



# UNLOCKING THE VALUE OF SCIENCE

Half Year Results | 30 June 2022

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# Contents

1

## Overview

Significant progress, well financed, shareholder returns

2

## Purpose, Vision & Strategy

Progress in thematic areas and highlighted companies

3

## Results

Strong financial position

4

## Summary

Creating sustainable value for shareholders

5

## Appendix





## Overview

Significant progress, well financed, shareholder returns

# Overview



## SIGNIFICANT PROGRESS IN PRIORITY COMPANIES



Achievement of fusion,  
increased carrying value



P2b clinical trial in  
Rheumatoid Arthritis to  
start shortly

**FEATURE  
SPACE**

Well funded, revenues in  
line with growth targets,  
increased carrying value



H1 FAIR VALUE CHANGE

**+£71m**



## WELL FINANCED

**Strong liquidity** with gross cash and  
deposits at 30 June 2022 of £235.7m  
(HY21: £308.9m)

**Additional long-term debt secured**

**Well positioned** to navigate  
current conditions



NET CASH

**£192m**



## CONTINUED COMMITMENT TO SHAREHOLDER RETURNS

Realisations based approach

Interim dividend of **0.50pps**  
(HY21: 0.48pps)

Completion of **£35m buyback**



CUMULATIVE RETURNS TO  
SHAREHOLDERS SINCE 2021

**£57m**

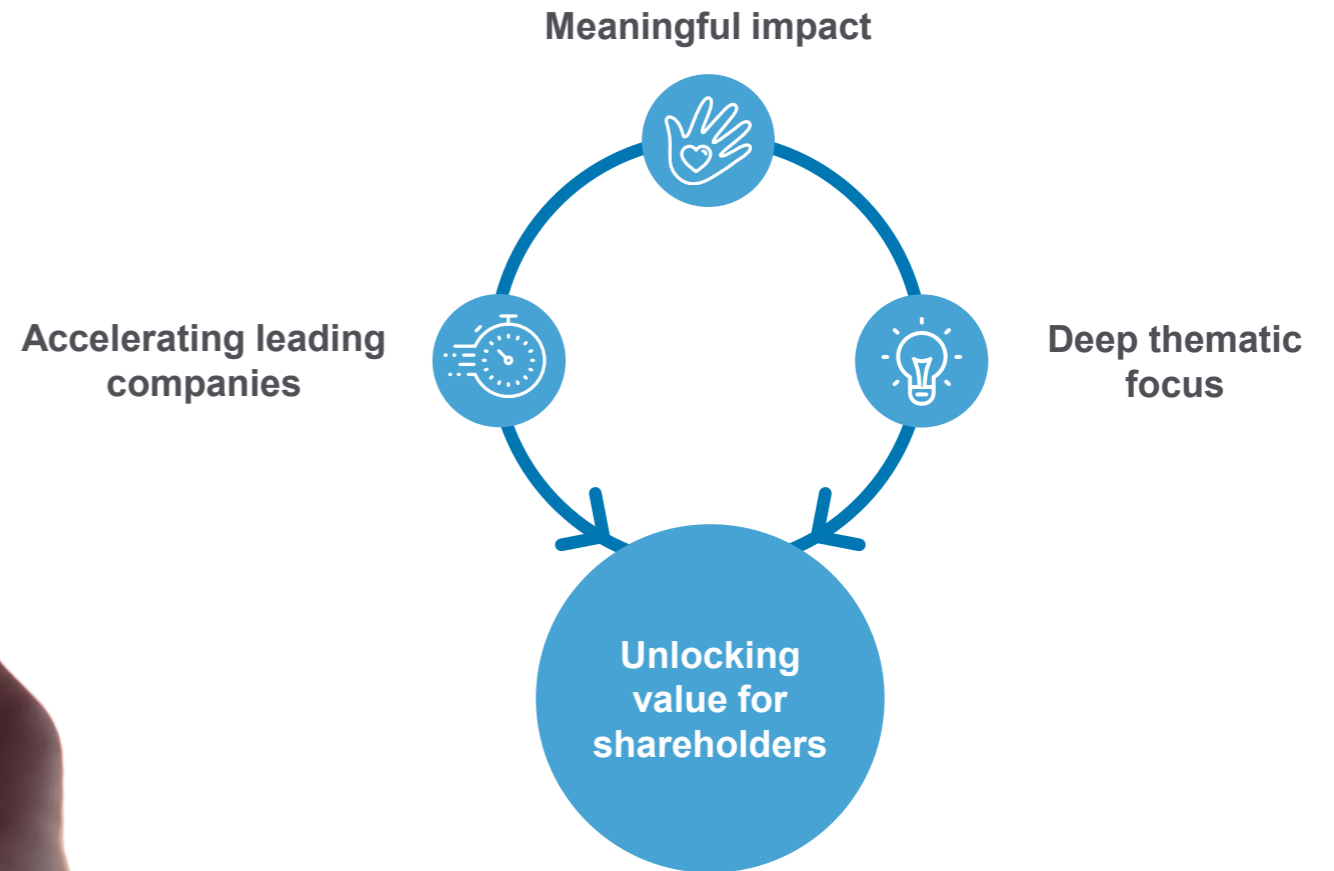


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## Purpose, Vision & Strategy

Progress in thematic areas and highlighted companies

# Strategic Focus








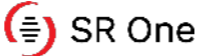












HEALTHIER  
FUTURE

TECH-ENRICHED  
FUTURE

SUSTAINABLE  
FUTURE

# Sector Expertise

	HEALTHIER FUTURE	TECH-ENRICHED FUTURE	SUSTAINABLE FUTURE
Recent highlights	 Sale to NeoGenomics <hr/>  £3.4bn floatation	 WaveOptics <hr/> Sale to Snap Inc	 £128m exit <hr/>  first light Achievement of fusion
Announced portfolio co-investors	   SR One    M. VENTURES	 MAYFAIR EQUITY PARTNERS  BGF   dawn.  Merian GLOBAL INVESTORS	 HOSTPLUS  BRAVOS   BGF  ocado
Total realisations since 2020	£215m*	£47m (+£30m deferred)*	£134m*

\*For the period 1 January 2020 to 30 June 2022



# Strategic Initiative – Kiko Ventures

KIKO











*“Our highly experienced team have dedicated their careers to climate tech and we believe that, consistent with our strategy of deeper thematic focus, a dedicated platform in the cleantech space will help accelerate our efforts in this area and deliver returns for shareholders alongside impact for society.”*

**Greg Smith, Chief Executive Officer of IP Group**

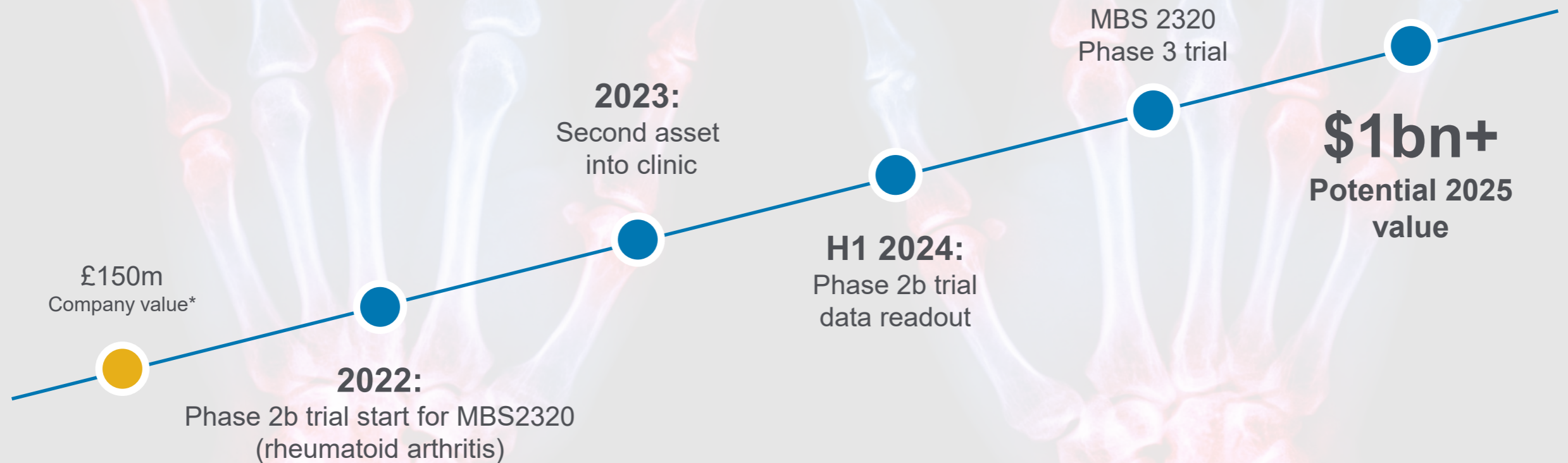
- ✓ Deepen support for transformative climate technology
- ✓ Wholly owned & funded by the Group
- ✓ Intend to invest £200m over 5 years into existing and new companies
- ✓ Current portfolio of 14 companies valued at c£200m



