cumulative increase is 8% per annum for both measures over their respective performance periods ("threshold performance"). A straight-line sliding scale is applied for performance between the distinct points on the matrix of vesting targets.

The 2020 awards partially met the threshold performance target and 1,066,196 vested, 6,759,628 lapsed on 31 March 2023. NAV growth to 31 December 2022 was above the minimum threshold and below the maximum threshold. The one-month average share price at 31 March 2023 was below the minimum TSR target. As a result 13.67% of the 2020 LTIP awards vested on 31 March 2023.Vested shares are subject to a further two-year holding period until 31 March 2025 and will be issued to participants only at the end of this period.

The table below sets out the performance measures relating to the 2020 LTIP awards and the actual performance achieved.

Performance condition	Target Performance	Actual Performance
NAV (at 31 Dec 2022)	8%: £1.37bn	£1.38bn
	15%: £1.66bn	(+8.1% p.a.)
Annual TSR (share price)	8%: 69.9p	57.6p
	15%: 82.3p	(+0.2% p.a. growth)
Comparative TSR	FTSE 250 -3.7%	IP Group 0.2%

The movement in the number of shares conditionally awarded under the LTIP is set out below:

	Number of options 2023	Weighted-average exercise price 2023	Number of options 2022	Weighted-average exercise price 2022
At 1 January	**14,490,039**	**–**	17,113,631	–
Lapsed during the year	**(6,759,628)**	**–**	(2,534,571)	–
Forfeited during the year	**(1,918)**	**–**	(89,021)	–
Notionally awarded during the year	**–**	**–**	–	–
At 31 December	**7,728,493**	**–**	14,490,039	–
Exercisable at 31 December	**4,596,014**	**–**	3,529,818	–

The options outstanding at 31 December 2023 had an exercise price in the range of £nil (2022: £nil) and a weighted-average remaining contractual life of 0.8 years (2022: 2.0 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

22. Share–based payments continued

The fair value of LTIP shares awarded in 2021 for which a charge has been recognised in the year was calculated using Monte Carlo pricing models with the following key assumptions:

	2021 LTIP award
Share price at date of award	£1.254
Exercise price	£nil
Fair value at grant date	£0.35
Expected volatility (median of historical 50-day moving average)	39%
Expected life (years)	3.0
Expected dividend yield	0%
Risk-free interest rate	0.3%

The fair value charge recognised in the statement of comprehensive income during the year in respect of all share–based payments, including the DBSP, RSP and LTIP was £2.6m (2022: £2.9m).

23. Long–term incentive carry scheme – Carried interest plan liability

Accounting Policy:

The Group operates a number of Long-Term Incentive Carry Schemes ("LTICS") for eligible employees which may result in payments to scheme participants relating to returns from investments.

Under the Group's LTICS arrangements, a profit–sharing mechanism exists whereby if a specific vintage delivers returns in excess of the base cost of investments together with an agreed hurdle rate, scheme participants receive a share of excess returns. Of the Group's total equity and debt investments, 69.0% are included in LTICS arrangements (2022: 66.6%).

The calculation of the liability in respect of the Group's LTICS is derived from the fair value estimates for the relevant portfolio investments and does not involve significant additional judgement (although the fair value of the portfolio is a significant accounting estimate). The actual amounts of carried interest paid will depend on the cash realisations of individual vintages, and valuations may change significantly in the next financial year. Movements in the liability are recognised in the consolidated statement of comprehensive income.

	2023 £m	2022 £m
At 1 January	**44.1**	33.1
Charge for the year	**(4.7)**	12.0
Payments made in the year	**(1.3)**	(1.0)
Foreign exchange rate movement	**(0.1)**	–
At 31 December	**38.0**	44.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

24. Related party transactions

The Group has various related parties arising from its key management, subsidiaries and equity stakes in portfolio companies.

A) Key management transactions

(i) Key management personnel transactions

The following key management held shares in the following spin–out companies as at 31 December 2023:

Director/PDMR	Company name	Number of shares held at 1 January 2023	Number of shares acquired/(disposed of) in the period	Number of shares held at 31 December 2023	%
Greg Smith	Alesi Surgical Limited	2	–	**2**	<0.1%
	Crysalin Limited[1]	149	–	**149**	<0.1%
	Emdot Limited[1]	4	–	**4**	0.23%
	Istesso Limited	313,425	–	**313,425**	0.37%
	Itaconix plc	4,500	–	**4,500**	<0.1%
	Mirriad Advertising plc	16,667	–	**16,667**	<0.1%
	Oxa Autonomy Limited[2]	8	–	**8**	<0.1%
	Oxford Nanopore Technologies plc	27,008	–	**27,008**	<0.1%
	Rio AI Limited	144,246	–	**144,246**	<0.1%
	Surrey Nanosystems Limited	88	–	**88**	<0.1%
	Tissue Regenix Group plc[3]	5,000	–	**5,000**	<0.1%
	Xeros Technology plc	13	–	**13**	<0.1%
David Baynes	Alesi Surgical Limited	4	–	**4**	<0.1%
	Arkivum Limited	377	–	**377**	<0.1%
	Creavo Medical Technologies Limited[1]	46	–	**46**	<0.1%
	Mirriad Advertising plc	16,667	–	**16,667**	<0.1%
	Oxford Nanopore Technologies plc	2,784	–	**2,784**	<0.1%
	Ultraleap Holdings Limited	2,600	–	**2,600**	<0.1%
	Zeetta Networks Limited	424	–	**424**	0.11%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

24. Related party transactions continued

Director/PDMR	Company name	Number of shares held at 1 January 2023	Number of shares acquired/ (disposed of) in the period	Number of shares held at 31 December 2023	%
Mark Reilly	Actual Experience plc[1]	28,000	–	**28,000**	<0.1%
	AudioScenic Limited	53	–	**53**	<0.1%
	Bramble Energy Limited	16	–	**16**	<0.1%
	Diffblue Limited	8,038	–	**8,038**	<0.1%
	Itaconix plc	377,358	–	**377,358**	<0.1%
	Mirriad Advertising plc	66,666	–	**66,666**	<0.1%
	Mixergy Limited	–	126	**126**	<0.1%
	Oxa Autonomy Ltd[2]	8	–	**8**	<0.1%
	Ultraleap Holdings Limited	1,700	–	**1,700**	<0.1%
Sam Williams	Accelercomm Limited	127	–	**127**	<0.1%
	Alesi Surgical Limited	1	–	**1**	<0.1%
	Centessa Pharmaceuticals plc	3,247	–	**3,247**	<0.1%
	Creavo Medical Technologies Limited1	23	–	**23**	<0.1%
	Genomics plc	333	–	**333**	<0.1%
	Ibex Innovations Limited	1,701	–	**1,701**	<0.1%
	Istesso Limited	7,048,368	–	**7,048,368**	8.29%
	Microbiotica Limited	7,000	–	**7,000**	<0.1%
	Mirriad Advertising plc	3,333	–	**3,333**	<0.1%
	Oxa Autonomy Ltd[2]	3	–	**3**	<0.1%
	Oxehealth Limited	33	32	**65**	<0.1%
	Oxford Nanopore Technologies plc	25,609	–	**25,609**	<0.1%
	Topivert Limited[1]	1,000	–	**1,000**	<0.1%
	Ultraleap Holdings Limited	558	–	**558**	<0.1%

1 Company being closed down.
2 Previously called Oxbotica Limited.
3 Opening position restated to reflect 100:1 share consolidation during the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

24. Related party transactions continued

Policy for Executive Director holdings in Portfolio Companies

The policy for Executive Director shareholdings in portfolio companies specifies:

- New direct investments in portfolio companies by executive directors are prohibited, with the exception of the take-up of pre-emption rights which relate to existing portfolio company shareholdings. Both Mr Smith and Mr Baynes are covered by this policy.
- Mr Smith and Mr Baynes have voluntarily submitted to an additional binding condition such that any net proceeds received as a result of realisations from direct holdings in portfolio companies that exceed £250,000 will be used to purchase shares in IP Group, until such time as they meet the Minimum Shareholding Requirement set for their role (currently 350% of annual salary for Mr Smith, 250% for Mr Baynes).

