

**("IP Group" or "the Group" or "the Company")**  
**Half-yearly results**

***Continued progress in key portfolio companies, strong balance sheet maintained, portfolio well-funded***

IP Group plc (LSE: IPO), which invests in breakthrough science and innovation companies with the potential to create a better future for all, today announces its financial results for the six months ended 30 June 2023.

## Half-year 2023 highlights

### Portfolio well-funded, continued significant progress in key themes & companies

- Portfolio companies well-funded; total funds raised by portfolio approximately £300m (HY22: c.£350m; FY22: £1.0bn) including Quantum Motion (£42m), Accelercomm (£22m), OxCCU (£18m), Garrison (£16m) and Mixergy (£9m).
- Only 16% of our portfolio by value need to raise financing before the second half of 2024
- Private portfolio company funding round valuations remained robust with 86% of the 14 portfolio funding rounds completed in the period taking place at or above previous funding round valuations
- **Healthier future (Life Sciences):** Istesso's Phase 2b trial for its lead drug MBS2320 in rheumatoid arthritis continues to recruit to plan and remains on target to read out in H1 2024. Approval received to start additional Phase 2 trial in idiopathic pulmonary fibrosis (IPF) in H2 2023. Group completed a £15m investment and further £10m commitment to fully fund both trials. Pulmocide – recruitment into Phase 3 efficacy study underway
- **Tech-enriched future (Deeptech):** Featurespace, Garrison and Ultraleap all posted double-digit revenue growth in H1, significant fundraisings completed for Quantum Motion, Accelercomm & Garrison
- **Regenerative future (Cleantech):** Strong technical progress at Hysata, key milestones achieved, triggering release of second tranche of Series A funding, OXCCU completed £18m Series A financing led by Clean Energy Ventures

### Strong balance sheet maintained

- Strong balance sheet and liquidity to support new and follow-on investment in the portfolio with gross cash and deposits at 30 June 2023 of £250.0m (HY22: £235.7m; FY22: £241.5m); total potential liquidity including quoted shares of over £450m
- Cash proceeds in line with expectations at £32.2m, mainly from the second tranche of consideration from the sale of WaveOptics (HY22: £2.1m; FY22 £28.1m)
- Investment into portfolio maintained: £59.8m into 23 companies across all three thematic areas (HY22: £52m; FY22: £93.5m) including significant allocation to Istesso (£15.0m)
- Loss in the period of £54.5m (HY22: Loss of £309.8m; FY22: Loss of £344.5m), partly driven by a reduction in the value of Oxford Nanopore, which reduced by £27.8m, and negative portfolio foreign exchange movements of £11.2m
- Interim dividend of 0.51p per share (2022 interim dividend of 0.50pps; final dividend of 0.76pps)

### Post period-end update

The fair value of the Group's holdings in listed companies experienced a net fair value increase of £45m in the period since 30 June, including ONT increasing by £42m.

### Summary financials

	<b>HY to 30 June 2023 (unaudited)</b>	HY to 30 June 2022 (unaudited)	FY 2022 (audited)
Net Asset Value (NAV)	<b>£1,313.6m; 126.7pps</b>	£1,414.0m; 136.7pps	£1,376.1m; 132.9pps
Loss	<b>(£54.5m)</b>	(£309.8m)	(£344.5m)
Loss/profit excluding ONT <sup>(i)</sup>	<b>Loss of (£26.7m)</b>	Profit of £35.7m	Profit of £25.2m
Total portfolio <sup>(i)</sup>	<b>£1,276.1m</b>	£1,265.5m	£1,258.5m
Net portfolio loss <sup>(i)</sup>	<b>(£44.4m)</b>	(£291.1m)	(£309.1m)
Gross cash and deposits <sup>(i)</sup>	<b>£250.0m</b>	£235.7m	£241.5m
Cash proceeds <sup>(i)</sup>	<b>£32.2m</b>	£2.1m	£28.1m
Portfolio investment <sup>(i)</sup>	<b>£59.8m</b>	£52.0m	£93.5m
Dividend	<b>0.51 pps</b>	0.50pps	1.26pps <sup>(ii)</sup>

(i) Note 12 details the Alternative Performance Measures ("APM")

(ii) Amount shown for FY 2022 is total dividend including final dividend approved and paid in 2023

**Greg Smith, Chief Executive of IP Group, said:** “IP Group is a long-term investor in breakthrough science and innovation companies that are addressing many of the world’s unmet needs and, while the current economic environment remains challenging, I am pleased with portfolio progress in the period. The successful raising of more than £300m of financing by our companies in the first half, including £60m from the Group, is testament to their quality.

The Group has maintained its financial strength during the period, the result of £32m cash realisations and having taken pre-emptive action in light of the challenging investment environment. This financial strength was highlighted as a strategic asset as our portfolio navigated events such as the failure of Silicon Valley Bank. We have also continued our approach of dedicating a proportion of all cash realisations to supporting capital returns for shareholders through an interim dividend.

The opportunity for value creation in our portfolio remains compelling. Double-digit revenue growth in our largest deeptech and healthcare companies is evidence of continued strong demand for their products and services. Our therapeutics portfolio includes twelve companies with products in clinical trials, seven of which are targeting key inflection points in the next 18 months. Breakthrough cleantech businesses, such as Hysata, have delivered technical milestones and commercial demand. The Group is well-positioned to support these businesses and deliver strong, impactful returns for all stakeholders over time.”

## Webinar

IP Group will host a webinar for analysts and investors today, 02 August, at 10:00am. For more details or to register as a participant please visit <https://www.investormetcompany.com/ip-group-plc/register-investor>.

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Further information on IP Group is available on our website: [www.ipgroupplc.com](http://www.ipgroupplc.com)

This half-yearly report may contain forward-looking statements. These statements reflect the Board’s current view, are subject to a number of material risks and uncertainties and could change in the future. Factors that could cause or contribute to such changes include, but are not limited to, the general economic climate and market conditions, as well as specific factors relating to the financial or commercial prospects or performance of individual portfolio companies within the Group’s portfolio of investments. Throughout this Half-Yearly Report, the Group’s holdings in portfolio companies reflect the undiluted beneficial equity interest excluding debt, unless otherwise explicitly stated.

## Interim Management Report

### Summary

The Group, one of the largest investors in university and other innovation-based companies in the world, has continued to make excellent progress in its purpose of accelerating the impact of science for a better future, building on our strong track record of having helped create several billion-dollar companies (Oxford Nanopore, Ceres Power, Hinge Health). We believe that an increased focus of capital and resource on our thematic areas, where we have experienced and specialist investment teams, will enable us to replicate that success in supporting more businesses to values in excess of \$1bn.

Despite what continues to be a challenging macroeconomic backdrop for early-stage and growth companies, our portfolio has made good progress in the period, raising £300m of funding of which IP Group contributed £59.8m (HY22: £52m; FY22: £93.5m). This compares with total capital raised of £350m in the same period in 2022, a decline of 17% which compares favourably with market data suggesting broader venture deal activity declined significantly year on year. Notable transactions included a £42m fundraise by Quantum Motion, the largest ever UK quantum funding, a £22m Series B financing for wireless communications company Accelercomm, a £18m Series A at e-fuel company OxCCU and financings for Garrison (£16m) and Mixergy (£9m).

Our portfolio’s continued success in raising capital in this and earlier periods means it is well funded. Among the larger holdings in our portfolio, a third are fully funded to planned profitability, and 51% are funded until the second half of 2024 or later, with only 16% of the portfolio needing to raise financing before the second half of 2024.

In terms of other progress within the portfolio, we are pleased to report that recruitment into Istesso’s Phase 2b trial for its lead drug MBS2320 in rheumatoid arthritis is on schedule and we continue to expect the trial to readout in the first half of 2024. We are also delighted that the company has received regulatory approval to start a second Phase 2 trial in IPF, which is scheduled to start recruiting during the second half of 2023. Our novel electrolyser company Hysata continues to make excellent progress, demonstrating larger stacks operating at exceptionally high 95% efficiency levels.

The Group has taken proactive steps to maintain financial strength through the prevailing challenging economic environment and geopolitical uncertainty by securing a private market debt issue last year to provide additional funding flexibility and reducing our planned investment level. In the current period, the Group also benefited from £32.2m of cash proceeds, predominantly from the second tranche of cash consideration from the sale of WaveOptics. This allowed the Group to finish the first half of the year with gross cash and deposits of £250.0m.

We see our financial strength as particularly important given the difficult economic backdrop. This was highlighted during the short period of heightened volatility around the failure of Silicon Valley Bank, 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.

We also remain committed to narrowing the discount to our NAV per share and maintained our approach of employing a proportion of cash realisations to support capital returns, which, for this period, will be in the form of an interim dividend. We have also increased our investor relations activities by introducing additional investor-focussed 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 holders and non-holders in the UK and Europe in the first half of the year with meetings planned in the US, Middle East and Europe in the second half. To help raise the Group's profile, we also refreshed our brand identity in the first half of the year. This brand refresh, aimed at highlighting our expertise and clearly aligning around our impactful purpose, has been received positively by stakeholders.

### Financial results: macroeconomic headwinds, strong cash balance

As at 30 June 2023, IP Group had gross cash and deposits of £250.0m (HY22: £235.7m; FY22: £241.5m), having invested £59.8m in the period including notable investments into portfolio companies Istesso Ltd (£15m), our North American platform (£6.6m) and Hysata Pty Ltd (£4.7m) as well as a number of smaller size investments into current and new opportunities across all three of our thematic areas. Cash proceeds increased in line with expectations at £32.2m, mainly from the second tranche of consideration from the sale of WaveOptics (HY22: £2.1m; FY22 £28.1m).

As at 30 June 2023, the Group's Net Asset Value was £1,313.6, or 126.7 pence per share (HY22: £1,414.0m, or 136.7pps; FY22: £1,376.1m, or 132.9pps), a decline of 5.4pps (excluding the impact of the 0.76pps final dividend paid in June 2023) resulting from the loss of £54.5m (HY22: Loss of £309.8m; FY22: Loss of £344.5m) in the period.

The Group's portfolio recorded a net fair value reduction of £44.4m in the period, consisting of a £29.4m reduction in the value of the quoted portfolio, £11.2m of portfolio foreign exchange losses and an £8.3m reduction in the value of investment in Limited Partnerships, offset by a £4.5m gain in the value of private portfolio companies. The reduction in the quoted portfolio was driven by Oxford Nanopore, which fell in value by £27.8m in the period but which has recovered significantly since the period end. Net overheads totalled £10.3m in the period (HY22: £10.9m; FY22: £20.1m).

### Overview of business performance including thematic focus & holdings

The performance of the Group's business units is summarised below with further detail on the performance of each in the Portfolio Review.

All £m unless stated	Invested	Cash proceeds	Net portfolio gain/(loss)	Fair value at 30 June 2023	Simple return on capital (%)
Healthier future: Oxford Nanopore	–	–	(27.8)	177.7	(14%)
Healthier future: Life Sciences	22.8	0.1	(7.9)	411.9	(2%)
Tech-enriched future: Deeptech	10.6	31.0	(3.2)	206.4	(2%)
Regenerative future: Kiko Ventures (Cleantech)	12.8	–	6.1	262.4	3%
North America	6.6	–	(12.6)	81.1	(14%)
Australia and New Zealand	6.2	–	4.1	52.9	10%
Platform investments	0.4	0.7	0.7	44.0	2%
Organic and <i>De minimis</i>	–	0.4	(2.5)	15.4	(14%)
<b>Subtotal</b>	<b>59.4</b>	<b>32.2</b>	<b>(43.1)</b>	<b>1,251.8</b>	<b>(3%)</b>
Attributable to third parties	0.4	–	(1.3)	24.3	(5%)
<b>Total Portfolio</b>	<b>59.8</b>	<b>32.2</b>	<b>(44.4)</b>	<b>1,276.1</b>	<b>(4%)</b>

### Third-party fund management

The Group continues to view the management of third-party funds as an important element of our business model, and we manage or advise £690m in third-party capital across our Parkwalk, Australian and UK business units.

### Shareholder returns, interim dividend

Delivering returns for shareholders is the Group's financial purpose and narrowing the discount to our NAV per share remains a focus. The Board remains focussed on shareholder value creation and has declared an interim dividend of 0.51 pence per share (HY22: 0.50pps). A final 2022 dividend of 0.76 pence per share was paid in the period, bringing total dividend payments in respect of 2022 to 1.26 pence per share.