# Strong H1 Progress Across Previously Highlighted Companies

HEALTHIER FUTURE	TECH-ENRICHED FUTURE	SUSTAINABLE FUTURE
	<b>FEATURE SPACE</b>	 first light
 	 	 

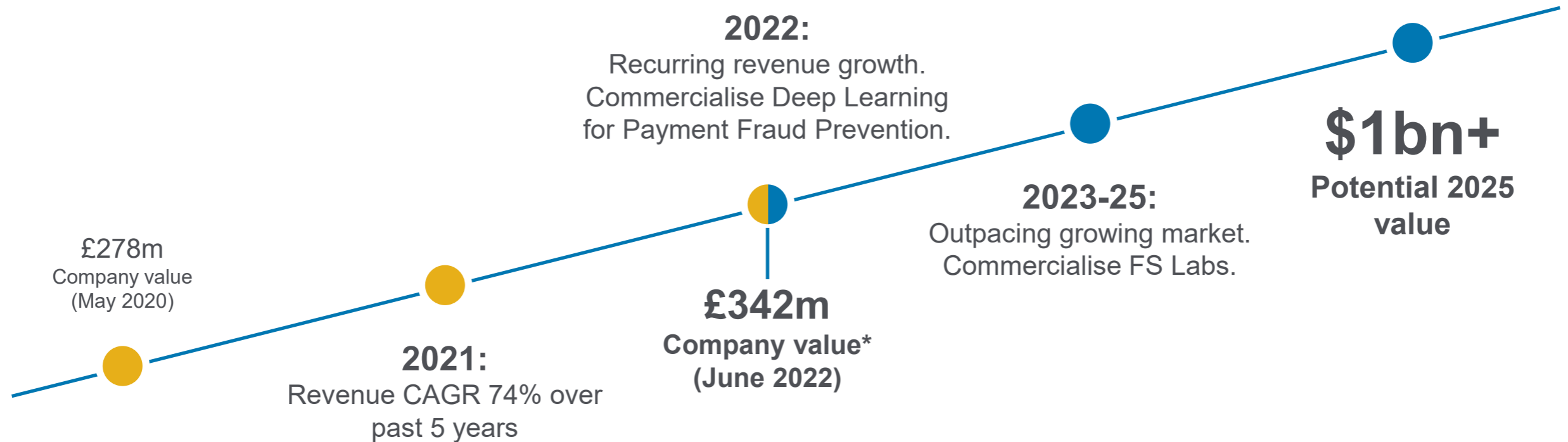
# Reprogramming metabolism to treat autoimmune disease



\*Based on third-party valuation

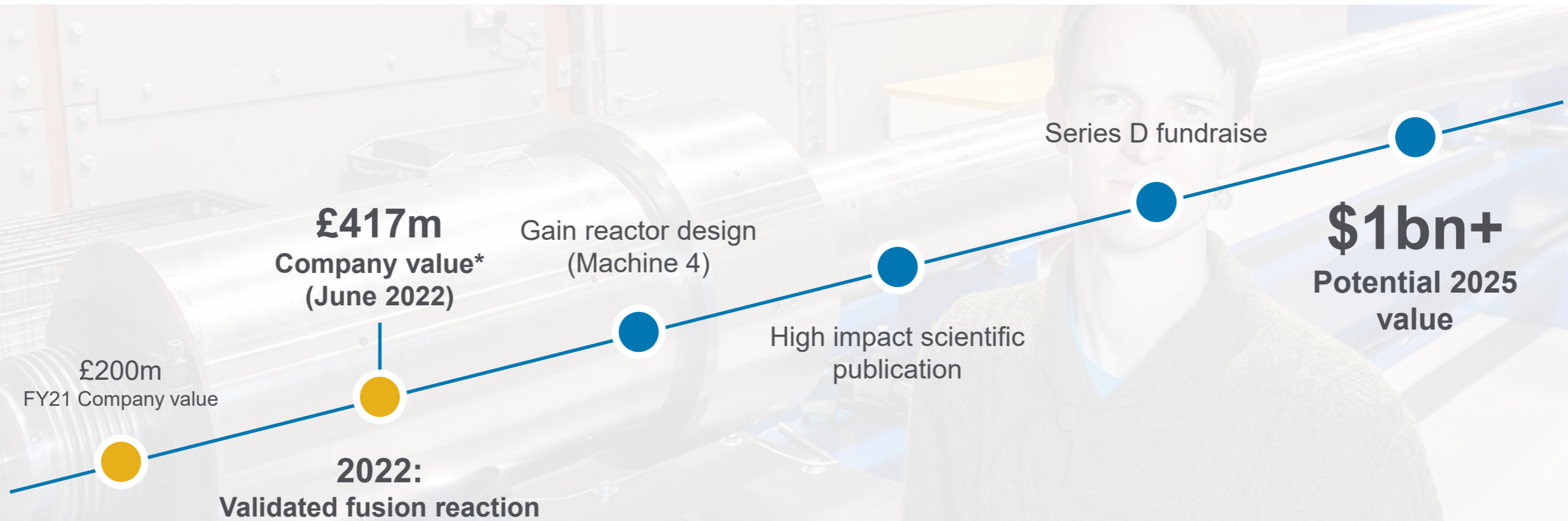
# Adaptive behavioural analytics for combating fraud & financial crime