(ii) Key management personnel compensation

Key management personnel compensation comprised the following:

	2023 £000	2022 £000
Short–term employee benefits[1]	**3,091**	3,918
Post–employment benefits[2]	**108**	99
Other long–term benefits	**–**	–
Termination benefits	**–**	–
Share–based payments[3]	**1,161**	1,374
Total	**4,360**	5,391

1 Represents key management personnel's base salaries, benefits including cash in lieu of pension where relevant, and the cash–settled element of the Annual Incentive Scheme.

2 Represents employer contributions to defined contribution pension and life assurance plans.

3 Represents the accounting charge for share-based payments, reflecting LTIP and DBSP options currently in issue as part of these schemes. See note 22 for a detailed description of these schemes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

24. Related party transactions continued

B) Portfolio companies

(i) Services

The Group earns fees from the provision of business support services and corporate finance advisory services to portfolio companies in which the Group has an equity stake. Through the lack of control over portfolio companies these fees are considered arm's length transactions. The following amounts have been included in respect of these fees:

Statement of comprehensive income	2023 £m	2022 £m
Revenue from services	–	0.2

Statement of financial position	2023 £m	2022 £m
Trade receivables	0.1	–

(ii) Investments

The Group makes investments in the equity and debt of unquoted and quoted investments where it does not have control but may be able to participate in the financial and operating policies of that company. It is presumed that it is possible to exert significant influence when the equity holding is greater than 20%. The Group has taken the Venture Capital Organisation exception as permitted by IAS 28 and not recognised these companies as associates, but they are related parties. The total amounts included for investments where the Group has significant influence but not control are as follows:

Statement of comprehensive income	2023 £m	2022 £m
Net portfolio gains	31.7	75.0

Statement of financial position	2023 £m	2022 £m
Equity and debt investments	566.4	651.6

C) Subsidiary companies

Subsidiary companies that are not 100% owned either directly or indirectly by the parent company have intercompany balances (which are eliminated at a consolidated level) with other Group companies which are disclosed as follows:

	2023 £m	2022 £m
Intercompany balances with other Group companies	2.1	2.1

These intercompany balances represent funding loans provided by Group companies that are interest free, repayable on demand and unsecured.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

25. Capital management

The Group's key objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and employees for other stakeholders. The Group sets the amount of capital in proportion to risk. The Group manages the capital structure, and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of its underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of issued share capital, issue or repay debt and dispose of interests in portfolio companies.

During 2023, the Group's strategy, which was unchanged from 2022, was to maintain an appropriate level of cash and short-term deposit balances in line with the Group's capital allocation plans, whilst having sufficient cash reserves to meet working capital requirements in the foreseeable future.

The Group has external borrowings with associated covenants that are described in note 19. These include covenants around the Group's minimum equity and maximum debt/equity ratio. Consideration is given to the level of headroom against these covenants as part of the Group's capital allocation process where planning corporate actions such as dividends and share buybacks, which have an impact on the headroom level.

26. Capital commitments

Commitments to Limited Partnerships

Pursuant to the terms of their Limited Partnership agreements, the Group has committed to invest the following amounts into Limited Partnerships as at 31 December 2023:

Year ended 31 December 2023	Year of commencement of commitment	Commitment £m	Invested to date £m	Remaining commitment £m
IP Venture Fund II LP	**2013**	**10.0**	**9.9**	**0.1**
UCL Technology Fund LP	**2016**	**24.8**	**23.2**	**1.6**
Total at 31 December 2023		**34.8**	**33.1**	**1.7**

Year ended 31 December 2022	Year of commencement of commitment	Commitment £m	Invested to date £m	Remaining commitment £m
IP Venture Fund II LP	2013	10.0	9.8	0.2
UCL Technology Fund LP	2016	24.8	22.4	2.4
IP Cayman LP	2021	8.3	8.3	–
Total at 31 December 2022		43.1	40.5	2.6

In December 2023, the Group signed a Subscription Share Agreement to invest US$15m in Hysata Pty Ltd. In May 2023, the Group signed a Convertible Loan Agreement whose terms included a commitment to invest £10m in Istesso Limited in 2024 following the issue of a drawdown notice by the company. Both these investments were made in January 2024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

27. Dividends

	2023 pence per share	£m	2022 pence per share	£m
Ordinary shares:				
Interim dividend	**0.51**	**5.3**	0.50	5.3
Final dividend	**0.76**	**7.7**	0.72	7.4
Dividends paid to equity owners in the financial year	**1.27**	**13.0**	1.22	12.7
Proposed final dividend at financial year end	**–**	**–**	0.76	7.9

Of the £13.0m dividends paid in 2023, £13.0m was settled in cash (2022: £12.7m dividends, £12.3m settled in cash, £0.4m settled via the issue of equity). Due to the limited take up of scrip dividends the scheme has been discontinued.

On 18th December 2023 the Group announced that, in light of the prevailing discount between the Company's share price and its NAV per share, it had initiated a share buyback of up to £20 million. The Board remains committed to making regular cash returns to shareholders from realisations. In future these regular cash returns will normally be made in the form of share buybacks when the share price discount to NAV exceeds 20%. Regular dividend payments will be suspended under such conditions, including consideration of any final dividend for 2023.

28. Alternative performance measures ("APM")

IP Group management believes that the alternative performance measures included in this document provide valuable information to the readers of the financial statements as they enable the reader to identify a more consistent basis for comparing the business' performance between financial periods and provide more detail concerning the elements of performance which the managers of the Group are most directly able to influence or are relevant for an assessment of the Group. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by the directors. These measures are not defined by IFRS and therefore may not be directly comparable with other companies' APMs, including those in the Group's industry. APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements.

The directors believe that these APMs assist in providing additional useful information on the underlying trends, performance and position of the Group. Consequently, APMs are used by the directors and management for performance analysis, planning, reporting and incentive–setting purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

28. Alternative performance measures ("APM") continued

APM	Reference for reconciliation	Definition and purpose	Calculation	2023 £m	2022 £m
NAV per share[1]	Primary statements, note 21	NAV per share is defined as Net Assets divided by the number of outstanding shares. The measure shows net assets managed on behalf of shareholders by the Group per outstanding share. NAV per share is a standard measure used within our peer group and can be directly compared with the Group's share price.	NAV	**£1,190.3m**	£1,376.1m
			Shares in issue	**1,036,694,485**	1,035,077,632
			NAV per share	**114.8p**	132.9p
Return on NAV	Primary statements note 4	Return on NAV is defined as the total comprehensive income or loss for the year excluding charges which do not impact on net assets, specifically share–based payment charges. The measure shows a summary of the income statement gains and losses which directly impact NAV.	Total comprehensive income	**(174.8)**	(344.0)
			Excluding:		
			Share-based payment charge	**2.6**	2.9
			Return on NAV	**(172.2)**	(341.1)
Net portfolio gains/(losses)	note 13, 15, 22	Net portfolio gains are defined as the movement in the value of holdings in the portfolio due as a result of realised and unrealised gains and losses. The measure shows a summary of the income statement gains and losses which are directly attributable to the Total Portfolio (see definition above), which is a headline measure for the Group's portfolio performance. This is a key driver of the Return on NAV which is a performance metric for directors' and employees' incentives.	Change in fair value of equity and debt investments	**(110.9)**	(303.4)
			Gain on disposal of equity investments	**(10.8)**	(7.8)
			Change in fair value of LP interests[2]	**(38.8)**	2.1
			Net portfolio gains/(losses)	**(160.5)**	(309.1)
Total portfolio	Consolidated statement of financial position, note 13, 14	Total portfolio is defined as the total of equity investments, debt investments and investments in LPs. This measure represents the aggregate balance sheet amounts which the Group considers to be its investment portfolio, and which is described in further detail within the portfolio review section of the strategic report.	Equity investments	**1,011.5**	1,120.8
			Debt investments	**83.7**	38.1
			LP interests	**69.7**	99.6
			Total portfolio	**1,164.9**	1,258.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