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 now delivered more than £70m of cash returns to our shareholders.

## Board changes

We were delighted to welcome Anita Kidgell to the Board with effect from 18 January 2023. Anita brings a wealth of experience gained at GSK plc, one of the leading global biopharma companies. From her position as Head of Corporate Strategy at GSK, Anita brings to the Board a rare combination of a scientific background together with strategic, investor relations and communication experience. Following her appointment, the Board comprises two executive directors, five NEDs and the Chairman: equal representation of both male and female.

## Outlook

While the current macro environment remains challenging, IP Group continues to be well financed and we are confident that our portfolio will deliver strong returns with a number of key milestones anticipated over the next 12-18 months. In Life Sciences, seven companies are targeting key clinical milestones, including Istesso, Akamis, Pulmocide and Crescendo. In Deeptech, a number of companies, including Featurespace, Teya and Garrison are targeting continued double-digit revenue growth, while in Cleantech, through Kiko Ventures, the focus remains on driving value from core holdings including First Light Fusion, Oxa and Hysata, and investing for the future. We continue to believe that IP Group is well placed to deliver value for shareholders through capital appreciation supported by cash returns and is well-positioned for a return of investor appetite towards growth companies.

## PORTFOLIO REVIEW

### Overview

As of 30 June 2023, the value of the Group's portfolio was £1,276.1m (HY22: £1,265.5m; FY22: £1,258.5m) reflecting a net portfolio loss of £44.4m (HY22: loss £291.1m; FY22: loss £309.1m). Cash invested during the period totalled £59.8m (HY22: £52.0m; FY22: £93.5m) and cash proceeds totalled £32.2m (HY22: £2.1m; FY22: £28.1m).

The portfolio consists of interests in 93 companies (excluding *de minimis* and organic holdings), of which the top 20 by value comprise 70% of the portfolio value (HY22: 103, 70%; FY22: 95, 76%).

### Fair value movements

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

	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m	Year ended 31 December 2022 £m
Quoted equity investments	(29.4)	(397.5)	(428.5)
Private equity & debt investments	4.5	82.2	101.4
Investments in Limited Partnerships	(8.3)	8.8	(6.4)
Foreign exchange movements	(11.2)	15.4	24.4
<b>Net portfolio losses</b>	<b>(44.4)</b>	<b>(291.1)</b>	<b>(309.1)</b>

A summary of the largest unrealised and realised fair value gains and losses by portfolio investment (excluding fx movements) is as follows:

Gains	£m	Losses	£m
Hysata Pty Ltd	9.2	Oxford Nanopore Technologies plc	(27.8)
Centessa Pharmaceuticals plc	6.2	North American Platform (Longview Innovation)	(9.1)
Istesso Limited	3.1	Athenex, Inc. (realised loss)	(6.5)
AMSL Innovations Pty Ltd	2.6	Oxehealth Limited	(5.2)
OxCCU Tech Limited	2.0	Teya Holdings Ltd	(2.7)
Other quoted	1.0	Other quoted	(2.3)
Other private	6.6	Other private	(10.3)
<b>Total</b>	<b>30.7</b>	<b>Total</b>	<b>(63.9)</b>

## Investments and cash proceeds

The Group deployed a total of £59.8m across 23 new and existing investments during the period (HY22: £52.0m, 22, FY22: £93.5m, 46), versus cash proceeds of £32.2m (HY22: £2.1m, FY22: £28.1m).

Largest investments and cash proceeds by portfolio company:

Investments	£m	Cash proceeds	£m
Istesso Limited	15.0	Wave Optics Limited <sup>1</sup>	30.8
North American Platform (Longview Innovation)	6.6	UCL Technology Fund L.P.	0.7
Hysata Pty Ltd	4.7	Lixea Limited	0.3
Tado GmbH	4.4	Athenex, Inc	0.1
Garrison Technology Limited	3.9	Perpetuum Limited	0.1
Other	25.2	Other	0.2
<b>Total</b>	<b>59.8</b>	<b>Total</b>	<b>32.2</b>

1 Deferred consideration in relation to exit in 2021.

Deferred consideration estimated at £12.5m was outstanding at 30 June 2023 (HY22: £44.3m, FY22: £48.2m), relating to the Group's realisation of Enterprise Therapeutics (£11.4m, exited in 2020) and Reinfer (£1.1m, exited in 2022).

## Number of Investments

	United Kingdom	North America	Australia & New Zealand	Total
1 January 2023	81	1	13	95
Additions	1	–	1	2
Exited	(1)	–	–	(1)
Being closed/liquidated	–	–	(1)	(1)
Reclassified to <i>de minimis</i>	(2)	–	–	(2)
<b>30 June 2023</b>	<b>79</b>	<b>1</b>	<b>13</b>	<b>93</b>

## Co-investment analysis

Including the £59.8m of primary capital invested by the Group (the Group invested £nil via secondary purchases (HY22: £0.3m, FY22: £3.7m), the Group's portfolio raised approximately £300m during the half year to 30 June 2023 (HY22: approx. £350m, FY22: approx. £1.0bn). Co-investment from parties or funds with a greater than 1% shareholding in IP Group plc was £nil (HY22: £9.5m, FY22: £24.9m). An analysis of this co-investment by source is as follows:

Portfolio capital raised	Six months ended 30 June 2023		Six months ended 30 June 2022	
	£m	%	£m	%
IP Group <sup>1</sup>	59.8	20%	51.6	14%
IP Group managed funds <sup>2</sup>	9.9	3%	19.6	5%
IP Group plc shareholders (>1% holdings)	–	0%	9.5	3%
Institutional investors	69.9	24%	90.3	25%
Corporate, other EIS, individuals, universities and other	158.7	53%	186.8	53%
<b>Total</b>	<b>298.3</b>	<b>100%</b>	<b>357.8</b>	<b>100%</b>

1 Reflects primary investment only; during the six months to 30 June 2023 the Group invested £nil via secondary purchase of shares (HY22: £0.3m, FY22: £3.7m).

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

## Portfolio funding position

Company name	Fair value of Group holding at 30 June 2023	
	£m	%
The following table lists information on the expected cash-out dates for portfolio companies with an IP Group investment holding value greater than £4m.		
Trade to profitability	354.2	33%
2023	59.5	6%
2024 H1	109.4	10%
2024 H2	292.3	27%
2025	240.2	22%
2026	18.1	2%
<b>Total companies &gt; £4m value</b>	<b>1,073.7</b>	<b>100%</b>
Companies < £4m value	83.7	
Interest in Limited Partnerships and Platforms	118.7	
<b>Total portfolio</b>	<b>1,276.1</b>	

## Portfolio analysis by sector

The Group splits its core opportunity evaluation, investment and business-building team into specialist divisions, Life Sciences, DeepTech and Cleantech within the UK, with geographically focused investment teams based in the United States and Australia. A small number of investments are categorised as platform investments, which are portfolio companies which also invest in other opportunities.

Sector	As at 30 June 2023				As at 31 December 2022			
	Fair value		Number		Fair value		Number	
	£m	%		%	£m	%		%
Healthier future: Oxford Nanopore	177.7	14%	1	1%	205.5	17%	1	1%
Healthier future: Life Sciences	411.9	33%	31	34%	390.8	32%	33	35%
Tech-enriched future: DeepTech	206.4	17%	29	31%	201.0	17%	28	29%
Regenerative future: Kiko Ventures (Cleantech)	262.4	21%	14	15%	243.8	20%	15	16%
North America	81.1	7%	1	1%	87.1	7%	1	1%
Australia and New Zealand	52.9	4%	13	14%	42.8	3%	13	14%
Platform investments	44.0	4%	4	4%	43.6	4%	4	4%
<b>Subtotal</b>	<b>1,236.4</b>	<b>100%</b>	<b>93</b>	<b>100%</b>	<b>1,214.6</b>	<b>100%</b>	<b>95</b>	<b>100%</b>
<i>De minimis</i> and organic holdings	15.4				17.0			
<b>Subtotal</b>	<b>1,251.8</b>				<b>1,231.6</b>			
Attributable to third parties <sup>1</sup>	24.3				26.9			
<b>Total portfolio</b>	<b>1,276.1</b>				<b>1,258.5</b>			

<sup>1</sup> Amounts attributable to third parties consist of £12.8m attributable to minority interests represented by third-party limited partners in the consolidated fund, IP Venture Fund II (HY22: £14.9m, FY22: £13.9m), £10.7m attributable to Imperial College London (HY22: £12.6m, FY22: £12.2m) and £0.8m attributable to other third parties (HY22: £1.5m, FY22: £0.8m).

## Portfolio Review: Healthier future: Oxford Nanopore

Following the disappointing share price performance at the end of 2022, Oxford Nanopore's share price continued to underperform in the first half, trading as low as 176p in March 2023. This was due to the poor performance of Life Sciences Research Tools ("LSRT") companies and some specific disappointment around the company's reduced 2023 revenue guidance. That said, Oxford Nanopore's growth remains amongst the strongest in the LSRT space and this was reflected in the post-results share price rally. The company's recent trading update for the first half of 2023 underlined this, with expected 22% revenue growth falling in the middle of its FY 2023 guidance range (16-30% growth). The company continues to target adjusted EBITDA breakeven by the end of 2026.

In addition to delivering double-digit revenue growth, Oxford Nanopore made a number of updates to its core technology platform and launched a number of new products. It also announced a number of significant collaborations in various applied and clinical markets, which potentially offer upside from a growth perspective. We remain bullish on the company's long-term prospects, and it therefore remains a core, strategic holding.

Company name	Description	Group Stake at 30 June 2023	Net investment/ (divestment)	Unrealised + realised fair value movement	Fair value of Group holding at 30 June 2023
		%	£m	£m	£m
Oxford Nanopore Technologies plc	Enabling the analysis of any living thing, by any person, in any environment	10.1%	–	(27.7)	177.7



## Portfolio Review: Healthier future: Life sciences

IP Group's Life Sciences portfolio comprises holdings in 31 companies valued at £411.9m at 30 June 2023.

Company name	Description	Group Stake at 30 June 2023 <sup>1</sup> %	Net investment/ (divestment) £m	Unrealised + realised fair value movement £m	Fair value of Group holding at 30 June 2023 £m
Istesso Limited	From disease modification to disease resolution	56.5%	15.0	3.1	113.8
Hinge Health, Inc.	The world's first digital clinic for back and joint pain	1.8%	–	(2.2)	51.4
Ieso Digital Health Limited	Digital therapeutics for psychiatry	32.1%	–	–	21.8
Akamis Bio Limited <sup>2</sup>	Gene and viral therapies for cancer	24.5%	–	–	21.2
Mission Therapeutics Limited	Targeting deubiquitylating enzymes for the treatment of CNS and mitochondrial disorders	18.4%	2.0	–	20.2
Oxular Limited	Treatments and delivery technology for sight-threatening diseases	25.4%	2.9	–	18.8
Crescendo Biologics Limited	Biologic therapeutics eliciting the immune system against solid tumours	14.5%	–	–	18.7
Artios Pharma Limited	Novel oncology therapies	7.1%	–	(0.2)	18.1
Microbiotica Limited	Gut-microbiome based therapeutics and diagnostics	17.7%	–	–	16.1
Pulmocide Limited	Novel inhaled treatment for life-threatening fungal lung infections	12.2%	–	(0.4)	14.3
Other companies (21 companies)		–	1.7	(8.2)	97.5
<b>Total</b>		<b>–</b>	<b>21.6</b>	<b>(7.9)</b>	<b>411.9</b>

1 Represents the Group's undiluted beneficial economic equity interest (excluding debt), including only the Group's portion of IPVF II. Voting interest is below 50%.

2 Previously called PsiOxus Therapeutics Limited.

The largest transaction in the first half of 2023 was a £15.0m investment into Istesso, primarily by way of a convertible note. We continue to see good progress at Istesso with its Phase 2b study of MBS2320 in rheumatoid arthritis ("RA") running according to plan and the start of a Phase 2 study in idiopathic pulmonary fibrosis due in the second half of the year.