## FEATURE SPACE



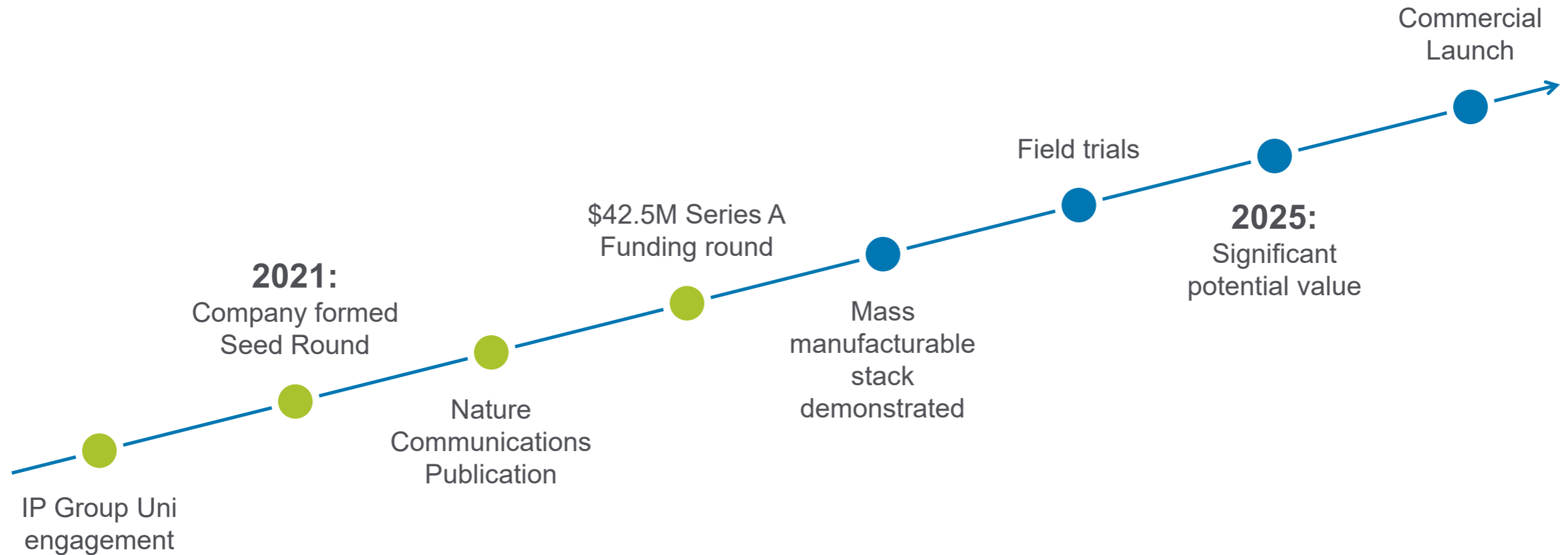
\*Based on third-party valuation

# Harnessing the power of inertial confinement fusion



\*Based on third-party valuation

# The World's Lowest Cost Green Hydrogen



# Impact and ESG Focused



SUSTAINABLE FUTURE / KIKO

TECH-ENRICHED FUTURE

HEALTHIER FUTURE



TCFD: Climate opportunities significantly outweigh risks



Low direct negative environmental impact (100% offset)



Aim to be market-leading in inclusion & diversity; ExCo employee execs



Progress made on female representation; 37% on ExCo & 43% on Board



Committed to high standards of corporate governance & best practice

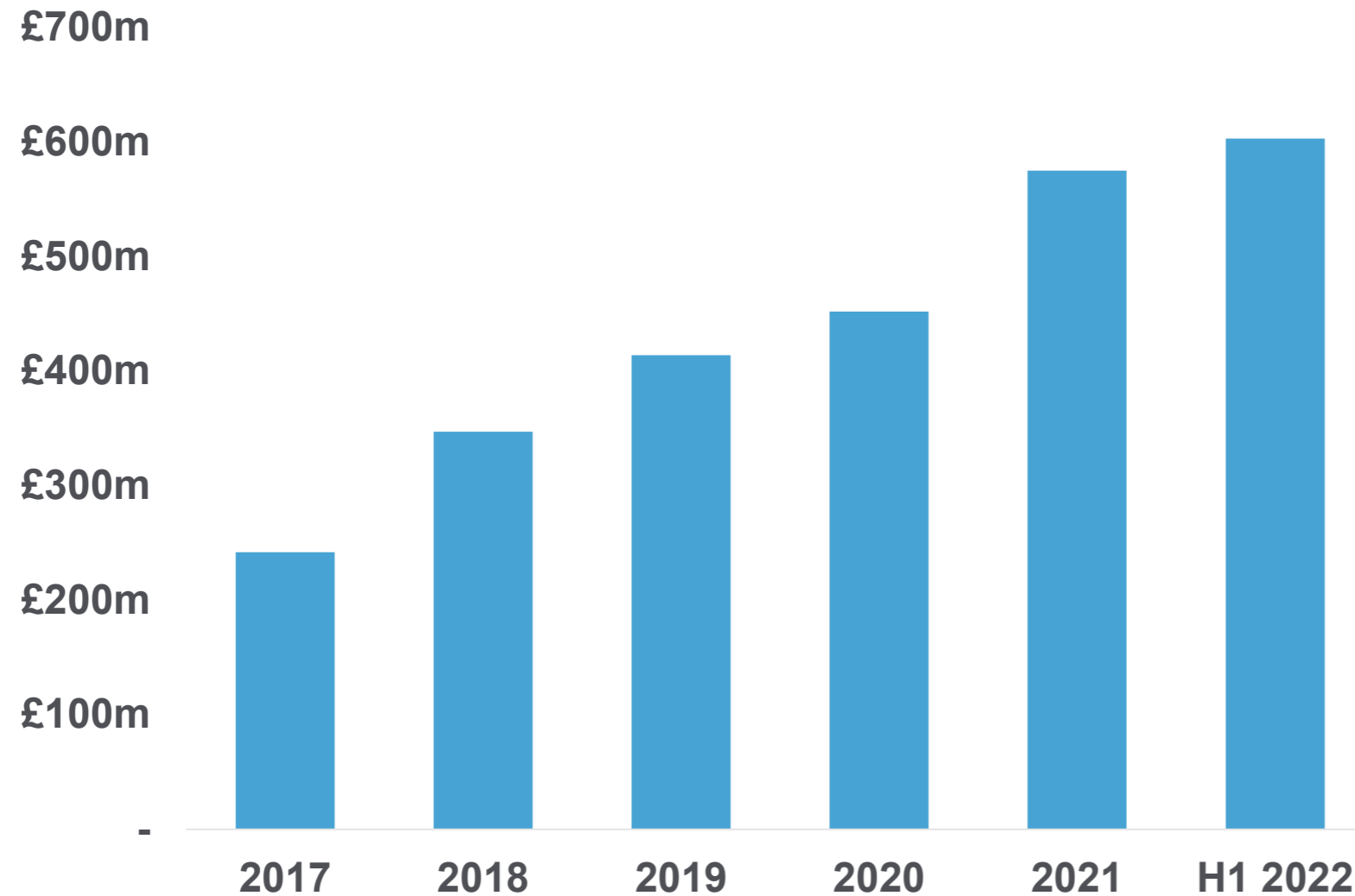


Encourage strong governance in our portfolio companies



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# Growing Assets Under Management



\*AUM includes assets managed by Parkwalk Advisors, IP Capital & the Hostplus 2018 trust. Includes undrawn capital







3

Results  
Financially strong

# Summary Financials



**GROSS CASH**

£236m



**NAV**

137p per share

£1,414m



**LOSS IN PERIOD**

(£310m)