28. Alternative performance measures ("APM") continued

			Calculation		
APM	**Reference for reconciliation**	**Definition and purpose**		**2023 £m**	**2022 £m**
Portfolio investment	Primary statements	Portfolio investment is defined as the purchase of equity and debt investments plus investments into limited partnership interests. This gives a combined measure of investment into the Group's portfolio.	Purchase of equity and debt investments	**(63.4)**	(88.9)
			Investment in limited and limited liability partnerships	**(9.8)**	(4.6)
			Portfolio investment	**(73.2)**	(93.5)
Cash proceeds[1]	Primary statements	Cash proceeds is defined as the proceeds from the disposal of equity and debt investments plus distributions received from limited partnership interests.	Proceeds from the sale of equity investments	**37.7**	28.1
			Distributions from limited partnership funds	**0.9**	–
			Cash proceeds	**38.6**	28.1
Net overheads[2]	Financial review, note 8	Net overheads are defined as the Group's core overheads less operating income. The measure reflects the Group's controllable net operating "cash-equivalent" central cost base. Net overheads exclude items such as share-based payments and consolidated portfolio company costs.	Other income	**5.9**	7.1
			Other administrative expenses	**(28.0)**	(27.4)
			Excluding:		
			Non-portfolio foreign exchange movements	**(0.4)**	0.1
			Administrative expenses: consolidated portfolio companies	**–**	0.1
			Net overheads	**(22.5)**	(20.1)
Gross cash and deposits	Primary statements	Cash and deposits is defined as cash and cash equivalents plus deposits. The measures give a view of the Group's liquid resources on a short-term timeframe. The Group's Treasury Policy has a maximum maturity limit of 13 months for deposits.	Cash and cash equivalents	**100.9**	88.7
			Deposit	**126.0**	152.8
			Gross cash and deposits	**226.9**	241.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

28. Alternative performance measures ("APM") continued

APM	Reference for reconciliation	Definition and purpose	Calculation	2023 £m	2022 £m
Loss excluding ONT	Primary statements	(Loss)/profit excluding ONT is defined as the Groups (loss)/profit for the year (after tax) excluding the (loss)/profit on the investment held in Oxford Nanopore publicly quoted shares both realised and unrealised. This measure gives a view of the results of this business excluding this single investment which, given its size and recent share price volatility, may be helpful to users of the accounts as a view of the underlying business.	(Loss) for the year	**(174.4)**	(344.5)
			Excluding:		
			Change in fair value of equity investment in Oxford Nanopore	**31.9**	369.7
			(Loss)/profit excluding ONT	**(142.5)**	25.2
Simple return on capital (%)[3]	Note 28	Defined as net portfolio gains/losses divided by the opening total portfolio value. This measure gives a view of the size of portfolio gains or losses relative to the opening portfolio value, giving useful additional context for the value of gains or losses.	Net portfolio (losses)	**(160.5)**	(303.4)
			Opening total portfolio value	**1,258.5**	1,507.5
			Simple return on capital (%)	**-13%**	-20%
% Return on NAV (%)[3]	Note 28 (return on NAV) Primary statements (Net Asset Value)	Defined as return on NAV divided by the opening Net Asset Value. This measure gives a view of the size of Return on NAV relative to the opening Net Asset Value, giving useful additional context for the value of returns.	Return on NAV	**(172.2)**	(341.1)
			Opening Net Asset Value	**1,376.1**	1,738.1
			Return on NAV (%)	**-13%**	-20%

1 For consistency with how we report investments as the purchase of equity and debt investments plus investment in limited and limited liability partnerships, the directors believe that this new measure showing cash proceeds is defined as the proceeds from the disposal of equity and debt investments plus distributions received from limited liability partnerships interests profit represents a useful additional measure for users of the accounts.

2 For clarity non-portfolio foreign exchange movements have been excluded from net overheads, These exchange movements are on intercompany loans and other balance sheet items including cash, and which do not represent an ongoing overhead cost for the group. Their exclusion is therefore considered to give a more accurate view of the underlying net overhead costs of the business.

3 New APMs in the period, showing % Return on Capital and % Return on NAV, which we believe provide useful additional context on the relative size of the income statement movements.

29. Post balance sheet events

As of the reporting date, unrealised fair value losses in respect of the Group's quoted portfolio totalled £45.4m, largely in respect of Oxford Nanopore Technologies plc, which has seen a fair value loss of £50.2m since 31 December 2023.

COMPANY BALANCE SHEET.
AS AT 31 DECEMBER 2023

	Note	2023 £m	2022 £m
ASSETS			
Non-current assets			
Investment in subsidiary undertakings	2	**330.4**	329.2
Equity and debt investments	3	**3.5**	3.5
Limited liability partnership interests	4	**2.9**	2.7
Loans to subsidiary undertakings: long term	5	**640.9**	599.0
Total non-current assets		**977.9**	934.4
Current assets			
Loans to subsidiary undertakings: short term	5	**0.9**	–
Cash & cash equivalent		**–**	0.1
Total current assets		**0.9**	0.1
Total assets		**978.6**	934.5
EQUITY AND LIABILITIES			
Capital and reserves			
Called-up share capital	6	**21.3**	21.3
Share premium account	6	**102.8**	102.8
Retained earnings	6	**734.0**	750.3
Total equity attributable to equity holders		**858.1**	874.4
Current liabilities			
Trade and other payables		**0.9**	0.6
Total current liabilities		**0.9**	0.6
Non-current liabilities			
Borrowings		**119.6**	59.5
Total non-current liabilities		**119.6**	59.5
Total liabilities		**120.5**	60.1
Total equity and liabilities		**978.6**	934.5

Registered number: 04204490

The Company has taken advantage of the exemption granted by Section 408 of the Companies Act 2006 whereby no individual income statement of the Company is disclosed. The Company's loss for the financial year was £5.9m (loss: 2022: £1.4m).

The accompanying notes form an integral part of the financial statements. The financial statements on pages 204 to 220 were approved by the Board of Directors and authorised for issue on 12 March 2024 and were signed on its behalf by: signed on its behalf by:

Greg Smith
Chief Executive Officer

David Baynes
Chief Financial Officer

COMPANY STATEMENT OF CHANGES IN EQUITY.