In terms of performance, the value of the portfolio declined by 2% in the first half, driven by a realised loss at NASDAQ-listed Athenex (£6.6m including de-recognition of deferred consideration), which eventually went into administration during the period, and a £(5)m write-down in the holding value of Oxehealth Ltd following a financing round at a depressed price despite good progress at the business. On the positives, we saw some appreciation in the Centessa share price, providing for a £5.8m uplift.

We continue to see good fundamental progress across the portfolio with each of Artios, Kynos and Oxular announcing the initiation of important clinical studies for their lead assets. Moreover, Mission Therapeutics and Akamis announced positive safety data from Phase 1 studies, with some evidence of effect for Akamis' novel gene therapy agent.

Hinge Health continues to significantly grow revenues and expand its customer base. As for the full-year 2022 valuation process, we engaged a third-party valuation specialist to assess the company's current value, which resulted in no change in the value of our holding with the fair value movement in the period relating only to FX.

Our companies continue to make good clinical, regulatory and commercial progress, some of which cannot be disclosed for competitive reasons, and we believe that 2023 will lay the foundations for significant NAV and liquidity outperformance during the coming few years.

## Portfolio Review: Tech-enriched future: Deeptech

IP Group's Technology portfolio comprises holdings in 29 companies valued at £206.4m at 30 June 2023.

### Deeptech Portfolio

The IP Group Deeptech portfolio covers a breadth of areas aimed at delivering value through growing innovative companies that enable and secure the digital economy, create new human capability and generate prosperity for all in four key focus areas: Applied Artificial Intelligence, Next Generation Networks, Human-Machine Interfaces and Future Computing.

Company name	Description	Group Stake at 30 June 2023 <sup>1</sup> %	Net investment/ (divestment) £m	Unrealised + realised fair value movement £m	Fair value of Group holding at 30 June 2023 £m
Featurespace Limited	Leading predictive analytics company	20.4%	–	–	64.1
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"	17.0%	–	–	31.0
Other companies (26 companies)		–	6.7	(3.2)	79.7
<b>Total</b>		<b>–</b>	<b>10.6</b>	<b>(3.2)</b>	<b>206.4</b>

<sup>1</sup> Represents the Group's undiluted beneficial economic equity interest (excluding debt), including only the Group's portion of IPVF II. Voting interest is below 50%.

The first half of 2023 has been a busy period with several key transactions completing.

The top three assets by value in the Deeptech portfolio – Featurespace, Ultraleap, and Garrison – which account for more than 60% of the Deeptech portfolio value, all progressed well in the first half of the year. Featurespace continues to deliver attractive revenue growth on the back of its strong customer value proposition, exemplified by the recent revelation that the high street bank Natwest has improved its scam detection rate by 135% using Featurespace's technology. Ultraleap launched the next generation of its hand tracking camera product, the Leap Motion 2, which elicited an enthusiastic response from customers at the Augmented World Expo in June. Ultraleap has seen a notable increase in interest as the eXtended Reality (XR) market 'heats up' and we envisage good commercial progress for the asset this year.

Garrison Technologies, which eliminates cyber threats 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 4 years, compounding revenues at 64% YoY over this period, with continued attractive growth expected this year.

We were delighted to see University of Oxford spin-out Quantum Motion Technologies close 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. All of the company's existing investors (Inkef, IP Group, NSSIF, Octopus Ventures, Oxford Sciences Enterprises and Parkwalk Advisors) also participated.

In a similar vein, we were equally pleased 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 provided by all the existing investors. Accelercomm's technology, which can halve the cost of spectrum and power in 5G networks by increasing 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 Intel, AMD and Xilinx.

The Deeptech team has backed one brand new opportunity so far this year, a £3m investment into DeepRender which is developing the next generation of image and video compression technology using an AI-first approach. This investment was made alongside existing investor Pentech, our fourth deal with this fund. Previous investments include Acunu and Semetric, both sold to Apple, and existing portfolio company Monolith.ai. DeepRender already has commercial engagement with several of the world's top technology companies and we have high hopes for rapid progress in that asset.



On the less positive side, we have taken an impairment in the value of our holding in Navenio after slower than hoped for commercial progress, and our holding in Mirriad has continued to lose value as its share price declined, albeit the company raised £6.3 million through a placing and open offer during the period.

## Portfolio Review: Regenerative future: Kiko Ventures (Cleantech)

Company name	Description	Group Stake at 30 June 2023 <sup>1</sup> %	Net investment/ (divestment) £m	Unrealised + realised fair value movement £m	Fair value of Group holding at 30 June 2023 £m
First Light Fusion Limited	Solving fusion with the simplest possible machine	27.5%	–	–	114.5
Oxa Autonomy Ltd <sup>2</sup>	Software to enable every vehicle to become autonomous	12.1%	–	(0.2)	65.7
Bramble Energy Limited	The fuel cell company with Gigafactories	31.5%	–	–	20.7
Nexeon Limited	Silicon anodes for next generation lithium-ion batteries	5.5%	–	–	16.3
Other companies (10 companies)		–	12.9	6.3	45.2
<b>Total</b>		<b>–</b>	<b>12.9</b>	<b>6.1</b>	<b>262.4</b>

1 Represents the Group's undiluted beneficial economic equity interest (excluding debt), including only the Group's portion of IPVF II. Voting interest is below 50%.

2 Previously called Oxbotica Limited.

The Kiko Ventures portfolio comprises holdings in 14 companies valued at £262.4m as at 30 June 2023.

In the first half of 2023, there have been signs that the wider venture market slowdown has started to impact Cleantech. While First Light Fusion has seen good interest in its post-fusion Series C round (launched last year with UBS) the fund raise has not yet completed, impacted by this softening of the funding environment. We still believe, however, that it will be possible to complete the round this year and have therefore not altered the valuation of our holding in the company. As part of our normal valuation process, we will review this position at year end. First Light continues to progress plans for its gain scale device, Machine 4, and in June 2023 entered into an agreement with the UKAEA Centre for Fusion Energy at Culham to construct Machine 4 on the Culham campus, with UKAEA jointly developing a new building to house the facility.

Electrolyser company Hysata, which is backed jointly by Kiko and IP Group Australia, made good technical progress this year, achieving its Series A technical milestone several months ahead of schedule, which triggered the second tranche of last year's Series A investment, bringing the total invested by Kiko into the company to £6.2m. 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. It is normally difficult to repeat 'hero' single cell data in larger systems, making this a significant achievement. Hysata has now launched a Series B funding round, which could complete this year. Given the technical progress and input from Hysata's advisors on funding valuation we have taken a c50% uplift in our holding value for the asset.

Despite the weaker funding environment, there were good funding rounds in two earlier stage businesses, both Oxford University spin-outs. 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 for the past two years. The new funding will help the company with international expansion (supported by EDP, one of the biggest energy suppliers in Southern Europe) and to develop heat pump products. In May, OxCCU, which has breakthrough technology for the catalytic 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. Attracting a wider diversity of high quality cleantech co-investment was one of the brand objectives for Kiko, and this deal, the first time we have had a US venture fund lead a deal in the cleantech portfolio, provides validation of that benefit. OxCCU was founded by academics behind Oxford Catalysts Group, IP Group's first cleantech investment in 2004. That company successfully floated on AIM, and it has been great to work again with an experienced and successful founding team. The company's CEO and chair also come from the IP Group stable, with Andrew Symes leaving the Kiko investment team to become CEO and Alan Aubrey joining as chair. OxCCU thus has a very high-quality team, and its breakthrough new technology, published in Nature, has the potential to halve the cost of so called 'e-fuels' produced from power and CO<sub>2</sub>.

We have also continued marketing development of the Kiko brand, building the reputation as the leading cleantech venture investor in the UK. A highlight for the year was the role we played in establishing Cleantech for UK, in partnership with Bill Gates' Breakthrough Energy and the Cleantech Group. Cleantech for UK is a policy body with the aim of advocating for support for climate technology development and deployment. We were invited by Cleantech Group to help establish the founding membership, using our network to bring in other leading cleantech accelerators and investors, and achieved a group with combined funds of over £6 billion. Cleantech for UK was launched on 15th

February at a ceremony attended by Bill Gates and Prime Minister Rishi Sunak. The body published its first report in June: "Building the Next Generation of Cleantech Champions" a landscape overview which highlighted both the opportunities and current challenges for the sector in the UK. We continue to be closely involved, alongside other thought leadership work with the Energy Transitions Commission and regular interviews in the media.

### Portfolio Review: North America (Longview Innovation)

The Group's activities in North America are carried out through a 58% strategic holding in a dedicated evergreen fund, Longview Innovation (previously IP Group, Inc. prior to its rebranding in March 2023). In the first half of 2023, the Longview Innovation portfolio continued to make progress, achieving operational and financial milestones despite economic headwinds.

Carisma Therapeutics, a company focused on developing novel cancer immunotherapies, completed the merger with Sesen Bio and commenced trading on the NASDAQ market under the symbol CARM. Exyn Technologies closed its Series B round adding two additional strategic investors across the mining and inspection market verticals. Optimeos Life Sciences successfully raised a seed round led by JRS Life Sciences and 7G Bioventures. The funds will be used to further drive validating engagements, expand the platform and build out the team. Taktos Therapeutics closed an external Seed financing with a new investor Washington Research Foundation. Advanced diagnostics company MOBILion announced partnerships with Rilas Technologies and Switzerland-based TOFWERK AG to expand the capabilities and reach of its MOBIE analytics platform.

As it looks to the remainder of 2023, Longview Innovation is seeking further funding for its platform from institutional investors and continues to identify transformative technologies at their partners.

Company name	Description	Fair value of Group holding at 30 June 2023 <sup>1</sup> £m
MOBILion Systems, Inc.	A platform technology for conducting ion mobility separations with lossless ion transfer and manipulation	19.5
Uniformity Labs, Inc.	Equipment, materials, and software for additive manufacturing	13.7
Exyn Technologies, Inc.	Unmanned aerial systems	12.8
Carisma Therapeutics, Inc.	Cancer immunotherapy treatments	10.9
Other companies (26 companies)		24.2
<b>Total</b>		<b>81.1</b>

### Portfolio Review: Australia and New Zealand

Our portfolio in Australia and New Zealand continues to scale and make significant progress. The portfolio now stands at 15 companies valued at £52.9m. In the first half, the portfolio delivered a net fair value uplift of £4.1m which included follow-on funding at Hysata and AMSL Aero. The pipeline of opportunities from our university partners at the Group of Eight and Auckland universities continues to be strong, positioning the platform well for growth and returns over the coming 3-5 years.

Joint Australian/Kiko investment Hysata continues to be a highlight in the portfolio. As described in further detail in the Kiko section, the company is making strong progress on its mission to deliver the world's most efficient, simple and reliable electrolyser.

Canopus Networks announced an investment from Konvoy Ventures in March, as it continues to grow commercial traction for its terabit-scale encryption-proof customer insights platform.

In our life sciences portfolio, RAGE Biotech is making strong progress with the development of its lead RNA therapeutic for the treatment of chronic respiratory disease. Alimetry announced the appointment of Erik Engelson as Chair, and was named in the top 16 of New Zealand's Callaghan 100 report. We welcomed Resseptor Therapeutics to the portfolio, a new company developing new technologies aimed at revolutionising the treatment of autoimmune diseases and cancer.

## Portfolio review: Platform Investments

IP Group's Platform Investments portfolio comprises holdings in two companies and two interests in Limited Partnerships, valued at £44.0m at 30 June 2023.

The Platform Investments portfolio contains holdings in multi-sector platform companies that operate in a similar way to IP Group, but focus on a specific university, such as OSE and CIC, and the UCL Technology Fund ("UCL") all three of which IP Group is a founding investor of. As at 30 June 2023, IP Group has a 1.8% holding in OSE valued at £20.6m and a 1.0% holding in CIC valued at £3.4m (HY22: 2.3%, £20.6m, 1.0%, £4.0m, FY22: 1.8%, £20.6m, 1.0%, £3.5m), and a 46.4% stake in the UCL fund, valued at £17.1m (HY22: 46.7%, £17.7m, FY22: 46.7%, £16.9m).