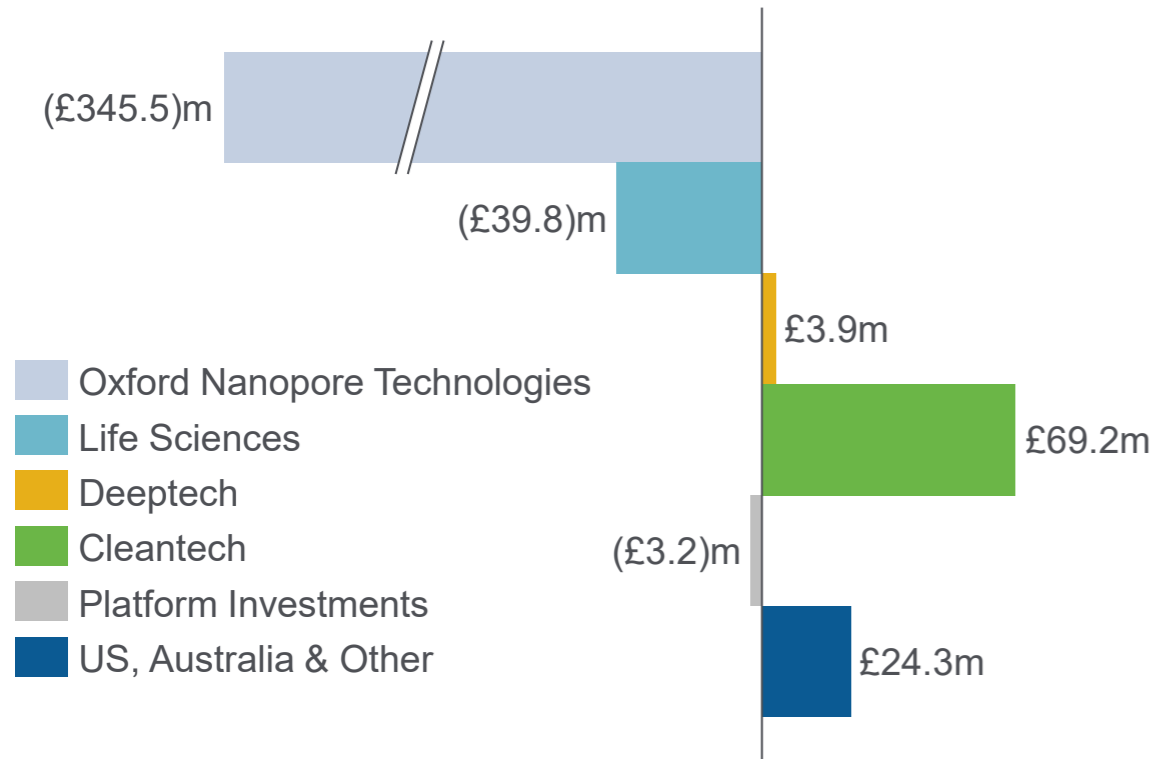
**PROFIT IN PERIOD**

Excluding Oxford Nanopore

£36m

# Portfolio Performance Summary:

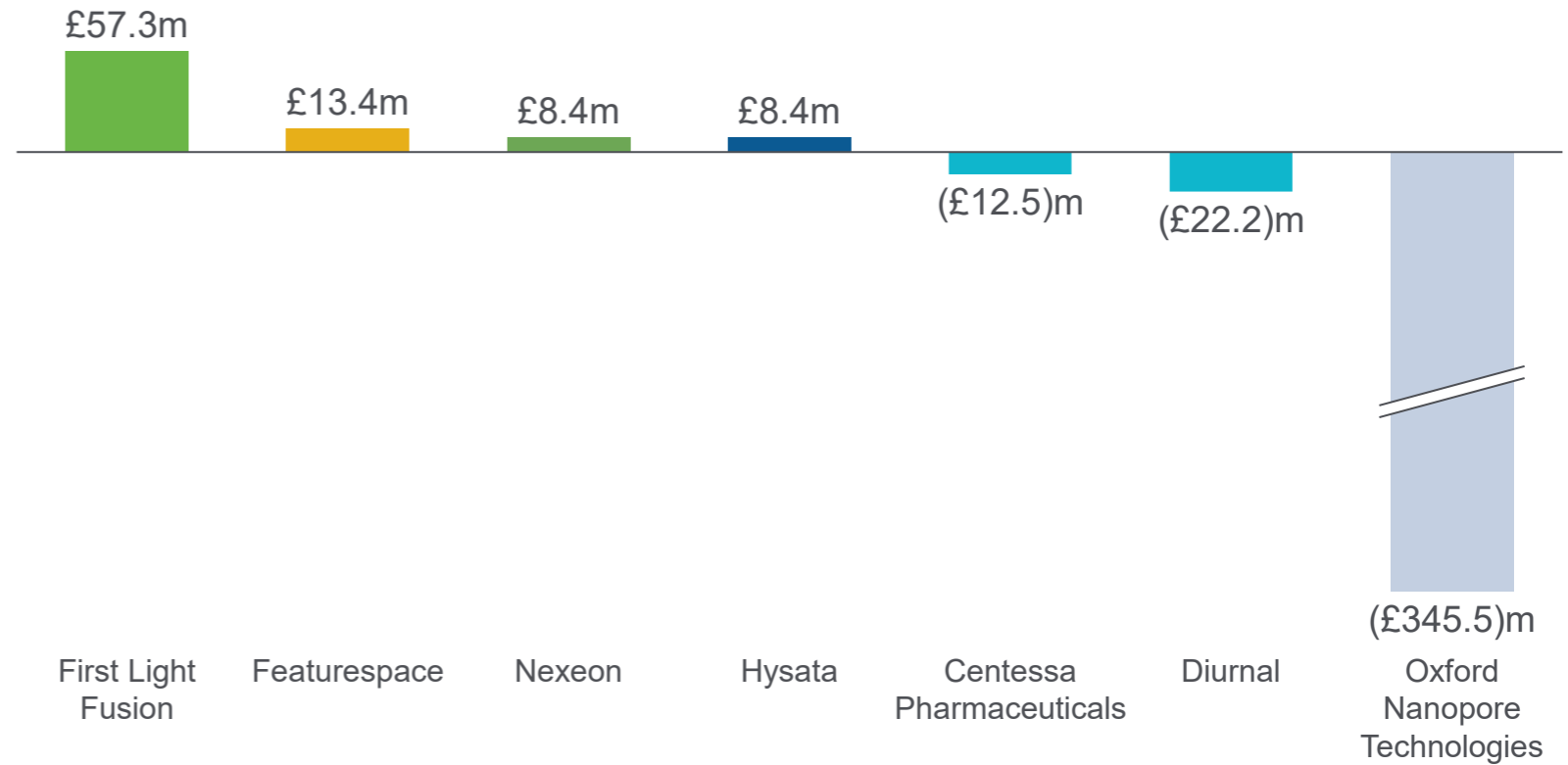
Net portfolio loss by sector (-£291.1m):



Quoted/private split:



Most significant contributors:



Announcement of achieving fusion

Strong revenue increases and funding round

Funding rounds

Quoted market correction

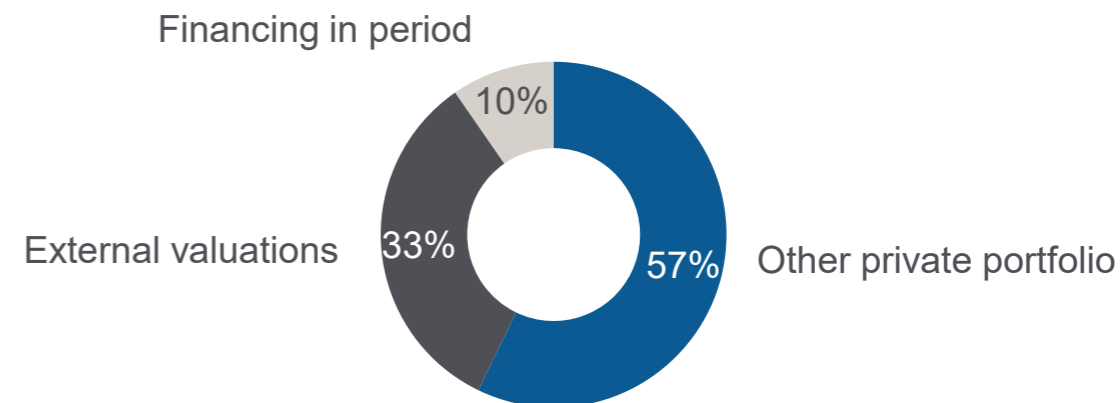
# Portfolio Valuation Approach

We have responded to a higher level of valuation uncertainty in the period by obtaining independent external valuations for five of our largest private companies (valued at £296m at 30 June 2022).

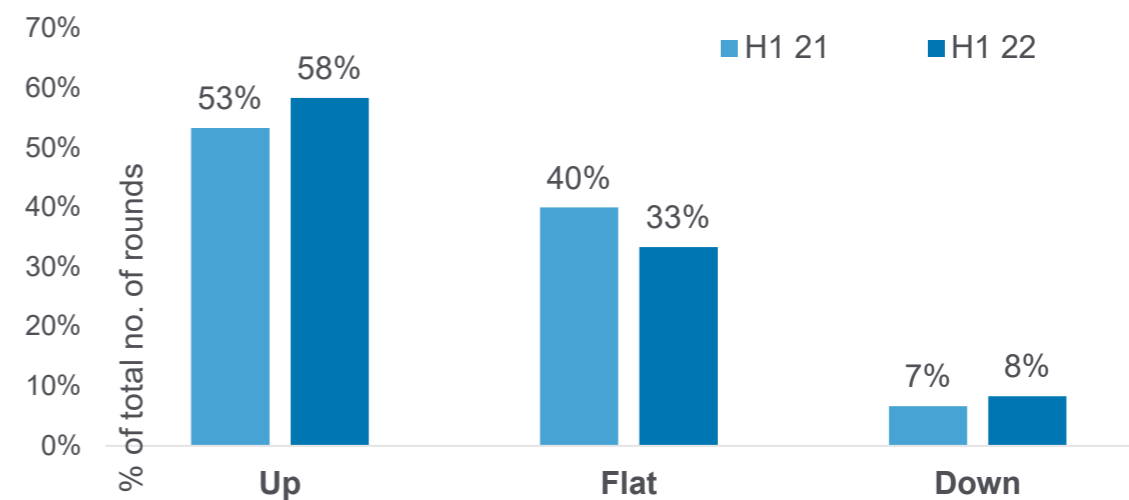
We reduced the valuation of a small number of our later stage holdings where appropriate.