AS AT 31 DECEMBER 2023

	Share capital £m	Share premium(i) £m	Retained earnings(ii) £m	Total £m
At 1 January 2022	21.3	102.7	769.5	893.5
Comprehensive income	–	–	(1.4)	(1.4)
Issue of shares(iii)	–	0.1	–	0.1
Purchase of treasury shares(iv)	–	–	(8.0)	(8.0)
Equity-settled share-based payments(v)	–	–	2.9	2.9
Ordinary dividends(vi)	–	–	(12.7)	(12.7)
At 1 January 2023	**21.3**	**102.8**	**750.3**	**874.4**
Comprehensive income	–	-	(5.8)	(5.8)
Issue of shares(iii)	–	–	–	–
Purchase of treasury shares(iv)	–	–	(0.1)	(0.1)
Equity-settled share-based payments(v)	–	–	2.6	2.6
Ordinary dividends(vi)	–	–	(13.0)	(13.0)
At 31 December 2023	**21.3**	**102.8**	**734.0**	**858.1**

i Share premium – Amount subscribed for share capital in excess of nominal value, net of directly attributable issue costs.

ii Retained earnings – Cumulative net gains and losses recognised in the statement of comprehensive income net of associated share-based payments credits and distributions to shareholders.

iii Issue of shares – Share premium in connection with the Interim Scrip Dividend, the Group has received valid elections from shareholders resulting in a requirement to issue new ordinary shares of 2p each (“New Shares”).

iv Purchase of treasury shares – Reflects the issue of 220,302 ordinary shares, with an aggregate value of £0.1m, these were purchased by the Company during the year and are held in treasury. Total value including costs was £0.1m. (2022: 7,429,494 shares purchased for total value of £8.0m, total including costs of £8.0m). These shares were purchased for the £20m share buyback share buyback approved by the Board in December 2023.

v Equity-settled share-based payments – amounts recognised in respect of the Group’s share-based payments schemes recognised as a subsidiary investment in the Company accounts with a corresponding entry against equity.

vi Ordinary dividends – Of the £13.0m dividends paid in 2023, £13.0m was settled in cash (2022: £12.7m total, £12.3m cash, £0.4m Scrip). No new shares were issued in respect of the scrip dividend (2022: 485,569 shares issued).

The accompanying notes form an integral part of the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

1. Accounting policies

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK–adopted international accounting standards ("UK–adopted IFRS") but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Under section s408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures: a cash flow statement and related notes; disclosures in respect of transactions with wholly owned subsidiaries; disclosures in respect of capital management; from presenting a comparative period reconciliation for share capital, the effects of new but not yet effective IFRSs; and disclosures of compensation of key management personnel.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures: IFRS 2 Share-Based Payments in respect of Group-settled share-based payments; and certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Subsidiary investments

Investments in subsidiaries are stated at cost less, where appropriate, provision for impairment. The Company tests the investment balances for impairment annually or whenever there is an indication that the value of carrying amount may not be recoverable.

In light of the fact that the majority of the assets in the Company's subsidiaries are recorded at fair value, subsidiary net assets are taken as an approximation of their minimum recoverable amount. If the carrying value of an investment in a subsidiary is in excess of the minimum recoverable amount, the value of the investment is impaired.

Consideration has been given as to whether the fact that IP Group plc's shares are trading at a discount to net asset value constitutes a trigger an impairment assessment for the value of the Company's subsidiary investments. Given that the majority of the assets within the Company's subsidiaries are held at fair value, the Directors do not believe that as a result of this assessment an additional impairment is required.

Equity and debt investments and Limited Liability Partnership interests

Equity investments, debt investments and investments in limited partnerships are categorised as financial assets at fair value through profit or loss. This measurement basis is consistent with the fact that the Group's performance in respect of investments in equity investments, limited partnerships and associated undertakings is evaluated on a fair value basis in accordance with an established investment strategy.

Financial assets at fair value through profit or loss are initially recognised at fair value and any gains or losses arising from subsequent changes in fair value are presented in profit or loss in the statement of comprehensive income in the period which they arise.

The valuation methods applied are the same as those at the Group level; details of which can be found in note 13 to the Group's financial accounts on pages 174 to 181.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

1. Accounting policies continued

Intercompany loans

All intercompany loans are initially recognised at fair value and subsequently measured at amortised cost. Where intercompany loans are intended for use on a continuing basis in the Company's activities, and there is no intention of their settlement in the foreseeable future, they are presented as non-current assets.

Financial instruments

Currently the Company does not enter into derivative financial instruments. Financial assets and financial liabilities are recognised and cease to be recognised on the basis of when the related titles pass to or from the Company.

Share-based payments

The Group operates a number of equity-settled share-based compensation schemes under which the employing subsidiary within the Group receives services from employees as consideration for equity instruments in IP Group plc. For further details on these schemes, see note 23 in the Group accounts. When options are exercised, the company issues new shares. The proceeds received net of any directly attributable costs are credited to share capital (nominal value) and the balance to share premium. In the Company financial statements, the grant of share options is treated as a capital contribution. Specifically, the fair value of employee services received (measured at the date of grant) is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity financial statements.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowing using the effective interest rate method. Costs incurred in the course of issuing additional debt are recognised on the balance sheet and charged to the income statement on a straight line basis over the term of the borrowings.

2. Investments in subsidiary undertakings

	2023 £m	2022 £m
At 1 January	**329.2**	326.7
Investment in respect of share-based payments	**2.6**	2.9
Impairment of subsidiary undertakings in the year	**(1.4)**	(0.4)
At 31 December	**330.4**	329.2

Details of the Company's subsidiary undertakings as at 31 December 2023 are detailed in note 10 to the Company financial statements.

3. Equity and debt investments

	2023 £m	2022 £m
At 1 January	**3.5**	3.5
Fair value gains in the year	**–**	–
Disposals in the year	**–**	–
At 31 December	**3.5**	3.5

Details of the Company's associated undertakings and significant holdings as at 31 December 2023 are disclosed in note 11 to the Company financial statements.

4. Limited liability partnership interests

	2023 £m	2022 £m
At 1 January	**2.7**	2.7
Fair value gain during the year	**0.2**	–
At 31 December	**2.9**	2.7

Other investments relate to the Group's 17.7% partnership interest in Technikos LLP, see notes 1 and 23 of the Group accounts for further details.

NOTES TO THE COMPANY FINANCIAL STATEMENTS.

5. Loans to subsidiary undertakings

	2023 £m	2022 £m
At 1 January	599.0	573.1
Drawdown/Repayment of loans by subsidiary undertakings during the year	42.8	25.9
At 31 December	641.8	599.0

	2023 £m	2022 £m
Current	0.9	–
Non-current	640.9	599.0
At 31 December	641.8	599.0

The directors consider the carrying amount of trade and other receivables at amortised cost to approximate their fair value. All receivables are interest free, repayable on demand and unsecured.

The amounts due from subsidiary undertakings are interest free, repayable on demand and unsecured. Loans classified as non-current are not expected to be recalled within one year.

Given the nature of the subsidiary undertakings to which they relate, the Company considers expected credit losses on the Company's receivables to be less than £0.1m and therefore not disclosed further (2022: under £0.1m).

6. Share capital and reserves

	Share capital £m	Share premium £m	Profit and loss reserve £m
At 1 January 2023	21.3	102.8	750.3
Comprehensive income	–	–	(5.8)
Purchase of treasury shares	–	–	(0.1)
Equity-settled share-based payments	–	–	2.6
Ordinary dividends	–	–	(13.0)
At 31 December 2023	21.3	102.8	734.0

Details of the Company's authorised share capital and changes in its issued share capital can be found in note 21 to the consolidated financial statements. Details of the movement in the share premium account can be found in the consolidated statement of changes in equity.

NOTES TO THE COMPANY FINANCIAL STATEMENTS.

7. Profit and loss account

As permitted by Section 408 of the Companies Act 2006, the Company's profit and loss account has not been included in these financial statements. The Company's loss for the year was £5.9m (2022: loss of £1.4m).

Details of the auditor's remuneration are disclosed in note 6 to the consolidated financial statements.

8. Directors' emoluments, employee information and share-based payments

The remuneration of the directors is borne by Group subsidiary undertakings. Full details of their remuneration can be found in the Directors' Remuneration Report on pages 111 to 128.