Company name	Description	Group Stake at 30 June 2023 <sup>1</sup> %	Net investment/ (divestment) £m	Unrealised + realised fair value movement £m	Fair value of Group holding at 30 June 2023 £m
Oxford Science Enterprises plc	University of Oxford preferred IP partner under 15-year framework agreement	1.8	–	–	20.6
Interest in UCL Technology Fund L.P.	Commercialising world class research from UCL	46.4	(0.3)	0.5	17.1
Other companies (2 companies/LPs)		–	–	0.2	6.3
<b>Total</b>		<b>–</b>	<b>(0.3)</b>	<b>0.7</b>	<b>44.0</b>

<sup>1</sup> Represents the Group's undiluted beneficial economic equity interest (excluding debt), including only the Group's portion of IPVF II. Voting interest is below 50%.

## Third-party fund management

We are aiming to continue growing the level of funds under management in the coming years. As of 1 January 2023, we appointed Joyce Xie as Managing Director, Global Capital, to lead the Group's strategic capital initiatives with global capital partners and further build our third-party funds platform.

### PARKWALK ADVISORS

Parkwalk, the Group's specialist EIS fund management subsidiary, now has assets under management of £497m (HY22: £450m; FY22: £477m) including funds managed in conjunction with the universities of Oxford, Cambridge, Bristol and Imperial College London. In May 2023 Parkwalk received their FCA approval to be a full-scope AIFM (alternative investment fund manager) as assets passed €500m in 2022.

Parkwalk invested £24.0m in the first six months of 2023 (HY22: £38.0m; FY22: £57.4m) in the university spin-out sector across 16 companies (HY21: 19 investments). Again, market data provider Beauhurst named Parkwalk as the most active investor in the sector.

Six new companies joined the Parkwalk portfolio, and one partial exit was achieved at a modest uplift in value. Six portfolio companies closed funding rounds at uplifts in valuation, three unchanged and none at lower valuations than the previously held value. These companies raised c.£95m in funding in H1 this year. We expect some further uplifts and some write-downs in the second half of the year.

Parkwalk 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.

Within Parkwalk, and more broadly, the Group continues to explore further fund management opportunities.

### AUSTRALIA

In Australia, the IP Group Hostplus Innovation Fund now totals A\$310M (£163m) and has invested in several of IP Group's portfolio companies around the world 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.

### GREATER CHINA

In China, the first close of Fund I from ICCV, our Joint Venture with China Everbright, has been delayed due to ongoing negotiations with limited partners.

## FINANCIAL REVIEW

- Loss for the period of 54.5m (HY22: Loss of (£309.8m), 2022: Loss of (£344.5m))
- Net assets were £1,313.6m (HY22: £1,414m, FY22: £1,376.1m)
- Net assets per share were 126.7p (HY22: 136.7p, FY22: 132.9p)
- Final 2022 dividend of 0.76pps paid and 2023 interim dividend proposed of 0.51pps
- Second tranche debt funding of £60m drawn in the period.

### Consolidated statement of comprehensive income

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

	Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
Net portfolio loss <sup>1</sup>	(44.4)	(291.1)	(309.1)
Net overheads <sup>2</sup>	(10.3)	(10.9)	(20.1)
Non-portfolio foreign exchange gains and losses	1.2	(0.2)	(0.1)
Administrative expenses – consolidated portfolio companies	–	–	(0.1)
Administrative expenses – share-based payments charge	(1.0)	(1.4)	(2.9)
Carried interest plan provision charge	(0.5)	(6.0)	(12.0)
Net finance income/(expense)	1.6	(0.2)	0.8
Taxation	(1.1)	–	(1.0)
<b>Loss after tax for the period</b>	<b>(54.5)</b>	<b>(309.8)</b>	<b>(344.5)</b>
Other comprehensive income	(0.8)	(0.1)	0.5
<b>Total comprehensive loss for the period</b>	<b>(55.3)</b>	<b>(309.9)</b>	<b>(344.0)</b>
<i>Exclude:</i>			
Share-based payment charge	1.0	1.4	2.9
<b>Return on NAV<sup>1</sup></b>	<b>(54.3)</b>	<b>(308.5)</b>	<b>(341.1)</b>

1 Defined in note 12 Alternative Performance Measures.

2 See net overheads table below and definition in note 12 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 spin-out businesses, which are analysed in detail in the portfolio analysis above.

### Net overheads

	Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
Other income	3.1	3.1	7.1
Administrative expenses – all other expenses	(12.3)	(12.3)	(24.2)
Administrative expenses – annual incentive scheme	(1.1)	(1.7)	(3.0)
<b>Net overheads</b>	<b>(10.3)</b>	<b>(10.9)</b>	<b>(20.1)</b>

Other income comprises fund management fees and licensing and patent income. In the current period other income totalled £3.1m (HY22: £3.1m, FY22: £7.1m), and was largely unchanged from the first half of the previous year.

Other central administrative expenses, excluding performance-based staff incentives, share-based payments charges and the impact of foreign exchange movements, have remained in line with the prior year at £12.3m (HY22: £12.3m, FY22: £24.2m).

The charge of £1.1m 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 (HY22: £1.7m, FY22: £3.0m).

### Other income statement items

The share-based payments charge of £1.0m (HY22: £1.4m, FY22: £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 charge of £0.5m (HY22: £6.0m charge, FY22: £12.0m charge) relates to the recalculation of liabilities under the Group's carry schemes. As at 30 June 2023, 70% of the Group's equity & debt investments were included within carry scheme arrangements (HY22: 63%, FY22: 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 proceeds and are only paid on the event of a cash realisation.

## Consolidated statement of financial position

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

	Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
Portfolio	1,276.1	1,265.5	1,258.5
Other non-current assets	5.3	9.2	7.7
Other net current assets	4.0	24.8	33.2
Cash and deposits	250.0	235.7	241.5
Borrowings	(138.3)	(44.1)	(81.4)
Other non-current liabilities	(83.5)	(77.1)	(83.4)
<b>Total Equity or Net Assets ("NAV")</b>	<b>1,313.6</b>	<b>1,414.0</b>	<b>1,376.1</b>
<b>NAV per share</b>	<b>126.7p</b>	<b>136.7</b>	<b>132.9p</b>

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

## Portfolio valuations

Given continued volatility in public markets and uncertainty over the extent of the impact on private valuations, we have continued to seek third party valuation advice across a number of the larger companies in our portfolio which were assessed as having a higher degree of valuation uncertainty. These were First Light Fusion, Featurespace, Hinge Health, Ultraleap, and MOBILion.

In a continuation of the trend observed in 2022, the first half of 2023 saw a relatively low level of capital raised by the portfolio of just under £300m (HY22: £350m). As in 2022, the majority of these funding transactions took place at or above previous funding round prices indicating that we are not yet seeing evidence of reductions in private valuations from financing transactions in our portfolio:

	Unaudited six months ended 30 June 2023 £m		Unaudited six months ended 30 June 2022 £m		Audited year ended 31 December 2022 £m	
	No.	%	No.	%	No.	%
Up round	10	72%	7	59%	18	62%
Flat round	2	14%	4	33%	8	28%
Down round	2	14%	1	8%	3	10%
<b>Total</b>	<b>14</b>	<b>100%</b>	<b>12</b>	<b>100%</b>	<b>29</b>	<b>100%</b>

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 12-18 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 3 and 4.

	Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
Quoted	206.4	269.2	228.7
Funding transaction (<12 months)	268.1	285.3	289.8
Funding transaction (>12 months)	191.0	112.2	117.8
Other: Future market/commercial events	15.8	37.8	40.7
Other: Adjusted financing price based on past performance – upwards	178.3	128.4	151.8
Other: Adjusted financing price based on past performance – downwards	129.2	123.4	154.5
Other: DCF	115.8	99.1	97.7
Other: Revenue Multiple	76.8	105.5	77.9
Statements from LP	94.7	104.6	99.6
<b>Total Portfolio</b>	<b>1,276.1</b>	<b>1,265.5</b>	<b>1,258.5</b>

## 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.

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 cash proceeds 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 maturities in December in 2027, 2028 and 2029. The interest rate is fixed at an average of 5.25%. Approximately £15m of the proceeds was used to repay early the shorter-dated portion of our EIB debt, leaving £22m 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 no less than £50m at any time 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 cash proceeds (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 to the 2022 Annual Report.

## Cash and deposits

At 30 June 2023, the Group’s cash and deposits totalled £250.0m, an increase of £8.5m from a total of £241.5m at 31 December 2022, predominantly due to outflows of investing activities of £59.9m, a £12.0m net cash outflow from operations and a £3.1m cash outflow from the repayment of debt, £7.7m of dividend payments, offset by a drawdown of loan notes of £60m and cash proceeds of £32.2m.

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 2022 Group financial statements alongside details of the credit ratings of the Group’s cash and deposit counterparties.

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

	Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
<b>Net cash (used)/generated in operating activities</b>	<b>(12.2)</b>	(12.4)	(23.5)
Investments	(59.8)	(52.0)	(93.5)
Cash proceeds	32.2	2.1	28.1
Other investing	(0.6)	(0.5)	(0.3)
Cash disposed via disposal of subsidiary undertaking	–	–	–
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(28.2)</b>	(62.7)	(65.7)
Dividends paid	(7.7)	(7.1)	(12.3)
Purchase of treasury shares	–	(8.5)	(8.0)
Repayment of debt facility	(3.1)	(7.7)	(30.4)
Drawdown of loan notes	60.0	–	60.0
Other financing activities	(0.3)	–	(0.5)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>48.9</b>	(86.0)	8.8
Effect of foreign exchange rate changes	–	(0.1)	–
<b>Movement during period</b>	<b>8.5</b>	(86.1)	8.8



## Dividend

During the period the Group paid a final 2022 dividend of 0.76p per share, bringing total dividends paid in respect of FY22 to 1.26p per share. The Board has declared an interim dividend in respect of the period from 1 January 2023 to 30 June 2023 of 0.51p per ordinary share (the "Interim Dividend").

The Interim Dividend will be payable on or around 4 September 2023. The ex-dividend date will be 10 August 2023 with a record date of 11 August 2023. The proposed dividend has not been included as a liability as at 30 June 2023, in accordance with IAS 10 "Events after the reporting period".

## 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 Half-Yearly 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 by the Group is set out in note 12.

## Principal risks and uncertainties

A detailed explanation of the principal risks and uncertainties faced by the Group, and the steps taken to manage them, is set out in the Corporate Governance section of the Group's 2022 Annual Report and Accounts. The principal risks and uncertainties are summarised as follows:

- it may be difficult for the Group to maintain the required level of capital to continue to operate at optimum levels of investment, activity and overheads;
- it may be difficult for the Group's portfolio companies to attract sufficient capital;
- the returns and cash proceeds from the Group's early-stage companies can be very uncertain;
- universities or other research-intensive institutions may terminate the collaborative relationships with the Group;
- the Group may lose key personnel or fail to attract and integrate new personnel;
- macroeconomic conditions may negatively impact the Group's ability to achieve its strategic objectives;
- there may be changes to, impacts from, or failure to comply with, legislation, government policy and regulation;
- the Group may be subjected to Phishing and Ransomware attacks, data leakage and hacking;
- the Group may be negatively impacted operationally as a result of its recent international expansion;

The Group reviewed its operational, strategic and principal risk registers in the period and has concluded that it is not aware of any significant changes in the nature of the principal risks that would result in a change to the Group's principal risks as set out above in the forthcoming six months.