Little evidence of reductions in valuations for companies in either the IP Group or Parkwalk portfolio which have raised money in the last 6 months (IP Group companies valued at £86m at 30 June 2022).

## Private portfolio – external valuation reports & financings in period:

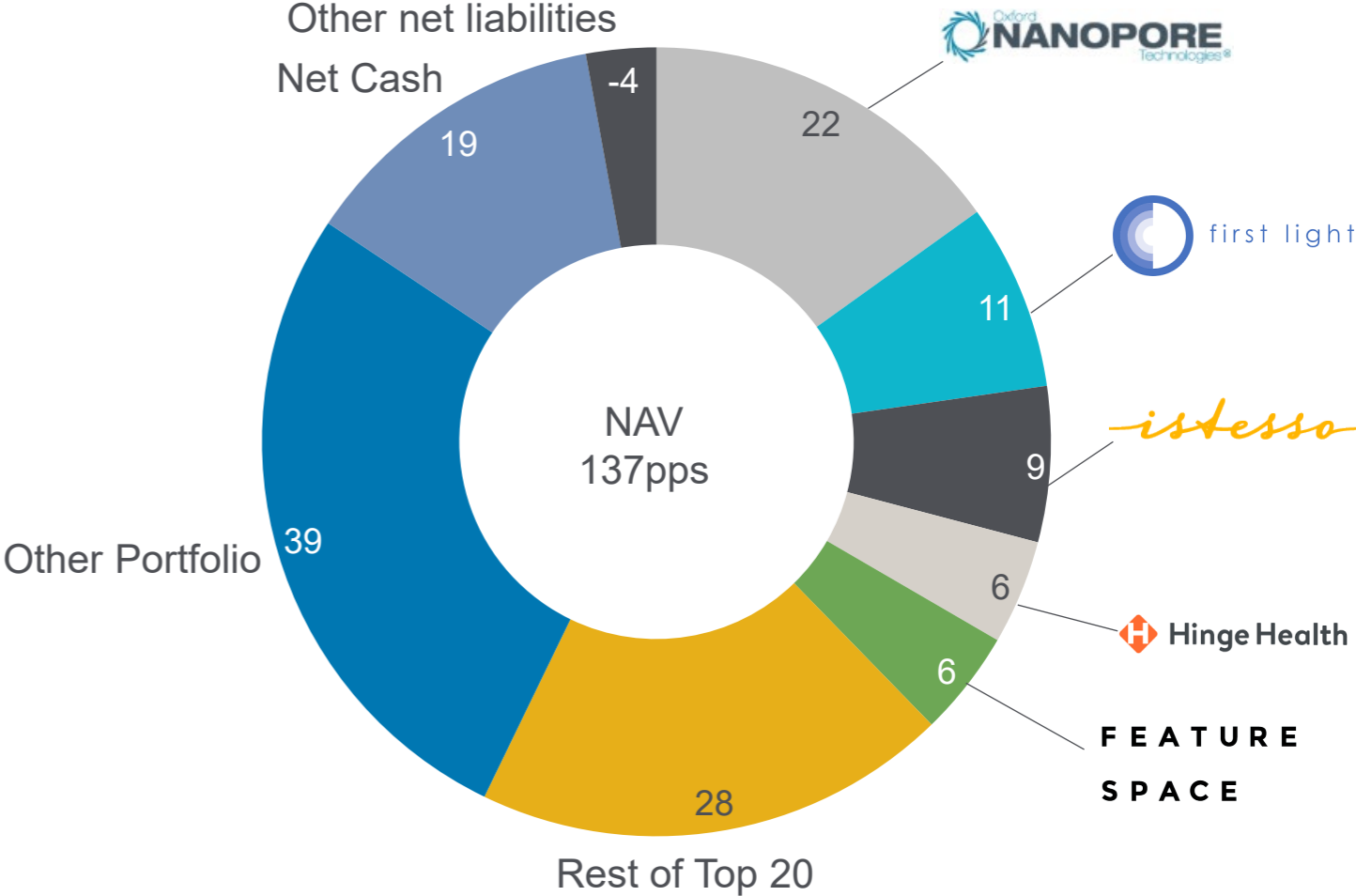
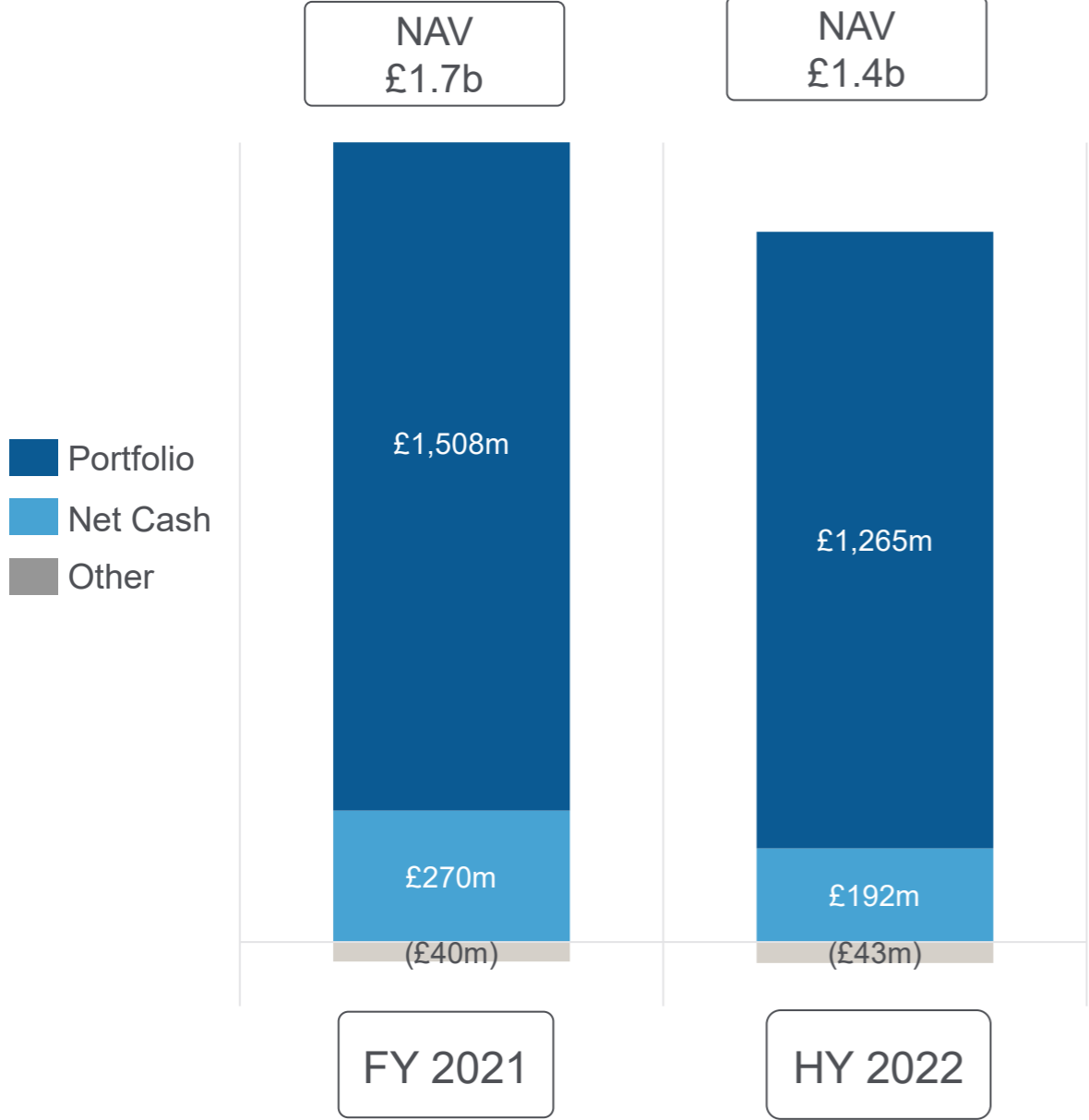