Full details of the share-based payments charge and related disclosures can be found in note 22 to the consolidated financial statements.

The Company had no employees during 2023 or 2022.

9. Dividends

Of the £13.0m dividends paid in 2023, £13.0m was settled in cash (2022: £12.7m dividends, £12.3m settled in cash, £0.4m settled via the issue of equity). Due to the limited take up of scrip dividends the scheme has been discontinued.

On 18 December 2023, the Group announced that, in light of the prevailing discount between the Company's share price and its NAV per share, it had initiated a share buyback of up to £20 million. The Board remains committed to making regular cash returns to shareholders from realisations. In future these regular cash returns will normally be made in the form of share buybacks when the share price discount to NAV exceeds 20%. Regular dividend payments will be suspended under such conditions, including consideration of any final dividend for 2023.

10. Borrowings

	2023 £m	2022 £m
Current	–	–
Non-current	**119.6**	59.5
At 31 December 2023	**119.6**	59.5

The Group has expanded its debt facilities in the year with the addition of an agreed borrowing primarily from Phoenix group which it has used to fund our portfolio of businesses. The terms of the facilities are summarised in note 19 of the consolidated financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS.

11. Details of subsidiary undertakings

Name of subsidiary undertakings	Proportion of ownership interest %(i)	Proportion of voting power held %(i)	Proportion of nominal value held %	Held by Parent/ Group
IP2IPO Limited	100.0	**100.0**	100.0	Direct
IP2IPO Carry Partner Limited	100.0	**100.0**	100.0	Indirect
IP2IPO Americas Limited	100.0	**100.0**	100.0	Indirect
IP2IPO US Partners Limited	100.0	**100.0**	100.0	Indirect
Top Technology Ventures Limited(iii)	100.0	**100.0**	100.0	Direct
Fusion IP Sheffield Limited(ii)	100.0	**100.0**	100.0	Indirect
Fusion IP Cardiff Limited(ii)	100.0	**100.0**	100.0	Indirect
IP Venture Fund II (GP) LLP(iii)	100.0	**100.0**	100.0	Indirect
IP Ventures (Scotland) Limited(iii)	100.0	**100.0**	100.0	Indirect
IP2IPO Portfolio (GP) Limited(iii)	100.0	**100.0**	100.0	Indirect
IP2IPO Portfolio LP	100.0	**100.0**	100.0	Indirect
IP Capital Limited(ii)	100.0	**100.0**	100.0	Indirect
IP2IPO Asia-Pacific Limited	100.0	**100.0**	100.0	Direct
IP Group Greater China Limited	100.0	**100.0**	100.0	Indirect
IP Group Greater China Services Limited	100.0	**100.0**	100.0	Indirect
IP Group (Shenzhen) Technology Consulting Co. Ltd	100.0	**100.0**	100.0	Indirect
IP2IPO ANZ Carry Limited(ii)	100.0	**100.0**	100.0	Indirect
Kiko Ventures Limited(ii)	100.0	**100.0**	100.0	Indirect
IP2IPO Australia Pty Limited	100.0	**100.0**	100.0	Indirect
IP2IPO Australia HP Pty Limited	100.0	**100.0**	100.0	Indirect
IP2IPO Australia Management Pty Limited	100.0	**100.0**	100.0	Indirect
IP2IPO Australia GP Pty Limited	100.0	**100.0**	100.0	Indirect
IP2IPO Australia CT Pty Limited	100.0	**100.0**	100.0	Indirect
IP2IPO Australia VCMP LP	100.0	**100.0**	100.0	Indirect
IP2IPO Australia VCLP No 1 LP	100.0	**100.0**	100.0	Indirect
IP2IPO Australia TS Pty Ltd	100.0	**100.0**	100.0	Indirect
Parkwalk Advisors Limited	100.0	**100.0**	100.0	Direct
Touchstone Innovations Limited	100.0	**100.0**	100.0	Indirect

NOTES TO THE COMPANY FINANCIAL STATEMENTS.

11. Details of subsidiary undertakings continued

Name of subsidiary undertakings	Proportion of ownership interest %(i)	Proportion of voting power held %(i)	Proportion of nominal value held %	Held by Parent/ Group
IP2IPO Innovations Limited	100.0	**100.0**	100.0	Indirect
Innovations Limited Partner Limited	100.0	**100.0**	100.0	Indirect
IP2IPO Company Maker Limited	100.0	**100.0**	100.0	Indirect
Touchstone Innovations Businesses LLP	100.0	**100.0**	100.0	Indirect
IPG USA (LP) Limited	100.0	**100.0**	100.0	Indirect
IPG USA SCO LP	100.0	**100.0**	100.0	Indirect
IP2IPO Nominees Limited(ii)	100.0	**100.0**	100.0	Direct
IP2IPO Services Limited(ii)	100.0	**100.0**	100.0	Direct
LifeUK (IP2IPO) Limited(ii)	100.0	**100.0**	100.0	Direct
IP Industry Partners Limited(ii)	100.0	**100.0**	100.0	Direct
Biofusion Licensing (Sheffield) Limited(ii),(iv)	100.0	**100.0**	100.0	Indirect
Fusion IP Nottingham Limited(ii),(iv)	100.0	**100.0**	100.0	Indirect
Fusion IP Two Limited(ii),(iv)	100.0	**100.0**	100.0	Indirect
Asterion Limited	66.8	**66.8**	66.5	Indirect
PH Therapeutics Limited(ii)	60.0	**60.0**	60.0	Indirect
Extraject Technologies Limited(ii)	60.0	**60.0**	60.0	Indirect
IP Venture Fund II LP(v)	33.3	**33.3**	33.3	Indirect

i All holdings are via ordinary shares unless separate classes are specified in the table.

ii Dormant/non-trading company.

iii Company/engaged in fund management activity.

iv Acquired as part of the Fusion IP plc acquisition.

v As detailed in note 1 to the Group financial statements, though less than 33.3% of beneficial and nominal interest is held by the Group, the Group's position as fund manager to IP Venture Fund II LP means the Group fulfils the control criteria set out in IFRS 10 and the fund is thus consolidated.

All companies above have their registered offices at 2nd Floor 3 Pancras Square, Kings Cross, London, England, N1C 4AG, unless separately listed on the following page.

NOTES TO THE COMPANY FINANCIAL STATEMENTS.

11. Details of subsidiary undertakings continued

IP Ventures (Scotland) Limited: 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ.

Asterion Limited: Windsor House, Cornwall Road, Harrogate, England, HG1 2PW.

PH Therapeutics Limited: Windsor House, Cornwall Road, Harrogate, England, HG1 2PW.

Extraject Technologies Limited: Windsor House, Cornwall Road, Harrogate, England, HG1 2PW.

IP2IPO Australia Pty Limited: Level 35, 360 Elizabeth Street, Melbourne, VIC 3000, Australia.

IP Group Greater China Limited: 6/F Alexandra House, 18 Chater Road, Central Hong Kong.

IP Group Greater China Services Limited: 6/F Alexandra House, 18 Chater Road, Central Hong Kong.

IP2IPO Australia HP Pty Limited: Level 35, 360 Elizabeth Street, Melbourne, VIC 3000, Australia.

IP2IPO Australia Management Pty Limited: Level 35, 360 Elizabeth Street, Melbourne, VIC 3000, Australia.

IP2IPO Australia GP Pty Limited: Level 35, 360 Elizabeth Street, Melbourne, VIC 3000, Australia.

IP2IPO Australia CT Pty Limited: Level 35, 360 Elizabeth Street, Melbourne, VIC 3000, Australia.

IP2IPO Australia VCMP LP: Level 35, 360 Elizabeth Street, Melbourne, VIC 3000, Australia.