# Consolidated Financial Information

## Consolidated statement of comprehensive income

For the six months ended 30 June 2023

	Note	Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
<b>Portfolio return and revenue</b>				
Change in fair value of equity and debt investments	3	(27.5)	(304.1)	(303.4)
(Loss)/gain on disposal of equity and debt investments	3	(5.7)	4.2	(7.8)
Change in fair value of limited partnership interests	4	(11.2)	8.8	2.1
Revenue from services and other income		3.1	3.1	7.1
		<b>(41.3)</b>	<b>(288.0)</b>	<b>(302.0)</b>
<b>Administrative expenses</b>				
Carried interest plan charge	9	(0.5)	(6.0)	(12.0)
Share-based payment charge		(1.0)	(1.4)	(2.9)
Other administrative expenses		(12.2)	(14.2)	(27.4)
		<b>(13.7)</b>	<b>(21.6)</b>	<b>(42.3)</b>
<b>Operating loss</b>				
		<b>(55.0)</b>	<b>(309.6)</b>	<b>(344.3)</b>
Finance income		3.8	0.6	2.2
Finance costs		(2.2)	(0.8)	(1.4)
<b>Loss before taxation</b>				
		<b>(53.4)</b>	<b>(309.8)</b>	<b>(343.5)</b>
Taxation		(1.1)	–	(1.0)
<b>Loss after taxation for the period</b>				
		<b>(54.5)</b>	<b>(309.8)</b>	<b>(344.5)</b>
<b>Other comprehensive income</b>				
Exchange differences on translating foreign operations		(0.8)	(0.1)	0.5
<b>Total comprehensive loss for the period</b>				
		<b>(55.3)</b>	<b>(309.9)</b>	<b>(344.0)</b>
<b>Attributable to:</b>				
Equity holders of the parent		(53.9)	(308.7)	(341.5)
Non-controlling interest		(1.4)	(1.2)	(2.5)
		<b>(55.3)</b>	<b>(309.9)</b>	<b>(344.0)</b>
<b>Loss per share</b>				
Basic (p)	2	(5.20)	(29.85)	(33.01)
Diluted (p)	2	(5.20)	(29.85)	(33.01)

The accompanying notes form an integral part of the financial statements.

## Consolidated statement of financial position

As at 30 June 2023

	Note	Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill		0.4	0.4	0.4
Property, plant and equipment		0.3	0.5	0.4
Investment in Joint venture		0.6	–	–
Portfolio:				
Equity investments	3	1,123.8	1,123.4	1,120.8
Debt investments	3	57.6	37.5	38.1
Limited partnership interests	4	94.7	104.6	99.6
Receivable on sale of debt and equity investments	6	4.0	8.3	6.9
<b>Total non-current assets</b>		<b>1,281.4</b>	<b>1,274.7</b>	<b>1,266.2</b>
<b>Current assets</b>				
Trade and other receivables		7.3	5.7	8.8
Receivable on sale of debt and equity investments	6	8.5	36.0	41.3
Deposits		166.8	141.3	152.8
Cash and cash equivalents		83.2	94.4	88.7
<b>Total current assets</b>		<b>265.8</b>	<b>277.4</b>	<b>291.6</b>
<b>Total assets</b>		<b>1,547.2</b>	<b>1,552.1</b>	<b>1,557.8</b>
<b>EQUITY AND LIABILITIES</b>				
Equity attributable to owners of the parent				
Called up share capital	8	21.3	21.3	21.3
Share premium account		102.5	102.4	102.5
Retained earnings		1,196.8	1,294.6	1,257.9
<b>Total equity attributable to equity holders</b>		<b>1,320.6</b>	<b>1,418.3</b>	<b>1,381.7</b>
Non-controlling interest		(7.0)	(4.3)	(5.6)
<b>Total equity</b>		<b>1,313.6</b>	<b>1,414.0</b>	<b>1,376.1</b>
Current liabilities				
Trade and other payables		11.7	16.9	16.9
Borrowings	7	6.3	15.4	6.3
<b>Total current liabilities</b>		<b>18.0</b>	<b>32.3</b>	<b>23.2</b>
<b>Non-current liabilities</b>				
Borrowings	7	132.0	28.7	75.1
Carried interest plan liability	9	44.4	38.1	44.1
Deferred tax liability		7.9	5.8	6.8
Loans from limited partners of consolidated funds		19.8	19.1	19.5
Revenue share liability		11.5	14.1	13.0
<b>Total non-current liabilities</b>		<b>215.6</b>	<b>105.8</b>	<b>158.5</b>
<b>Total liabilities</b>		<b>233.6</b>	<b>138.1</b>	<b>181.7</b>
<b>Total equity and liabilities</b>		<b>1,547.2</b>	<b>1,552.1</b>	<b>1,557.8</b>

Registered number: 4204490

The accompanying notes form an integral part of the financial statements. The financial statements were approved by the Board of Directors and authorised for issue on 1 August 2023 and were signed on its behalf by:

**Greg Smith**

Chief Executive Officer

**David Baynes**

Chief Financial & Operating Officer

## Consolidated statement of cash flows

For the six months ended 30 June 2023

	Note	Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
<b>Operating activities</b>				
Loss before taxation for the period		(53.4)	(309.8)	(343.5)
<b>Adjusted for:</b>				
Change in fair value of equity and debt investments	3	27.5	304.1	303.4
Loss/(gain) on disposal of equity investments	5	5.7	(4.2)	7.8
Change in fair value of limited and limited liability partnership interests	4	11.2	(8.8)	(2.1)
Depreciation of right of use asset, property, plant and equipment		0.3	0.3	0.6
Long term incentive carry scheme charge	9	0.5	6.0	12.0
Corporate finance fees settled in the form of portfolio company equity		(0.1)	(0.4)	(0.5)
Finance income		(3.8)	(0.6)	(2.2)
Finance costs		2.2	0.8	1.4
Share-based payment charge		1.0	1.4	2.9
<b>Changes in working capital</b>				
Carried interest scheme payments	9	(0.1)	(1.0)	(1.0)
(Increase)/decrease in trade and other receivables		2.9	2.3	(0.5)
(Decrease) in trade and other payables		(8.0)	(2.5)	(2.8)
Drawdowns from limited partners of consolidated funds		0.3	0.4	0.8
<b>Other operating cash flows</b>				
Net interest received/(paid)		1.6	(0.4)	0.2
<b>Net cash outflow from operating activities</b>		<b>(12.2)</b>	<b>(12.4)</b>	<b>(23.5)</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment		–	(0.1)	(0.3)
Purchase of equity and debt investments	3	(52.8)	(49.0)	(88.9)
Investment in limited and limited liability partnership funds	4	(7.0)	(3.0)	(4.6)
Investment in joint venture		(0.6)	–	–
Distribution from limited partnership funds	4	0.7	–	–
Cash flow to deposits		(146.7)	(114.0)	(208.7)
Cash flow from deposits		132.7	188.9	272.1
Proceeds from sale of equity and debt investments	5	31.5	2.1	28.1
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(42.2)</b>	<b>24.9</b>	<b>(2.3)</b>
<b>Financing activities</b>				
Dividends paid	11	(7.7)	(7.1)	(12.3)
Repurchase of own shares – treasury shares	8	–	(8.5)	(8.0)
Lease principal payment		(0.3)	(0.4)	(0.5)
Repayment of EIB facility		(3.1)	(7.7)	(29.8)
Drawdown of loan facility (net of costs)		60.0	–	59.4
<b>Net cash inflow/(outflow) from financing activities</b>		<b>48.9</b>	<b>(23.7)</b>	<b>8.8</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(5.5)</b>	<b>(11.2)</b>	<b>(17.0)</b>
Cash and cash equivalents at the beginning of the period		88.7	105.7	105.7
Effect of foreign exchange rate changes		–	(0.1)	–
<b>Cash and cash equivalents at the end of period</b>		<b>83.2</b>	<b>94.4</b>	<b>88.7</b>

The accompanying notes form an integral part of the financial statements.

## Consolidated statement of changes in equity

For the six months ended 30 June 2023

	Attributable to equity holders of the parent					Total equity £m
	Share capital	Share premium £m	Retained earnings £m	Total £m	Non-controlling interest £m	
<b>At 1 January 2022 (audited)</b>	21.3	102.4	1,617.5	1,741.2	(3.1)	1,738.1
Loss for the period	–	–	(308.6)	(308.6)	(1.2)	(309.8)
Issue of shares	–	–	(8.2)	(8.2)	–	(8.2)
Equity-settled share-based payments	–	–	1.4	1.4	–	1.4
Ordinary dividends	–	–	(7.4)	(7.4)	–	(7.4)
Currency translation	–	–	(0.1)	(0.1)	–	(0.1)
<b>At 30 June 2022 (unaudited)</b>	21.3	102.4	1,294.6	1,418.3	(4.3)	1,414.0
Loss for the period	–	–	(33.4)	(33.4)	(1.3)	(34.7)
Issue of shares	–	0.1	–	0.1	–	0.1
Purchase of treasury shares	–	–	0.2	0.2	–	0.2
Equity-settled share-based payments	–	–	1.5	1.5	–	1.5
Ordinary dividends	–	–	(5.3)	(5.3)	–	(5.3)
Currency translation	–	–	0.1	0.1	–	0.1
<b>At 1 January 2023 (audited)</b>	21.3	102.5	1,257.9	1,381.7	(5.6)	1,376.1
Loss for the period	–	–	(53.9)	(53.9)	(1.4)	(55.3)
Equity-settled share-based payments	–	–	1.0	1.0	–	1.0
Ordinary dividends	–	–	(7.7)	(7.7)	–	(7.7)
Currency translation	–	–	(0.5)	(0.5)	–	(0.5)
<b>At 30 June 2023 (unaudited)</b>	21.3	102.5	1,196.8	1,320.6	(7.0)	1,313.6

The accompanying notes form an integral part of the financial statements.

# Notes to the consolidated financial statements

## 1. Operating segments

For both the year ended 31 December 2022 and the period ended 30 June 2023 and 30 June 2022, the Group's revenue and profit before taxation were derived largely from its principal activities within the UK. As updated in the second half of 2022 for management reporting purposes, the Group has been organised into five operating segments:

- i) Venture Capital investing within our Life Sciences thematic area
- ii) Venture Capital investing within our DeepTech thematic area
- iii) Venture Capital investing within our Cleantech thematic area
- iv) Venture Capital investing: Other, representing investments not included within our three thematic areas above, including platform investments, and our US and Australian 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'.

STATEMENT OF COMPREHENSIVE INCOME	Six months ended 30 June 2023 (unaudited)							
	Venture capital investing: Life sciences	Of which Oxford Nanopore	Venture capital investing: DeepTech	Venture capital investing: Cleantech	Venture capital investing: Other	Venture capital investing: Total	Third party fund management	Consolidated
	£m	£m	£m	£m	£m	£m	£m	£m
Portfolio return and revenue								
Change in fair value of equity and debt investments	(27.9)	(27.8)	(5.1)	6.1	(0.6)	(27.5)	–	(27.5)
(Loss)/gain on disposal of equity and debt investments	(7.6)	–	1.9	–	–	(5.7)	–	(5.7)
Change in fair value of limited and limited liability partnership interests	–	–	–	–	(11.2)	(11.2)	–	(11.2)
Revenue from services and other income	–	–	–	–	0.7	0.7	2.4	3.1
	<b>(35.5)</b>	<b>(27.8)</b>	<b>(3.2)</b>	<b>6.1</b>	<b>(11.1)</b>	<b>(43.7)</b>	<b>2.4</b>	<b>(41.3)</b>
Administrative expenses								
Carried interest plan charge	–	–	–	–	(0.5)	(0.5)	–	(0.5)
Share-based payment charge	–	–	–	–	(0.9)	(0.9)	(0.1)	(1.0)
Other administrative expenses	–	–	–	–	(9.6)	(9.6)	(2.6)	(12.2)
	–	–	–	–	(11.0)	(11.0)	(2.7)	(13.7)
Operating loss	<b>(35.5)</b>	<b>(27.8)</b>	<b>(3.2)</b>	<b>6.1</b>	<b>(22.1)</b>	<b>(54.7)</b>	<b>(0.3)</b>	<b>(55.0)</b>
Finance income	–	–	–	–	3.7	3.7	0.1	3.8
Finance costs	–	–	–	–	(2.2)	(2.2)	–	(2.2)
<b>Loss before taxation</b>	<b>(35.5)</b>	<b>(27.8)</b>	<b>(3.2)</b>	<b>6.1</b>	<b>(20.6)</b>	<b>(53.2)</b>	<b>(0.2)</b>	<b>(53.4)</b>
Taxation	–	–	–	–	(1.1)	(1.1)	–	(1.1)
<b>Loss for the period</b>	<b>(35.5)</b>	<b>(27.8)</b>	<b>(3.2)</b>	<b>6.1</b>	<b>(21.7)</b>	<b>(54.3)</b>	<b>(0.2)</b>	<b>(54.5)</b>
<b>STATEMENT OF FINANCIAL POSITION</b>								
Assets	601.0	177.7	207.4	262.4	458.5	1,529.3	17.9	1,547.2
Liabilities	–	–	–	–	(227.7)	(227.7)	(5.9)	(233.6)
<b>Net Assets</b>	<b>601.0</b>	<b>177.7</b>	<b>207.4</b>	<b>262.4</b>	<b>230.8</b>	<b>1,301.6</b>	<b>12.0</b>	<b>1,313.6</b>
<b>Other segment items:</b>								
Portfolio Investment	(22.8)	–	(10.6)	(12.8)	(13.6)	(59.8)	–	(59.8)
Proceeds from sale of equity and debt investments	0.1	–	31.0	–	0.4	31.5	–	31.5

1 The figures previously reported for the six months ended 30 June 2022 have been re-presented into the current segmental split in the table above.