## Portfolio equity funding rounds - % up/flat/down vs previous funding round:



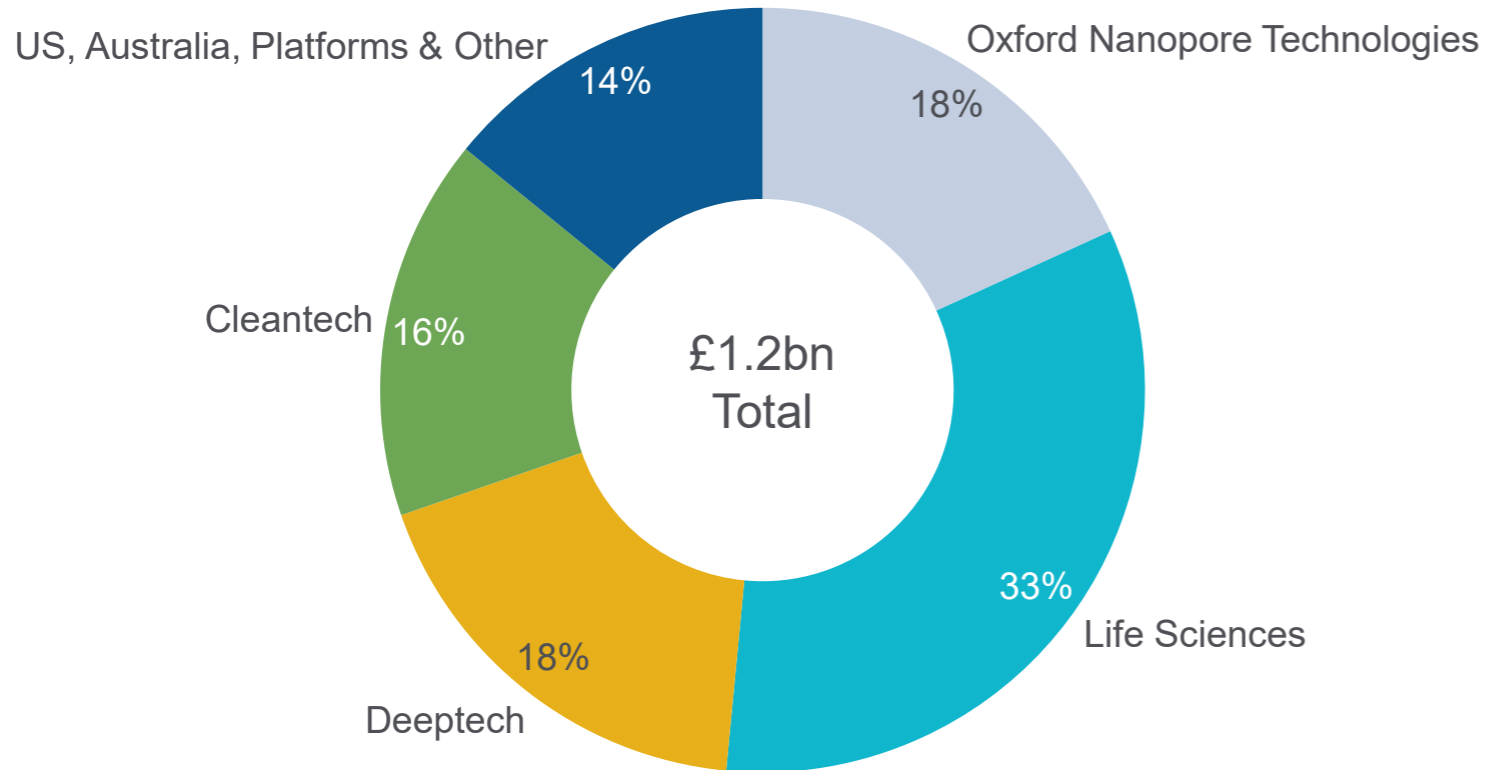
NB includes subsequent closes of earlier funding rounds where relevant