IP2IPO Australia VCLP No 1 LP: Level 35, 360 Elizabeth Street, Melbourne, VIC 3000, Australia.

IP2IPO Australia TS Pty Ltd, 658 856 832, Level 35, 360 Elizabeth Street, Melbourne, VIC, 3000, Australia.

IPG USA SCO LP: 13 Queens Road, Aberdeen, AB15 4YL.

All companies above are incorporated in England and Wales with the exception of IP Ventures (Scotland) Limited incorporated in Scotland, IP Group Inc, IP2IPO Australia Pty Limited, IP2IPO Australia HP Pty Limited, IP2IPO Australia Management Pty Limited, IP2IPO Australia GP Pty Limited, IP2IPO Australia CT Pty Limited, IP2IPO Australia VCMP LP and IP2IPO Australia VCLP No 1 LP which were incorporated in Australia and IP Group Greater China Limited and IP Group Greater China Services Limited are both incorporated in Hong Kong.

All companies above undertake the activity of commercialising intellectual property unless stated otherwise. All companies are consolidated into the Group's financial performance and position following the acquisition method bar those specified which are omitted due to being immaterial.

NOTES TO THE COMPANY FINANCIAL STATEMENTS.

12. Details of significant holdings and associated undertakings

Name of undertaking	Registered address	Proportion of nominal value held %[i]	Held by Parent/ Group[ii]
IPG-CEL China Ventures limited	Level 54, Hopwell Centre, 183 Queen's Road East, Hong Kong	50%	Group
Accelercomm Limited	5 Benham Road, Chilworth, Southampton, England, SO16 7QJ	26.5%	Group
Ordinary Shares (Accelercomm Limited)			Group
Ordinary A Shares (Accelercomm Limited)		30.9%	Group
B Preference Shares (Accelercomm Limited)		24.5%	Group
Additive Assurance Pty Ltd	382 Huntingdale Rd, Oakleigh South VIC 3167, Australia	32.5%	Group
Seed Extension Preference Shares (Additive Assurance)		32.5%	Group
Alesi Surgical Limited	Cardiff Medicentre, Heath Park, Cardiff, CF14 4UJ	32.0%	Group
Preferred B Shares (Alesi Surgical Limited)		28.1%	Group
Preferred Ordinary Shares (Alesi Surgical Limited)		40.3%	Group
Ordinary Shares (Alesi Surgical Limited)		57.0%	Group
B Shares (Alesi Surgical Limited)		100.0%	Group
A Shares (Alesi Surgical Limited)		100.0%	Group
Preferred C Shares (Alesi Surgical Limited)		42.0%	Group
Alimetry Limited	70 Symonds Street, Grafton, Auckland 1010, New Zealand	22.2%	Group
Series B Preference Shares (Alimetry Limited)		22.2%	Group
AMSL Innovations Pty Ltd	42 Stafford St Stanmore, NEW SOUTH WALES, 2048 Australia	35.0%	Group
Series B Shares (AMSL Innovations Pty Ltd)		35.0%	Group
Ankere Therapeutics Pty Ltd	Level 9, 31 Queen Street Melbourne VIC 3000	32.4%	Group
Seed Shares (Ankere Therapeutics Pty Ltd)		54.5%	Group
AnywhereHPLC Limited	52 Princes Gate, Exhibition Road, London, SW7 2PG	50.0%	Group
Ordinary Shares (AnywhereHPLC Limited)		50.0%	Group
Aqdot Limited	Lab 1 Iconix 2 Iconix Park, London Road, Cambridge, CB22 3EG	28.1%	Group
Preference Shares (Aqdot Limited)		37.4%	Group
Asterion Limited	Windsor House, Cornwall Road, Harrogate, England, HG1 2PW	66.8%	Group
Ordinary Shares (Asterion Limited)		66.8%	Group
Atazoa Limited	Skempton Building, Imperial College Room 205, Skempton Building, Imperial College, London, SW7 2AZ	24.9%	Group
Ordinary Shares (Atazoa Limited)		49.9%	Group

NOTES TO THE COMPANY FINANCIAL STATEMENTS.

12. Details of significant holdings and associated undertakings continued

Name of undertaking	Registered address	Proportion of nominal value held %[i]	Held by Parent/ Group[ii]
AudioScenic Limited	Suite A, Epsilon House Enterprise Road, Southampton Science Park, Southampton, England, SO16 7NS	34.0%	Group
Ordinary Shares (AudioScenic Limited)		38.5%	Group
A Ordinary Shares (AudioScenic Limited)		33.1%	Group
B Ordinary Shares (AudioScenic Limited)		30.4%	Group
Autifony Therapeutics Limited	Stevenage Bioscience Catalyst, Gunnels Wood Road, Stevenage, Hertfordshire, England, SG1 2FX	26.3%	Group
A3 Preference Shares (Autifony Therapeutics Limited)		35.5%	Group
A Preference Shares (Autifony Therapeutics Limited)		38.4%	Group
Ordinary Shares (Autifony Therapeutics Limited)		1.6%	Group
Azuri Technologies Limited	St. John's Innovation Centre, Cowley Road, Cambridge,	42.4%	Group
Ordinary shares (Azuri Technologies Limited)		37.4%	Group
A Preference Shares (Azuri Technologies Limited)		50.8%	Group
Barocal Limited	140b Newmarket Road, Cambridge, England, CB5 8HE	32.0%	Group
Ordinary Shares (Barocal Limited)		32.0%	Group
Boxarr Limited	First Floor 25 King Street Bristol BS1 4PB	45.4%	Group
Ordinary Shares (Boxarr Limited)		45.4%	Group
Bramble Energy Limited	Atrium Court Tilgate Business Park Brighton Road Crawley RH11 9BP	31.6%	Group
Ordinary Shares (Bramble Energy Limited)		32.0%	Group
A Ordinary Shares (Bramble Energy Limited)		32.4%	Group
Cardian Limited	30 Broad Street, Great Cambourne, Cambridge, England, CB23 6HJ	53.7%	Group
A Preference Shares (Cardian Limited)		100.0%	Group
Ordinary Shares (Cardian Limited)		13.6%	Group
Ordinary Shares 2 – Revenue shares (Cardian Limited)		100.0%	Group
Cardiovascular Imaging Solutions Limited	Suite 19 Maple Court, Grove Park, Maidenhead, Berkshire, England, SL6 3LW	24.9%	Group
Ordinary Shares (Cardiovascular Imaging Solutions Limited)		24.9%	Group
C-Capture Limited	Windsor House, Cornwall Road, Harrogate, England, HG1 2PW	34.3%	Group

NOTES TO THE COMPANY FINANCIAL STATEMENTS.