Year ended 31 December 2022 (audited)

STATEMENT OF COMPREHENSIVE INCOME	Venture capital investing: Life sciences	Of which Oxford Nanopore	Venture capital investing: Deeptech	Venture capital investing: Cleantech	Venture capital investing: Other	Venture capital investing: Total	Third party fund management	Consolidated
	£m	£m	£m	£m	£m	£m	£m	£m
Portfolio return and revenue								
Change in fair value of equity and debt investments	(399.4)	(369.7)	(21.0)	114.6	2.4	(303.4)	-	(303.4)
(Loss)/gain on disposal of equity and debt investments	(12.1)	-	4.0	-	0.3	(7.8)	-	(7.8)
Change in fair value of limited and limited liability partnership interests	-	-	-	-	2.1	2.1	-	2.1
Loss on disposal of subsidiary	-	-	-	-	-	-	-	-
Revenue from services and other income	-	-	-	-	1.1	1.1	6.0	7.1
	(411.5)	(369.7)	(17.0)	114.6	5.9	(308.0)	6.0	(302.0)
Administrative expenses								
Carried interest plan charge	-	-	-	-	(12.0)	(12.0)	-	(12.0)
Share-based payment charge	-	-	-	-	(2.6)	(2.6)	(0.3)	(2.9)
Other administrative expenses	-	-	-	-	(22.1)	(22.1)	(5.3)	(27.4)
	(411.5)	(369.7)	(17.0)	114.6	(36.7)	(36.7)	(5.6)	(42.3)
<b>Operating loss</b>					(30.8)	(344.7)	0.4	(344.3)
Finance income	-	-	-	-	2.1	2.1	0.1	2.2
Finance costs	-	-	-	-	(1.4)	(1.4)	-	(1.4)
<b>Loss before taxation</b>	(411.5)	(369.7)	(17.0)	114.6	(30.1)	(344.7)	0.5	(343.5)
Taxation	-	-	-	-	(1.0)	(1.0)	-	(1.0)
<b>Loss for the period</b>	(411.5)	(369.7)	(17.0)	114.6	(31.1)	(345.0)	0.5	(344.5)

## STATEMENT OF FINANCIAL POSITION

Assets	613.8	205.5	230.5	243.8	451.9	1,540.0	17.8	1,557.8
Liabilities	-	-	-	-	(176.0)	(176.0)	(5.7)	(181.7)
<b>Net Assets</b>	<b>613.8</b>	<b>205.5</b>	<b>230.5</b>	<b>243.8</b>	<b>275.9</b>	<b>1,364.0</b>	<b>12.1</b>	<b>1,376.1</b>
<b>Other segment items</b>								
Portfolio Investment	(38.9)	(3.2)	(20.4)	(22.3)	(11.9)	(93.5)	-	(93.5)
Proceeds from sale of equity and debt investments	15.6	-	8.7	3.5	0.3	28.1	-	28.1

## 2. Earnings per share

	Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
Earnings			
Earnings for the purposes of basic and dilutive earnings per share	(53.9)	(308.7)	(341.5)

	Unaudited six months ended 30 June 2023 Number of shares	Unaudited six months ended 30 June 2022 Number of shares	Audited year ended 31 December 2022 Number of shares
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,035,891,311	1,034,323,153	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	1,035,891,311	1,034,323,153	1,034,483,278

	Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
Basic	(5.20)	(29.85)	(33.01)
Diluted	(5.20)	(29.85)	(33.01)

No adjustment has been made to the basic loss per share in the period ended 30 June 2023, 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).

### 3. Portfolio: Equity and debt investments

#### Top 20 Equity and Debt Investments by holding value

The following table lists information on the 20 most valuable portfolio company investments, which represent 70% of the total portfolio value (HY22: 70%, FY22: 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 four out of the top 20 holdings (HY22: five, FY22: nine).

Company name	Primary valuation basis	Fair value of Group holding at 30 June 2023 £m
Oxford Nanopore Technologies plc	Quoted bid price	177.7
First Light Fusion Limited	*Adjusted funding - upwards	114.5
Istesso Limited	DCF	113.8
Oxa Autonomy Ltd	Funding transaction < 12 months, PWERM	65.7
Featurespace Limited	*Revenue multiple	64.1
Hinge Health, Inc.	*Adjusted funding - downwards	51.4
Ultraleap Holdings Limited	*Adjusted funding - downwards	37.9
Garrison Technology Limited	Funding transaction < 12 months	31.6
Hysata Pty Ltd	Adjusted funding - upwards	31.3
Ieso Digital Health Limited	Funding transaction > 12 months, PWERM	21.8
Akamis Bio Limited	Adjusted funding - upwards	21.3
Bramble Energy Limited	Funding transaction > 12 months, PWERM	20.9
Oxford Science Enterprises plc	Funding transaction < 12 months	20.6
Mission Therapeutics Limited	Funding transaction > 12 months, PWERM	20.2
Oxular Limited	Funding transaction > 12 months, PWERM	18.8
Crescendo Biologics Limited	Funding transaction > 12 months, PWERM	18.7
Artios Pharma Limited	Funding transaction > 12 months, PWERM	18.1
Nexeon Limited	Funding transaction < 12 months	16.6
Microbiotica Limited	Funding transaction > 12 months, PWERM	16.1
Pulmocide Limited	Funding transaction < 12 months, PWERM	14.3
<b>Total</b>		<b>895.4</b>

\* Third-party valuation specialists used for 30 June 2023 valuation. In these instances, the valuation basis is management's assessment of the primary valuation input used by the third-party valuation specialist.

	Level 1		Level 3		Total £m
	Equity investments in quoted spin-out companies £m	Unquoted equity investments in spin-out companies £m	Debt investments in unquoted spin- out companies £m		
<b>At 1 January 2022</b>	<b>662.7</b>	<b>729.1</b>	<b>22.8</b>		<b>1,414.6</b>
Investments during the period	2.7	30.5	15.8		49.0
Transaction-based reclassifications during the period	–	5.9	(5.9)		–
Other transfers between hierarchy levels during the period	–	–	–		–
Disposals during period	–	–	–		–
Fees settled via equity	–	0.4	–		0.4
Change in revenue share	–	1.0	–		1.0
Change in fair value in the period <sup>1</sup>	(398.3)	74.4	4.4		(319.5)
Change in FX	2.1	12.9	0.4		15.4
<b>At 30 June 2022 (unaudited)</b>	<b>269.2</b>	<b>854.2</b>	<b>37.5</b>		<b>1,160.9</b>
Investments during the period	4.6	30.9	4.4		39.9
Transaction-based reclassifications during the period	–	2.5	(2.5)		–
Other transfers between hierarchy levels during the period	–	–	–		–
Disposals during period	(27.5)	(14.2)	–		(41.7)
Fees settled via equity	–	0.1	–		0.1
Change in revenue share	–	(1.0)	–		(1.0)
Change in fair value in the period <sup>1</sup>	(17.7)	19.2	(1.3)		0.2
Change in FX	0.1	0.4	–		0.5
<b>At 1 January 2023 (audited)</b>	<b>228.7</b>	<b>892.1</b>	<b>38.1</b>		<b>1,158.9</b>
Investments during the period	–	30.1	22.7		52.8
Transaction-based reclassifications during the period	–	7.6	(7.6)		–
Other transfers between hierarchy levels during the period	2.2	(2.2)	–		–
Disposals during period	(1.1)	(0.1)	(0.3)		(1.5)
Fees settled via equity	–	0.2	–		0.2
Change in revenue share	–	(1.5)	–		(1.5)
Change in fair value in the period <sup>1</sup>	(22.8)	(2.3)	5.8		(19.3)
Change in FX	(0.5)	(6.6)	(1.1)		(8.2)
<b>At 30 June 2023 (unaudited)</b>	<b>206.5</b>	<b>917.3</b>	<b>57.6</b>		<b>1,181.4</b>

1 The total unrealised change in fair value and FX in respect of Level 3 investments was a loss of £4.2m (HY22: gain of £92.1m, FY22: gain of £110.4m).

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 £2.2m (HY22: no instances, FY22: no instances). 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 period totalling £nil (HY22: no instances, FY22: no instances).

Transfers between level 3 debt and level 3 equity occur upon conversion of convertible debt into equity. In the current period, transfers of this nature amounted to £7.6m (HY22: £5.9m, FY22: £8.4m).

#### *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 below 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 are valued using techniques which involve significant subjectivity have been flexed by +/- 10%.

Valuation Technique	Fair value of investments	Variable inputs	Variable input sensitivity		Positive impact		Negative impact		Fair value of investments	Fair value of investments
									HY22	FY22
			£m	%	£m	% of NAV	£m	% of NAV	£m	£m
Quoted	<b>206.5</b>	n/a	+/-10		20.7	1.6%	(20.7)	(1.6%)	269.2	228.7
Funding transaction <12 months	<b>268.0</b>	n/a	+/-10		26.8	2.0%	(26.8)	(2.0%)	285.3	289.8
Funding transaction >12 months	<b>191.0</b>	n/a	+/-10		19.1	1.5%	(19.1)	(1.5%)	112.2	117.8
Other: Future market/commercial events	<b>15.8</b>	<ul style="list-style-type: none"> <li>Estimated impact of future event</li> <li>Execution risk discount applied to future event (where positive)</li> <li>Scenario probabilities</li> <li>Discount rates</li> <li>Extent to which future event is indicative of facts and circumstances in existence at the balance sheet date</li> </ul>	+/-10		1.6	0.1%	(1.6)	(0.1%)	37.8	40.7
Other: Adjusted financing price based on past performance - Upwards*	<b>178.3</b>	<ul style="list-style-type: none"> <li>Company-specific milestone analysis</li> </ul>	+/-10		17.8	1.4%	(17.8)	(1.4%)	128.3	151.8
Other: Adjusted financing price based on past performance - Downwards*	<b>129.2</b>	<ul style="list-style-type: none"> <li>Company-specific milestone analysis</li> </ul>	+/-10		12.9	1.0%	(12.9)	(1.0%)	123.5	154.5
Other: Revenue multiple*	<b>76.8</b>	<ul style="list-style-type: none"> <li>Estimate of future recurring revenues</li> <li>Selection of comparable companies</li> </ul>	+/-10		7.7	0.6%	(7.7)	(0.6%)	105.5	77.9
Other: DCF*	<b>115.8</b>	<ul style="list-style-type: none"> <li>Discount rate</li> <li>Clinical trial and drug approval success rates</li> <li>Estimate of value and structure of a potential pharmaceutical partnership</li> <li>Estimate of addressable market</li> <li>Market share and royalty rates</li> <li>Probability estimation of liquidity event</li> </ul>	+/-10		11.6	0.9%	(11.6)	(0.9%)	99.1	97.7
<b>Total</b>	<b>1,181.4</b>				<b>118.2</b>		<b>(118.2)</b>		<b>1,160.9</b>	<b>1,158.9</b>

\* 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).

Within the 'Other: DCF' category above is Istesso Limited, whose equity is valued at £86.7m as at 30 June 2023 (HY22: £80.8m, FY22: £80.8m). Our estimated range for the value of the Group's equity investment in Istesso based on this DCF model, which was provided by external valuation advisors as at 31 December 2022 and updated internally as at 30 June 2023, is £66.0m to £103.0m (HY22: £75.0m to £112.0m, FY22: £65.0m to £105.0m).

Within the 'Adjusted valuation' category above is First Light Fusion Limited, whose equity is valued at £114.5m as at 30 June 2023 (HY22: £114.5m, FY22: £114.5m). The valuation of this company involves an assessment against comparable companies and involves certain key assumptions around their comparability and First Light's assumed maturity value. Our estimated range for the value of the Group's equity investment in First Light Fusion based on this model as at 30 June 2023 is £62.1m to £123.5m (HY22: £84.0m to £203.0m, FY22: £92.5m to £185.8m).