# Results: Balance Sheet - Net Assets

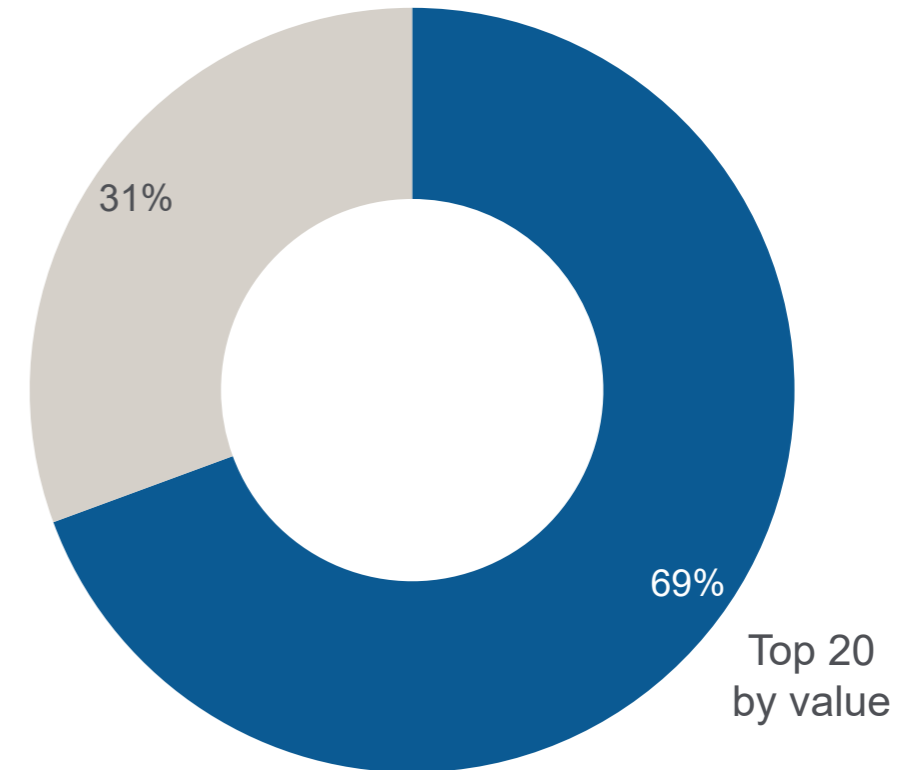


# Total Portfolio Composition & Concentration

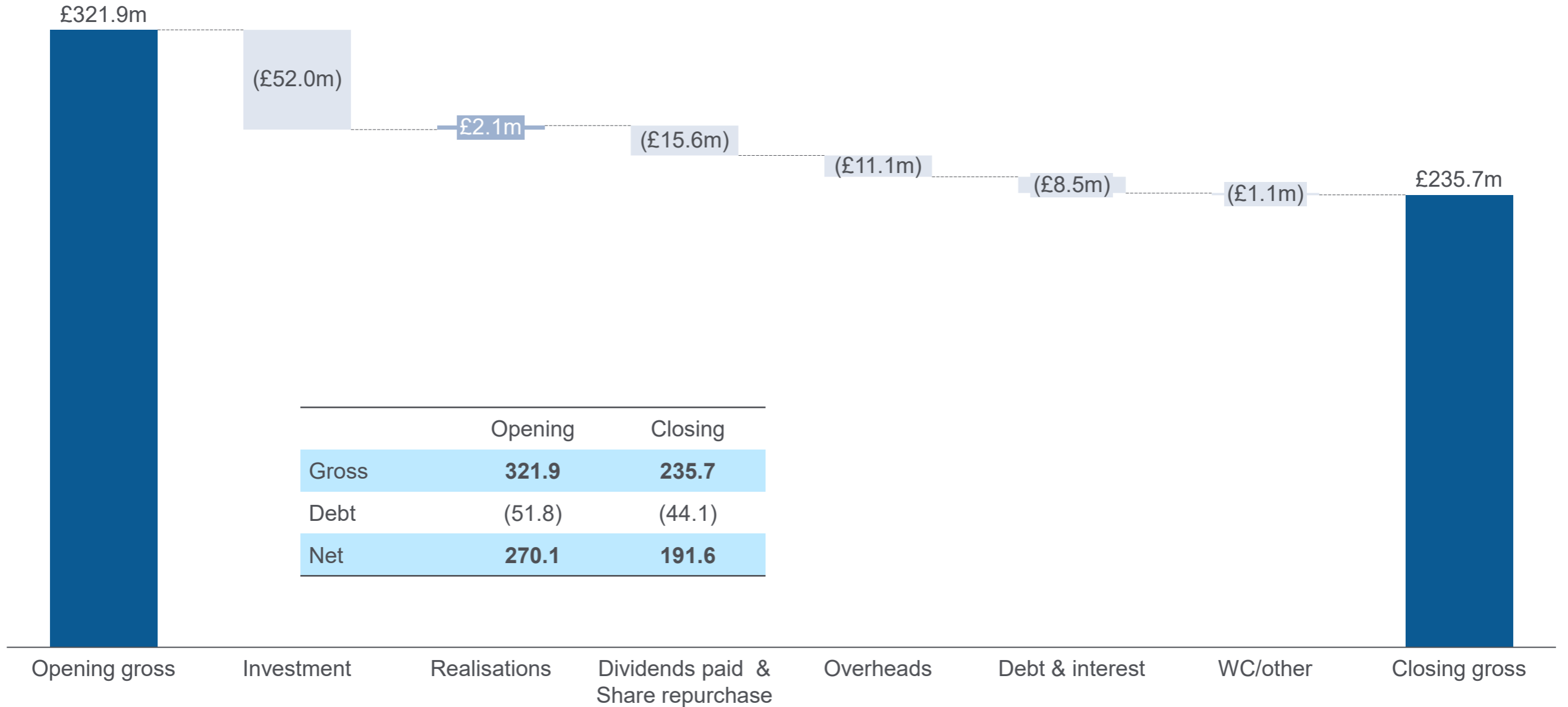
Portfolio by sector:



Portfolio concentration:



# Results: Cash Flows



# Debt



New private debt placing totalling **£120m** at **5.25% fixed interest**



Partial repayment of EIB Debt adds **£105m net headroom**



Provided by UK institutional investors to support **sustainable investments**



**Drawn down in two tranches:**  
2022, 2023



**Repayment over three tranches:**  
2027, 2028, 2029





4

## Summary

Creating sustainable value for shareholders

# Investment Case: Creating Value For Shareholders



## DIFFERENTIATED ACCESS TO IMPACTFUL DEALFLOW

Deep expertise in core thematic areas & strong networks in key ecosystems.

Trusted partner; expertise in identifying, building & exiting high-growth science & technology businesses.



## EXPOSURE TO HIGH-GROWTH COMPANIES

Liquid exposure to maturing portfolio; many companies with potential to scale above \$1bn in value.

Strong balance sheet: net cash of £192m.



## UNLOCKING SHAREHOLDER VALUE

Sustainable capital allocation policy, realisations-based cash returns through dividends & share buybacks.

20 year track record of double digit growth; ambition to deliver 20% returns over the next five years.

# Summary



## SIGNIFICANT PROGRESS IN PRIORITY COMPANIES



H1 FAIR VALUE CHANGE

**+£71m**



## WELL FINANCED



NET CASH

**£192m**



## CONTINUED COMMITMENT TO SHAREHOLDER RETURNS



CUMULATIVE RETURNS TO  
SHAREHOLDERS SINCE 2021

**£57m**

# Appendices

# 1 | Board



## **SIR DOUGLAS FLINT**

### *Non-executive Chairman*

Previously Group Chairman of HSBC, spent 15 years as HSBC's Group Finance Director, joining from KPMG where he was a partner.



## **GREG SMITH**

### *Chief Executive Officer*

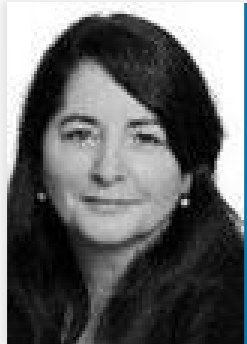
Decade as Group CFO driving strategy, scale and geographic expansion. Deep experience in investment appraisal, capital and resource allocation. Previously KPMG and \$3bn fund of hedge funds.



## **DAVID BAYNES**

### *Chief Financial and Operating Officer*

Finance and venture background, long track record of working successfully with the Boards of investee companies. Co-founder Fusion IP plc.; bought by IP Group.



## **DR ELAINE SULLIVAN**

### *Non-executive Director*

27 years' international pharmaceutical industry experience including Eli Lilly and AstraZeneca.



## **HEEJAE CHAE**

### *Non-executive Director*

Experienced public company director. Former CEO of AIM-listed Scapa Group plc, a global supplier of products for healthcare and industrial markets.



## **DR CAROLINE BROWN**

### *Non-executive Director*

Background in corporate finance, advising global corporations and governments. Experience in managing early stage companies in energy and tech sectors.



## **AEDHMAR HYNES**

### *Non-executive Director*

Background in communications advising brands through digital transformation and technology disruption. Ranked among the 'PR Week' 50 most powerful communications professionals in the world.



## **ANGELA LEACH**

### *Company Secretary & Group Legal Counsel*

Background in corporate, commercial and IP law. Previously CMS Cameron McKenna and Memery Crystal.

## 2 | Senior Management



**GREG SMITH**  
*Chief Executive Officer*  
See bio on previous page.



**DAVID BAYNES**  
*Chief Financial and Operating Officer*  
See bio on previous page.



**ANGELA LEACH**  
*Company Secretary &  
Group Legal Counsel*  
See bio on previous page.



**DR MARK REILLY**  
*Managing Partner, Technology*  
Background in software, web, optics, and electronics. Previously Remarkable Innovation, a technical due diligence company with a Fortune 500 and national government clients.



**DR SAM WILLIAMS**  
*Managing Partner, Life Sciences*  
20 years' experience in biotech, both as equity analyst and entrepreneur.  
Co-founder: Istesso  
Board member: Pulmocide Ltd, Diurnal Group plc, Pioxus Ltd and Microbiotica Limited.



**DR LISA PATEL**  
*Partner, Life Sciences*  
Over 20 years' in Pharma, biotech, and drug discovery/development. Previously GSK.  
Co-founder: Istesso



**LIZ VAUGHAN-ADAMS**  
*Director of Communications*  
Background in crisis management, M&A, IPOs, fund raisings, media relations, CSR and digital strategies.



**MORAY WRIGHT**  
*CEO Parkwalk Advisors*  
Background in corporate, commercial and IP law.  
Previously: Hoare Govett, JP Morgan, Lazard and Mirabaud.



**MIKE MOLINARI**  
*Managing Director Australia*  
Strong background in science commercialisation and invention  
Previously: Brandon Capital, Medical Research Commercialisation Fund.



**ANTHONY YORK**  
*Group People Director*  
Proven capability of developing and leading high-performing teams. Specialising in development of both HR and Reward strategies that directly support commercial growth objectives.



**JOYCE XIE**  
*Managing Director, Greater China*  
International career in investment management and private banking covering Telecoms, Media, & Technology.  
Previously: HSBC investment banking, private banking.