12. Details of significant holdings and associated undertakings continued

Name of undertaking	Registered address	Proportion of nominal value held %(i)	Held by Parent/ Group(ii)
Ordinary Shares (C-Capture Limited)		29.1%	Group
Series A Preference Shares (C-Capture Limited)		37.0%	Group
A2 Preferred Shares (C-Capture Limited)		17.1%	Group
A1-B Preference Shares (C-Capture Limited)		100.0%	Group
Chromosol Limited	3 Field Court Grays Inn London WC1R 5EF	34.6%	Group
Ordinary Shares (Chromosol Limited)		34.6%	Group
Creavo Medical Technologies Limited	29 East Parade, Leeds, England, LS1 5PS	37.8%	Group
Ordinary Shares (Creavo Medical Technologies Limited)		38.2%	Group
A Shares (Creavo Medical Technologies Limited)		100.0%	Group
Crysalin Limited	C/O James Cowper Kreston The White Building, 1-4 Cumberland Place, Southampton, SO15 2NP	25.3%	Group
Ordinary Shares (Crysalin Limited)		27.0%	Group
Deep Render Ltd	1 St. Katharines Way, London, England, E1W 1UN	45.7%	Group
Series A Preferred Shares (Deep Render Ltd)		60.0%	Group
Defenition Limited	Windsor House, Cornwall Road, Harrogate, England, HG1 2PW	49.5%	Group
B Ordinary Shares (Defenition Limited)		100.0%	Group
Ordinary Shares (Defenition Limited)		48.5%	Group
Diffblue Limited	17c Worcester Place, Oxford, England, OX1 2JW	27.7%	Group
Series A Shares (Diffblue Limited)		52.6%	Group
Non-Voting Preference Shares (Diffblue Limited)		100.0%	Group
Series A1 Shares (Diffblue Limited)		15.8%	Group
Electralith Pty Ltd	Level 35, 360 Elizabeth Street, Melbourne, VIC 3000	30.8%	Group
Ordinary Shares (Electralith Pty Ltd)		30.8%	Group
Emdot Limited	3 Pancras Square, King's Cross, London, England, N1C 4AG	26.3%	Group
Ordinary Shares (Emdot Limited)		26.3%	Group
Enterprise Therapeutics Holdings Ltd	Sussex Innovation Centre Science Park Square, Falmer, Brighton, England, BN1 9SB	21.9%	Group
Series B Shares (Enterprise Therapeutics Holdings Ltd)		16.4%	Group
Series A Shares (Enterprise Therapeutics Holdings Ltd)		47.6%	Group
Featurespace Limited	140 Cambridge Science Park, Milton Road, Cambridge, Cambridgeshire, CB4 0GF	20.1%	Group
E Preference Shares (Featurespace Limited)		8.6%	Group
D Preference Shares (Featurespace Limited)		36.4%	Group

NOTES TO THE COMPANY FINANCIAL STATEMENTS.

12. Details of significant holdings and associated undertakings continued

Name of undertaking	Registered address	Proportion of nominal value held %(i)	Held by Parent/ Group(ii)
C Preference Shares (Featurespace Limited)		63.6%	Group
B Preference Shares (Featurespace Limited)		64.6%	Group
A Preference Shares (Featurespace Limited)		33.0%	Group
Ordinary Shares (Featurespace Limited)		3.7%	Group
F Preference shares (Featurespace Limited)		11.7%	Group
G Preference Shares (Featurespace Limited)		15.1%	Group
First Light Fusion Limited	Unit 10 Mead Road, Yarnton, Kidlington, Oxfordshire, OX5 1QU	27.5%	Group
Ordinary Shares (First Light Fusion Limited)		28.2%	Group
Fluid Pharma Limited	Windsor House, Cornwall Road, Harrogate, England, HG1 2PW	40.3%	Group
B Ordinary Shares (Fluid Pharma Limited)		87.1%	Group
Ordinary Shares (Fluid Pharma Limited)		39.6%	Group
Garrison Technology Limited	117 Waterloo Road, London, England, SE1 8UL	24.0%	Group
A1 Preference Shares (Garrison Technology Limited)		25.0%	Group
A Preference Shares (Garrison Technology Limited)		94.9%	Group
A2 Preference Shares (Garrison Technology Limited)		32.9%	Group
B Preference shares (Garrison Technology Limited)		14.0%	Group
B1 Preference Shares (Garrison Technology Limited)		25.2%	Group
Gripable Limited	Thornton House, 39 Thornton Road, London, England, SW19 4NQ	31.3%	Group
Ordinary Shares (Gripable Limited)		31.6%	Group
Hysata Pty Ltd	AIIM Building, Innovation Campus, North Wollongong NSW 2500	37.4%	Group
Ordinary Shares (Hysata Pty Ltd)		35.5%	Group
Series A Preference Shares (Hysata Pty Ltd)		37.6%	Group
Ibex Innovations Limited	Netpark Plexus, Thomas Wright Way, Sedgefield, Stockton-on-Tees, TS21 3FD	37.8%	Group
Ordinary Shares (Ibex Innovations Limited)		37.8%	Group
Ieso Digital Health Limited	The Jeffreys Building, Cowley Road, Cambridge, Cambridgeshire, United Kingdom, CB4 0DS	31.6%	Group
A Ordinary Shares (Ieso Digital Health Limited)		85.2%	Group
Ordinary Shares (Ieso Digital Health Limited)		14.8%	Group

NOTES TO THE COMPANY FINANCIAL STATEMENTS.

12. Details of significant holdings and associated undertakings continued

Name of undertaking	Registered address	Proportion of nominal value held %[i]	Held by Parent/ Group[ii]
A1 Preference Shares (Ieso Digital Health Limited)		46.7%	Group
B1 Preferred Shares (Ieso Digital Health Limited)		18.4%	Group
Iksuda Therapeutics Limited	The Biosphere, Draymans Way, Newcastle Helix, Newcastle upon Tyne, NE4 5BX	21.5%	Group
Ordinary Shares (Iksuda Therapeutics Limited)		22.6%	Group
A Ordinary Shares (Iksuda Therapeutics Limited)		50.0%	Group
Series A Shares (Iksuda Therapeutics Limited)		29.2%	Group
Intelligent Ultrasound Group plc	Floor 6A, Hodge House, 114-116 St Mary Street, Cardiff, CF10 1DY	20.8%	Group
Ordinary Shares (Intelligent Ultrasound Group plc)		20.8%	Group
Intrinsic Semiconductor Technologies Limited	Ucl Business Plc, The Network Building, 97 Tottenham Court Road, London, United Kingdom, W1T 4TP	25.3%	Group
A Ordinary Shares (Intrinsic Semiconductor Technologies Limited)		43.7%	Group
B Ordinary Shares (Intrinsic Semiconductor Technologies Limited)		25.0%	Group
Ionix Advanced Technologies Limited	Windsor House, Cornwall Road, Harrogate, England, HG1 2PW	28.7%	Group
Ordinary Shares (Ionix Advanced Technologies Limited)		28.6%	Group
B Ordinary Shares (Ionix Advanced Technologies Limited)		100.0%	Group
E Ordinary Shares (Ionix Advanced Technologies Limited)		27.8%	Group
Ipalk SAS	112 Rye Des Hautes Variennes, 45200, Amilly France	22.0%	Group
Ordinary Shares (Ipalk SAS)		22.0%	Group
Istesso Limited	2nd Floor 3 Pancras Square, Kings Cross, London, United Kingdom, N1C 4AG	27.0%	Group
Ordinary Shares (Istesso Limited)		40.6%	Group
A Shares (Istesso Limited)		77.8%	Group
Jetra Therapeutics Pty Ltd	St Lucia QLD 4072 Australia	31.7%	Group
Ordinary Shares (Jetra Therapeutics Pty Ltd)		31.7%	Group
Kesios Therapeutics Limited	C/O Cork Gully LLP, 6 Snow Hill, London, EC1A 2AY	100.0%	Group
A Preference Shares (Kesios Therapeutics Limited)		100.0%	Group
Lumai Limited	61 Derwent Avenue, Headington, Oxford, England, OX3 0AS	31.2%	Group
Ordinary Shares (Lumai Limited)		31.2%	Group

NOTES TO THE COMPANY FINANCIAL STATEMENTS.