In addition to First Light Fusion Limited, four other assets were reviewed by external valuers. The aggregate of the range of valuations they concluded upon for these assets and our internal valuation range assessment for Istesso was £298m to £433m, and we have selected points within these ranges which in aggregate total £385m.

	Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
Change in fair value and FX in the period			
Fair value gains	25.3	118.2	183.3
Fair value losses	(52.8)	(422.3)	(486.7)
	(27.5)	(304.1)	(303.4)

#### 4. Portfolio: Limited and limited liability partnership interests

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 (received in arrears of the publication of the Group's results hence marked as unaudited in the table below). 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 the period end.

	Functional currency	Status	Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
Limited & Limited Liability Partnerships					
IPG Cayman Fund L.P.	USD	Unaudited & Adjusted	74.6	85.7	80.0
UCL Technology Fund L.P.	GBP	Unaudited	17.2	16.2	16.9
Technikos LLP	GBP	Unaudited	2.9	2.7	2.7
<b>Total</b>			<b>94.7</b>	<b>104.6</b>	<b>99.6</b>

We reviewed the underlying valuation methodologies adopted by our Fund managers for all Fund investments of material value. In the Cayman Fund L.P. this includes two investments in which the Group also holds direct shareholdings outside the fund: MOBILion, Inc. and Carisma Therapeutics, Inc.

Following our review of valuation methodologies we were satisfied that the techniques utilised were appropriate, other than in one instance where our own valuation estimates resulted in a lower valuation. We have therefore adjusted the value of the Group's NAV in the IPG Cayman Fund L.P. to reflect this revised valuation, and bring it in line with the valuation applied to the Group's direct interest in the company.

Limited & Limited Liability Partnerships movements in the period	£m
At 1 January 2022	92.9
Investments during the period	3.0
Distribution from Limited Partnership funds	(0.1)
Change in fair value during the period	8.4
Currency revaluation	0.4
At 30 June 2022	104.6
Investments during the period	1.6
Distribution from Limited Partnership funds	0.1
Change in fair value during the period	0.1
Currency revaluation	(6.8)
At 1 January 2023	99.6
Investments during the period	7.0
Distribution from Limited Partnership funds	(0.7)
Change in fair value during the period	(8.3)
Currency revaluation	(2.9)
<b>At 30 June 2023</b>	<b>94.7</b>

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.

If the assumptions used in the valuation techniques for the Group's holding in each company are varied by using a range of possible alternatives, there is no material difference to the carrying value of the respective spin-out company. The effect on the consolidated statement of comprehensive income for the period is also not expected to be material.

## 5. (Loss)/Gain on disposal of equity investments

	Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
Disposal proceeds	31.5	2.1	28.1
Movement in amounts receivable on sale of debt and equity investments	(35.7)	2.1	5.8
Carrying value of investments	(1.5)	–	(41.7)
<b>(Loss)/profit on disposal</b>	<b>(5.7)</b>	<b>4.2</b>	<b>(7.8)</b>

(Loss)/profit 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.

## 6. Receivable on sale of debt and equity investments

	Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
Deferred and contingent consideration (non-current)	4.0	36.0	6.9
Deferred and contingent consideration (current)	8.5	8.3	41.3
<b>Total deferred and contingent consideration</b>	<b>12.5</b>	<b>44.3</b>	<b>48.2</b>

The following table summarises the primary valuation basis used to value the deferred consideration:

Investment	Primary Valuation Basis	Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
WaveOptics Limited	Discounted sale amount	–	26.4	28.8
Enterprise Therapeutics Holdings Limited	Probability-weighted DFC model	11.4	12.7	12.5
Athenex, Inc.	Probability-weighted DFC model	–	5.1	5.6
Reinfer Limited	Discounted sale amount	1.1	–	1.1
Perpetuum Limited	Discounted sale amount	–	0.1	0.2
<b>Total</b>		<b>12.5</b>	<b>44.3</b>	<b>48.2</b>

During the period £30.9m (HY22: £1.9m, FY22: £1.9m) of cash was received in respect of amounts recognised as deferred consideration, resulting in a realised fair value gain of £1.9m (HY22: £0.4m, FY22: £0.4m). Additionally, deferred consideration of £5.6m relating to portfolio company Athenex, Inc. was written off, and no cash received in relation to this amount (HY22: £nil, FY22: £nil).

## 7. Borrowings

	Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
<b>Current liabilities</b>			
Borrowings	6.3	15.4	6.3
<b>Total</b>	<b>6.3</b>	<b>15.4</b>	<b>6.3</b>

	Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
<b>Non-current liabilities</b>			
Loans drawn down from the Limited Partners of consolidated funds	19.8	19.1	19.5
Borrowings	132.0	28.7	75.1
<b>Total</b>	<b>151.8</b>	<b>47.8</b>	<b>94.6</b>



## 8. Share capital

Issued and fully paid:	Unaudited six months ended 30 June 2023		Unaudited six months ended 30 June 2022		Audited year ended 31 December 2022	
	Number	£m	Number	£m	Number	£m
<b>Ordinary shares of 2p each</b>						
At 1 January	1,063,188,005	21.3	1,063,033,287	21.3	1,063,033,287	21.3
Issued in respect of scrip dividend	–	–	–	–	154,718	–
<b>Share capital at period end</b>	<b>1,063,188,005</b>	<b>21.3</b>	<b>1,063,033,287</b>	<b>21.3</b>	<b>1,063,188,005</b>	<b>21.3</b>
<b>Existing treasury shares at 1 January</b>	<b>(28,110,373)</b>	<b>(0.6)</b>	<b>(22,279,127)</b>	<b>(0.4)</b>	<b>(22,279,127)</b>	<b>(0.4)</b>
Purchase of treasury shares	–	–	(7,429,494)	(0.1)	(7,429,494)	(0.1)
Transfer of shares in respect of scrip dividend	–	–	330,851	–	330,851	–
Shares transferred out of treasury for SAYE	285,335	–	–	–	497,249	–
Settlement of employee share-based payments	1,551,820	–	770,148	–	770,148	–
<b>Outstanding at period end</b>	<b>1,036,914,787</b>	<b>20.7</b>	<b>1,034,425,665</b>	<b>20.8</b>	<b>1,035,077,632</b>	<b>20.8</b>

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 no treasury shares have been purchased. During 2022, the Company purchased 7,429,494 ordinary shares, with an aggregate value of £8.0m, and they are held in treasury. Retained profits have been reduced by £7.9m, being the net consideration paid for these shares, including the expenses directly relating to the treasury share purchase. At 30 June 2023 the company had 26,273,218 treasury shares (HY22: 28,607,622, FY22: 28,110,373)

## 9. Long-term incentive carry scheme – Carried interest plan liability

	Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
At 1 January	44.1	33.1	33.1
Charge for the period	0.5	6.0	12.0
Payments made in the period	(0.1)	(1.0)	(1.0)
Forex	(0.1)	–	–
<b>At period end</b>	<b>44.4</b>	<b>38.1</b>	<b>44.1</b>

## 10. 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 30 June 2023:

Director/ PDMR	Company name	Number of shares held at 31 December 2022	Number of shares acquired/ (disposed of) in the period	Number of shares held at 30 June 2023	%
<b>Greg Smith</b>	Alesi Surgical Limited	2	–	2	<0.1%
	Crysalin Limited <sup>1</sup>	149	–	149	<0.1%
	EmDot Limited <sup>1</sup>	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 <sup>2</sup>	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	50,000	–	50,000	<0.1%
	Xeros Technology plc	13	–	13	<0.1%

Director/ PDMR	Company name	Number of shares held at 31 December 2022	Number of shares acquired/ (disposed of) in the period	Number of shares held at 30 June 2023	%	
<b>David Baynes</b>	Alesi Surgical Limited	4	–	4	<0.1%	
	Arkivum Limited	377	–	377	<0.1%	
	Creavo Medical Technologies Limited <sup>1</sup>	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%	
<b>Mark Reilly</b>	Actual Experience plc	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 <sup>2</sup>	8	–	8	<0.1%	
Ultraleap Holdings Limited	1,700	–	1,700	<0.1%		
<b>Sam Williams</b>	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 Limited <sup>1</sup>	23	–	23	<0.1%	
	Genomics plc	333	–	333	<0.1%	
	Ibex Innovations Limited	1,701	–	1,701	<0.1%	
	Istesso Limited Ordinary Shares	7,048,368	–	7,048,368	8.89%	
	Microbiotica Limited	7,000	–	7,000	<0.1%	
	Mirriad Advertising plc	3,333	–	3,333	<0.1%	
	Oxa Autonomy Ltd <sup>2</sup>	3	–	3	<0.1%	
	Oxehealth Limited	33	32	65	<0.1%	
	Oxford Nanopore Technologies plc	18,540	–	18,540	<0.1%	
Topivert Limited <sup>1</sup>	1,000	–	1,000	<0.1%		
Ultraleap Holdings Limited	558	–	558	<0.1%		
<b>Joyce Xie</b>	Bramble Energy Limited	88	–	88	<0.1%	
	Creavo Medical Technologies Limited <sup>1</sup>	21	–	21	<0.1%	
	Istesso Limited	4,504	–	4,504	<0.1%	
	Mirriad Advertising plc	4,839	–	4,839	<0.1%	
	Ultraleap Holdings Limited	1,585	–	1,585	<0.1%	
<b>Elizabeth Vaughan-Adams</b>	Amaethon Limited <sup>1</sup>	939	–	939	<0.1%	
	Bramble Energy Limited – A Ordinary Shares	2	–	2	<0.1%	
	Creavo Medical Technologies Limited <sup>1</sup>	23	–	23	<0.1%	
	Crysalin Limited <sup>1</sup>	100	–	100	<0.1%	
	DeepMatter Group plc <sup>4</sup>	–	9,110	9,110	<0.1%	
	EmDot Limited <sup>1</sup>	3	–	3	<0.1%	
	First Light Fusion Limited	77	–	77	<0.1%	
	Istesso Limited	218,448	–	218,448	0.26%	
	Mirriad Advertising plc	4,941	–	4,941	<0.1%	
	Oxford Nanopore Technologies plc	4,500	–	4,500	<0.1%	
	Rio AI Limited	16,244,199	–	16,244,199	<0.1%	
	Surrey Nanosystems Limited	53	–	53	<0.1%	
	Tissue Regenix Group plc	75,599	–	75,599	<0.1%	
	Ultraleap Holdings Limited	400	–	400	<0.1%	
	<b>Angela Leach</b>	Amaethon Limited <sup>1</sup>	1,408	–	1,408	<0.1%
		Alesi Surgical Limited	2	–	2	<0.1%
		AudioScenic Limited	53	–	53	<0.1%
		Barocal Limited	1,010	–	1,010	<0.1%
		Boxarr Limited	102	–	102	<0.1%
Bramble Energy Limited – A Ordinary Shares		13	–	13	<0.1%	
Creavo Medical Technologies Limited <sup>1</sup>		23	–	23	<0.1%	
Crysalin Limited <sup>1</sup>		149	–	149	<0.1%	
DeepMatter Group plc <sup>4</sup>	–	–	–	0.0%		