12. Details of significant holdings and associated undertakings continued

Name of undertaking	Registered address	Proportion of nominal value held %[i]	Held by Parent/ Group[ii]
Magnomatics Limited	Park House, Bernard Road, Sheffield, S2 5BQ	37.2%	Group
A Shares (Magnomatics Limited)		52.1%	Group
Ordinary Shares (Magnomatics Limited)		15.3%	Group
C Ordinary Shares (Magnomatics Limited)		100.0%	Group
B Shares (Magnomatics Limited)		100.0%	Group
Metabometrix Limited	12 Lodgefield Welwyn Garden City AL7 1SD	23.0%	Group
Ordinary Shares (Metabometrix Limited)		23.0%	Group
Mixergy Limited	30 Upper High Street, Thame, Oxfordshire, OX9 3EZ	26.0%	Group
Ordinary Shares (Mixergy Limited)		27.3%	Group
A Ordinary Shares (Mixergy Limited)		22.0%	Group
B Ordinary Shares (Mixergy Limited)		20.2%	Group
Nascient Limited	3 Field Court, London, WC1R 5EF, United Kingdom	73.2%	Group
Ordinary Shares (Nascient Limited)		50.0%	Group
Preference Shares (Nascient Limited)		100.0%	Group
NGenics Global Limited	School of Physics, Engineering and Technology, University of York, Heslington, York, YO10 5DD	29.6%	Group
Ordinary Shares (NGenics Global Limited)		29.6%	Group
OxCCU Tech Limited	C/O James Cowper Kreston 2 Chawley Park, Cumnor Hill, Oxford, Oxfordshire, England, OX2 9GG	24.8%	Group
Ordinary Shares (OxCCU Tech Limited)		26.5%	Group
Series A Preferred Shares (OxCCU Tech Limited)		12.5%	Group
Oxehealth Limited	Magdalen Centre North, Oxford Science Park, Oxford, United Kingdom, OX4 4GA	27.7%	Group
Ordinary Shares (Oxehealth Limited)		27.8%	Group
Oxford Biotrans Limited	30 Upper High Street, Thame, Oxfordshire, OX9 3EZ	42.3%	Group
Seed Preferred (Oxford Biotrans Limited)		61.3%	Group
Ordinary Shares (Oxford Biotrans Limited)		21.3%	Group
OxSyBio Limited	3 Field Court, London, WC1R 5EF	45.2%	Group
Ordinary Shares (OxSyBio Limited)		45.8%	Group
A Shares (OxSyBio Limited)		100.0%	Group
Preference shares (OxSyBio Limited)		40.0%	Group

NOTES TO THE COMPANY FINANCIAL STATEMENTS.

12. Details of significant holdings and associated undertakings continued

Name of undertaking	Registered address	Proportion of nominal value held %[i]	Held by Parent/ Group[ii]
Oxular Limited	Magdalen Centre, Robert Robinson Avenue, Oxford, OX4 4GA	25.4%	Group
A Preference Shares (Oxular Limited)		56.2%	Group
A1 Preference Shares (Oxular Limited)		16.9%	Group
Perlemax Limited	318 Broad Lane, Kroto Innovation Centre, Sheffield, South Yorkshire, England, S3 7HQ	34.5%	Group
Ordinary Shares (Perlemax Limited)		34.5%	Group
Ph Therapeutics Limited	Windsor House, Cornwall Road, Harrogate, England, HG1 2PW	60.0%	Group
Ordinary Shares (PH Therapeutics Limited)		60.0%	Group
Resseptor Therapeutics Pty Ltd	Suite 201, 697 Burke Road, Camberwell VIC 3124	38.0%	Group
Ordinary Shares (Resseptor Therapeutics)		38.0%	Group
RFC Power Limited	Windsor House, Cornwall Road, Harrogate, England, HG1 2PW	31.9%	Group
T Ordinary Shares (RFC Power Limited)		100.0%	Group
Ordinary Shares (RFC Power Limited)		28.3%	Group
Riotech Pharmaceuticals Limited	49 Arrivato Plaza, Hall Street, St Helens, United Kingdom, WA10 1GH	24.0%	Group
Ordinary Shares (Riotech Pharmaceuticals Limited)		24.0%	Group
SkyStrata, Inc.	5179 Britten Ln, Ellicott City, MD 21043, United States	28.8%	Group
Common Stock (SkyStrata, Inc.)		28.8%	Group
Spinetic Energy Limited	Office D, Beresford House, Town Quay, Southampton, SO14 2AQ	29.6%	Group
Ordinary Shares (Spinetic Energy Limited)		29.6%	Group
Sunborne Systems Limited	C/O Stfc Innovations Ltd R71, Rutherford, Appleton Lab, Harwell Campus, Didcot, United Kingdom, OX11 0QX	22.0%	Group
Ordinary Shares (Sunborne Systems Limited)		22.0%	Group
Surrey Nanosystems Limited	East Side Business Park, Beach Road, Newhaven, England, BN9 0FB	21.1%	Group
A Ordinary Shares (Surrey NanoSystems Limited)		17.4%	Group
Ordinary Shares (Surrey NanoSystems Limited)		32.2%	Group
A2 Shares (Surrey Nanosystems Limited)		9.1%	Group
Sweetgen Limited	3 Field Court, Gray's Inn, London, WC1R 5EF	50.0%	Group
Ordinary Shares (Sweetgen Limited)		50.0%	Group
Telectica Limited	Milton House, Gatehouse Road, Aylesbury, HP19 8EA	26.4%	Group
Seed Preferred Shares (Telectica Limited)		90.5%	Group

NOTES TO THE COMPANY FINANCIAL STATEMENTS.

12. Details of significant holdings and associated undertakings continued

Name of undertaking	Registered address	Proportion of nominal value held %[i]	Held by Parent/ Group[ii]
Topivert Limited	1 More London Place, London, SE1 2AF, United Kingdom	28.7%	Group
Ordinary Shares (Topivert Limited)		1.8%	Group
A Ordinary Shares (Topivert Limited)		37.8%	Group
Series B1 Preferred Shares (Topivert Limited)		34.0%	Group
Series B2 Preferred Shares (Topivert Limited)		37.1%	Group
TriboSim Limited	49 Station Road, Tribosim Ltd, Polegate, East Sussex, England, BN26 6EA	22.5%	Group
Ordinary Shares (TriboSim Limited)		22.5%	Group
Ubiquigent Limited	Dundee University Incubator Dundee Technopole, James Lindsay Place, Dundee, DD1 5JJ	37.6%	Group
Ordinary Shares (Ubiquigent Limited)		37.6%	Group
Uniphy Limited	Nexus, Discovery Way, Leeds, United Kingdom, LS2 3AA	39.0%	Group
Ordinary Shares (Uniphy Limited)		39.1%	Group
A Shares (Uniphy Limited)		16.0%	Group
B Shares (Uniphy Limited)		4.0%	Group
Zeetta Networks Limited	First Floor Templeback, 10 Temple Back, Bristol, United Kingdom, BS1 6FL	21.8%	Group
Ordinary Shares (Zeetta Networks Limited)		12.3%	Group
Preference Shares (Zeetta Networks Limited)		25.4%	Group
Zoompast Limited	Office 7, 35-37 Ludgate Hill, London, EC4M 7JN	31.3%	Group
Ordinary Shares (Zoompast Limited)		31.3%	Group

i All holdings are via ordinary shares unless separate classes are specified in the table.

ii Voting % less than 50%.

The significant influence noted above has been determined in line with IAS 28 and Schedule 4 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

COMPANY INFORMATION.

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04204490

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(Non-executive Chair)

Gregory Simon Smith
(Chief Executive Officer)

David Graham Baynes
(Chief Financial and Operating Officer)

Aedhmar Hynes
(Non-executive Director and Senior Independent Director)

Dr Caroline Anne Brown
(Non-executive Director)

Heejae Richard Chae
(Non-executive Director)

Dr Elaine Sullivan
(Non-executive Director)

Anita Kidgell
(Non-executive Director)

Company Secretary

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