Director/ PDMR	Company name	Number of shares held at 31 December 2022	Number of shares acquired/ (disposed of) in the period	Number of shares held at 30 June 2023	%
	Diffblue Limited	644	–	644	<0.1%
	EmDot Limited <sup>1</sup>	4	–	4	0.23%
	Featurespace Limited	240	–	240	<0.1%
	First Light Fusion Limited	27	–	27	<0.1%
	Ieso Digital Health Limited – B2 Preferred Shares	29	–	29	<0.1%
	Istesso Limited – A Shares	322,923	–	322,923	0.38%
	Itaconix plc	4,500	–	4,500	<0.1%
	Mixergy Limited	206	–	206	<0.1%
	Mirriad Advertising plc	16,667	–	16,667	<0.1%
	Oxa Autonomy Ltd <sup>2</sup>	3	–	3	<0.1%
	Oxford Nanopore Technologies plc	37,909	(178)	37,731	<0.1%
	Lumai Limited <sup>3</sup>	20,000	–	20,000	<0.1%
	Rio AI Limited	180,308	–	180,308	<0.1%
	Sunborne Systems Limited	2	–	2	<0.1%
	Surrey Nanosystems Limited	78	–	78	<0.1%
	Tissue Regenix Group plc	146,791	–	146,791	<0.1%
	Ultraleap Holdings Limited	500	–	500	<0.1%
	Xeros Technology plc	16	–	16	<0.1%
<b>Chris Glasson</b>	8Power Limited	400	–	400	<0.1%
	Audioscenic Limited	967	–	967	<0.1%
	Creavo Medical Technologies Limited <sup>1</sup>	105	–	105	<0.1%
	Istesso Limited	9,009	–	9,009	<0.1%
	Mirriad Advertising plc	8,064	–	8,064	<0.1%
	Oxa Autonomy Limited <sup>2</sup>	34	–	34	<0.1%
	Oxehealth Limited	328	319	647	<0.1%
	Topivert Limited <sup>1</sup>	3,000	–	3,000	<0.1%
	Ultraleap Holdings Limited	1,585	–	1,585	<0.1%
<b>Moray Wright</b>	Mirriad Advertising plc	73,664	–	73,664	<0.1%
	OxSyBio Limited <sup>1</sup>	20	–	20	<0.1%
<b>Anthony York</b>	Diffblue Limited	179	–	179	<0.1%

Individuals who ceased to be key management personnel on 19 <sup>th</sup> April 2023		Number of shares held at 31 December 2022	Number of shares acquired/ (disposed of) in the period	Number of shares held at 30 June 2023	%
<b>Lisa Patel</b>	Alesi Surgical Limited	1	–	1	<0.1%
	Creavo Medical Technologies Limited <sup>1</sup>	23	–	23	<0.1%
	Istesso Limited	3,477,833	–	3,477,833	4.09%
	Microbiotica Limited	3,000	–	3,000	<0.1%
	Mirriad Advertising plc	3,333	–	3,333	<0.1%
	Oxford Nanopore Technologies plc	9,453	–	9,453	<0.1%
	Topivert Limited <sup>1</sup>	1,000	–	1,000	<0.1%
	Ultraleap Holdings Limited	1,317	–	1,317	<0.1%

1 Company being closed down.

2 Previously called Oxbotica Limited.

3 Previously called OxONN Limited.

4 Opening position restated to reflect 1,000,000,000:1 share consolidation during the period

## 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. Given 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:

	Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
Statement of comprehensive income			
Revenue from services	–	0.1	0.2

	Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
Statement of financial position			
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:

	Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
Statement of comprehensive income			
Net portfolio gains	7.3	50.1	75.0

	Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
Statement of financial position			
Equity and debt investments	632.1	522.6	651.6

## C) Subsidiary companies

Subsidiary companies that are not 100% owned either directly or indirectly by the parent company have intercompany balances with other Group companies totalling as follows:

	Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
Intercompany balances with other Group companies	2.5	2.5	2.1

These intercompany balances represent funding loans provided by Group companies that are interest free, repayable on demand and unsecured.

## 11. Dividends

Declared and paid during the year	Unaudited six months ended 30 June 2023		Unaudited six months ended 30 June 2022		Audited year ended 31 December 2022	
	per share	£m	per share	£m	per share	£m
<b>Ordinary shares:</b>						
Interim dividend paid	–	–	–	–	0.50	5.3
Prior financial year final dividend paid	0.76	7.7	0.72	7.4	0.72	7.4
Dividends paid to equity owners in the period	0.76	7.7	0.72	7.4	1.22	12.7
Proposed interim dividend at half year	0.51	5.3	0.5	5.3	0.5	5.3
Proposed final dividend at financial year end	–	–	–	–	0.76	7.9

Of the £7.7m dividends paid in 2023, £7.7m was settled in cash, of the £12.7m dividends paid in 2022, £12.3m was settled in cash and £0.4m was settled via the issue of equity under the Group's scrip programme. Due to the limited take up of scrip dividends the scheme has been discontinued.

The proposed 0.51p dividend has not been included as a liability as at 30 June 2023, in accordance with IAS 10 "Events after the reporting period", it will be paid in September 2023.

## 12. 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.

APM	Reference for reconciliation	Definition and purpose		Calculation		
				Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
NAV per share	Primary statements	NAV per share is defined as Net Assets divided by the number of outstanding shares.	NAV	£1,313.6m	£1,414.0m	£1,376.1m
			Shares in issue	1,036,914,787	1,034,425,665	1,035,077,632
			NAV per share	126.7p	136.7p	132.9p
		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.				
Return on NAV	Primary statements	Return on NAV is defined as the total comprehensive income or loss for the period excluding charges which do not impact on net assets, specifically share-based payment charges.	Total comprehensive income	(55.3)	(309.9)	(344.0)
			Excluding: Share-based payment charge	1.0	1.4	2.9
			Return on NAV	(54.3)	(308.5)	(341.1)
		The measure shows a summary of the income statement gains and losses which directly impact NAV.				

APM	Reference for reconciliation	Definition and purpose	Calculation			
			Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m	
<b>Net portfolio gains</b>	Primary statements	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 below), 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	(27.5)	(304.1)	(303.4)
			(loss)/Gain on disposal of equity investments	(5.7)	4.2	(7.8)
			Change in fair value of LP interests <sup>2</sup>	(11.2)	8.8	2.1
			<b>Net portfolio (loss)/gains</b>	<b>(44.4)</b>	<b>(291.1)</b>	<b>(309.1)</b>
<b>Total portfolio</b>	Consolidated statement of financial position	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	1,123.8	1,123.4	1,120.8
			Debt investments	57.6	37.5	38.1
			LP interests	94.7	104.6	99.6
			<b>Total Portfolio</b>	<b>1,276.1</b>	<b>1,265.5</b>	<b>1,258.5</b>
<b>Portfolio investment</b>	Primary statements	Portfolio investment is defined as the purchase of equity and debt investments plus investments into limited participation interests.  This gives a combined measure of investment into the Group's portfolio.	Purchase of equity and debt investments	(52.8)	(49.0)	(88.9)
			Investment in limited and limited liability partnerships	(7.0)	(3.0)	(4.6)
			<b>Portfolio investment</b>	<b>(59.8)</b>	<b>(52.0)</b>	<b>(93.5)</b>
<b>Cash proceeds<sup>1</sup></b>	Primary statements	Cash proceeds is defined as the proceeds from the disposal of equity and debt investments plus distributions received from limited participation interests.  This gives a combined measure of cash received from the Group's portfolio.	Proceeds from the sale of equity investments	31.5	2.1	28.1
			Distributions from limited partnership funds	0.7	–	–
			<b>Cash proceeds</b>	<b>32.2</b>	<b>2.1</b>	<b>28.1</b>
<b>Net overheads<sup>2</sup></b>	Financial review	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	3.1	3.1	7.1
			Other administrative expenses	(12.2)	(14.2)	(27.4)
			Excluding: Non-portfolio foreign exchange movements	(1.2)	0.2	0.1
			Administrative expenses: consolidated portfolio companies	–	–	0.1
<b>Net overheads</b>	<b>(10.3)</b>	<b>(10.9)</b>	<b>(20.1)</b>			
<b>Gross Cash and deposits</b>	Primary statements	Cash and deposits is defined as cash and cash equivalents plus deposits.	Cash and cash equivalents	83.2	94.4	88.7
			Deposit	166.8	141.3	152.8
			<b>Cash</b>	<b>250.0</b>	<b>235.7</b>	<b>241.5</b>

APM	Reference for reconciliation	Definition and purpose	Calculation		
			Unaudited six months ended 30 June 2023 £m	Unaudited six months ended 30 June 2022 £m	Audited year ended 31 December 2022 £m
		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.			
<b>(Loss)/profit excluding ONT</b>	Primary statements	Loss/profit excluding ONT is defined as the Group's (loss)/profit for the period (after tax) excluding the (loss)/profit on the investment held in Oxford Nanopore publicly quoted shares both realised and unrealised.	<b>(54.5)</b>	<b>(309.8)</b>	<b>(344.5)</b>
		Excluding: Change in fair value of equity investment in Oxford Nanopore	<b>27.8</b>	<b>345.5</b>	<b>369.7</b>
		<b>(Loss)/profit excluding ONT</b>	<b>(26.7)</b>	<b>35.7</b>	<b>25.2</b>

- 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 participation interests profit represents a useful additional measure for users of the accounts.
- 2 For clarity non-portfolio foreign exchange movements have been removed from net overheads, these exchange movements are on intercompany loans and other balance sheet items.

### 13. Post balance sheet events

As at 31 July 2023, unrealised fair value gains subsequent to the reporting date in respect of the Group's quoted portfolio totalled £44.7m, largely in respect of Oxford Nanopore Technologies plc, which has seen a fair value gain of £42.0m since 30 June 2023.



## Statement of Directors' responsibilities

### General information

The comparative financial information presented herein for the year ended 31 December 2022 does not constitute full statutory accounts within the meaning of the Companies Act 2006. The Group's Annual Report and Accounts for the year ended 31 December 2022 have been delivered to the Registrar of Companies. The Group's independent auditor's report on those accounts was unqualified, did not include references to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006.

### Accounting policies

#### *Basis of preparation*

This condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK.

The annual financial statements of the Group are prepared in accordance with UK-adopted international accounting standards. As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 December 2022.

#### *Accounting estimates and judgements*

The preparation of the half-yearly results requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. 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.

In preparing these half-yearly results, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty relating to the valuation of unquoted equity and debt investments and limited participation interests were the same as those applied to the audited consolidated financial statements for the year ended 31 December 2022.

The significant accounting judgments made in preparing these half-yearly results relating to the application of IFRS 10 in respect of Istesso Limited and IPG Cayman LP were updated to reflect events during the period as follows:

- For Istesso Limited, the investment of £15m in the period, primarily via convertible loan notes ('CLN'). Given that, inter alia, the CLN conferred no substantive control rights prior to a long stop date of 1 January 2025, and that IP Group's voting interest in Istesso reduced in the period as a result of the conversion of a third party CLN into voting shares, the Directors concluded that IP Group continues not to control Istesso Limited under IFRS 10.
- For IPG Cayman LP, the commitment to invest \$10m in the period via a Simple Agreement for Future Equity ('SAFE') did not confer additional substantive rights and therefore that IP Group plc continues not to control IPG Cayman LP under IFRS 10.

#### *Going concern*

The Directors are required to satisfy themselves that it is reasonable to presume that the Group is a going concern. The Group had Cash and Deposits of £250.0m as at 30 June 2022. In light of the Group's forecast net overhead costs, debt repayment obligations and other committed spend, the Directors are satisfied that in taking account of reasonably possible downsides, the Group has adequate access to resources to enable it to meet its obligations and to continue in operational existence for at least the next 12 months.

## Statement of Directors' responsibilities

The Directors confirm to the best of their knowledge that: the half-yearly results have been prepared in accordance with IAS 34 as adopted by the European Union; and the interim management report includes a fair review of the information required by the FCA's Disclosure and Transparency Rules (4.2.7 R and 4.2.8 R).

The Directors of IP Group plc and their functions are listed below.

By order of the Board

**Sir Douglas Flint**  
Chairman

**Greg Smith**  
Chief Executive Officer

1 August 2023

# INDEPENDENT REVIEW REPORT TO IP GROUP PLC

## 1. Conclusion

We have been engaged by IP Group plc (“the Company”) to review the condensed set of financial statements in the half-yearly results for the six months ended 30 June 2023 which comprises Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, consolidated Statement of Changes in Equity and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly results for the six months ended 30 June 2023 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted for use in the UK and the Disclosure Guidance and Transparency Rules (“the DTR”) of the UK’s Financial Conduct Authority (“the UK FCA”).

## 2. Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* (“ISRE (UK) 2410”) issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusions relating to going concern*

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

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Group to cease to continue as a going concern, and the above conclusions are not a guarantee that the Group will continue in operation.

## 3. Directors’ responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

The annual financial statements of the Group are prepared in accordance with UK-adopted international accounting standards.

The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

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

## 4. Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

## **5. The purpose of our review work and to whom we owe our responsibilities**

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report 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 for our review work, for this report, or for the conclusions we have reached.

**Jonathan Martin**  
**for and on behalf of KPMG LLP**  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL  
1 August 2023