**CHRIS GLASSON**  
*Group Finance Director*  
Chartered accountant with 15 years+ experience in finance  
Previously: Deloitte, Tesco, The Carphone Warehouse

## 3 | Shareholder Register (Above 2% Holders)

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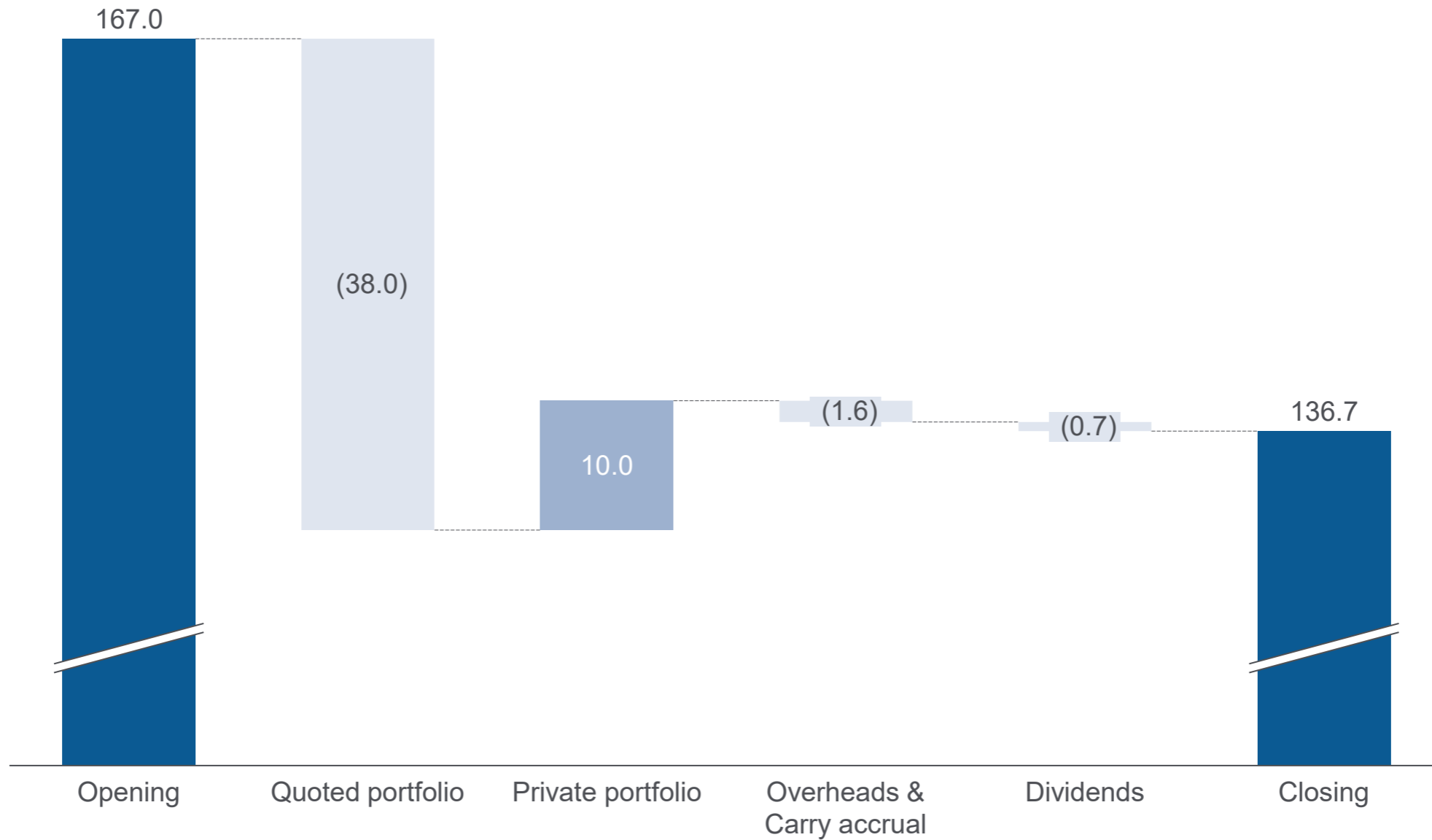
Shareholder	% holding
Railways Pension Scheme	15.7%
Baillie Gifford	5.6%
Liontrust Sustainable Investments	5.2%
Blackrock	5.0%
Vanguard	4.2%
Schroder Investment Management	3.7%
Imperial College	2.9%
Lansdowne Partners	2.7%
Legal & General Investment Management	2.6%
Telstra Super	2.3%
Odey Asset Management	2.3%
Invesco	2.2%
Border to Coast	2.1%
<b>Total</b>	<b>c. 56%</b>

## 4 | Summary Income Statement

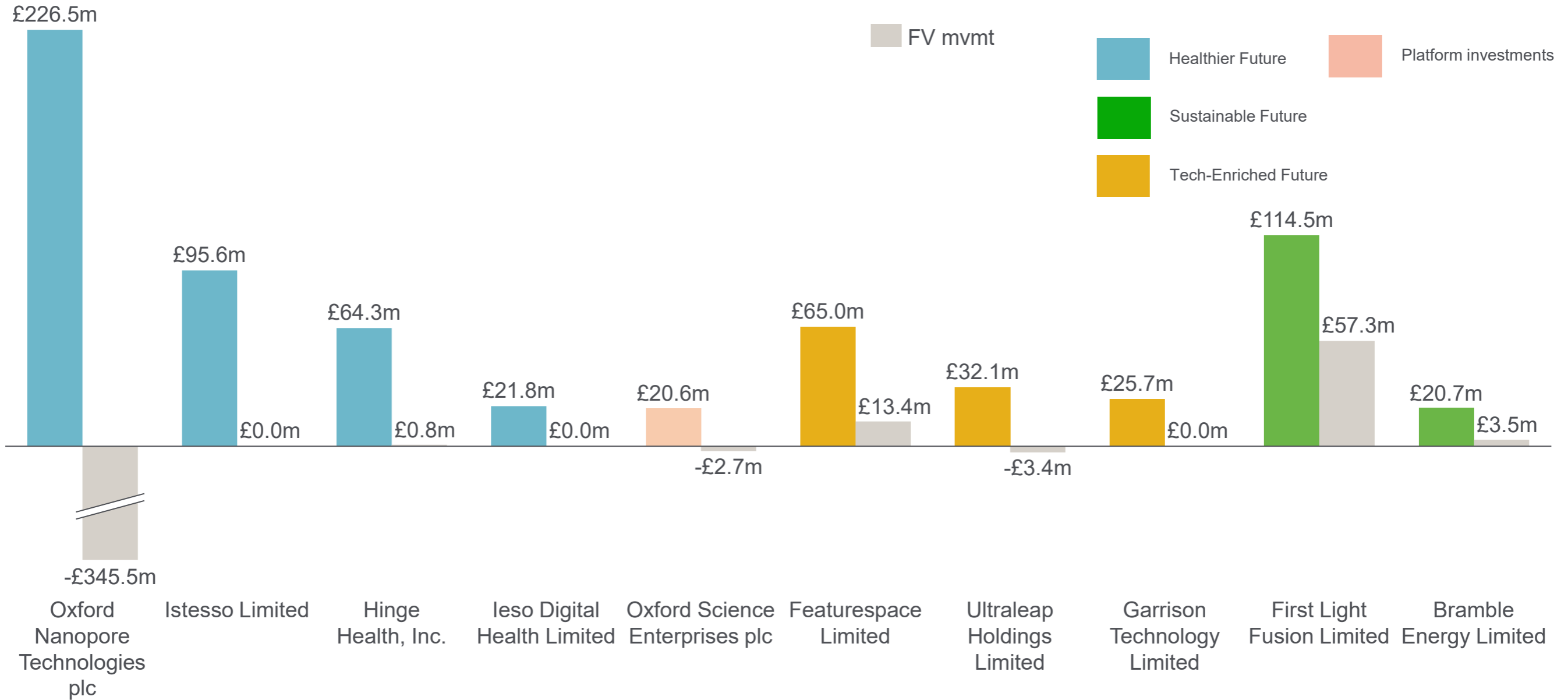
	H1 2022 (£m)	H1 2021 (£m)
<b>A Core business</b>		
Movement in portfolio value including funds	(291.1)	140.4
Income	3.1	5.1
Overhead (excl. incentives)	(14.2)	(14.7)
<b>Net operating costs</b>	<b>(11.1)</b>	<b>(9.6)</b>
Incentive costs including carry accrual (non-cash)	(7.4)	(13.5)
Consolidated portfolio company costs	-	(0.1)
<b>(Loss)/Profit from core business</b>	<b>(309.6)</b>	<b>117.2</b>
<b>B Non-operating and non-recurring items</b>		
Net interest	(0.2)	(0.7)
<b>(Loss)/Profit after taxation</b>	<b>(309.8)</b>	<b>116.5</b>



# 5 | NAV Per Share Waterfall



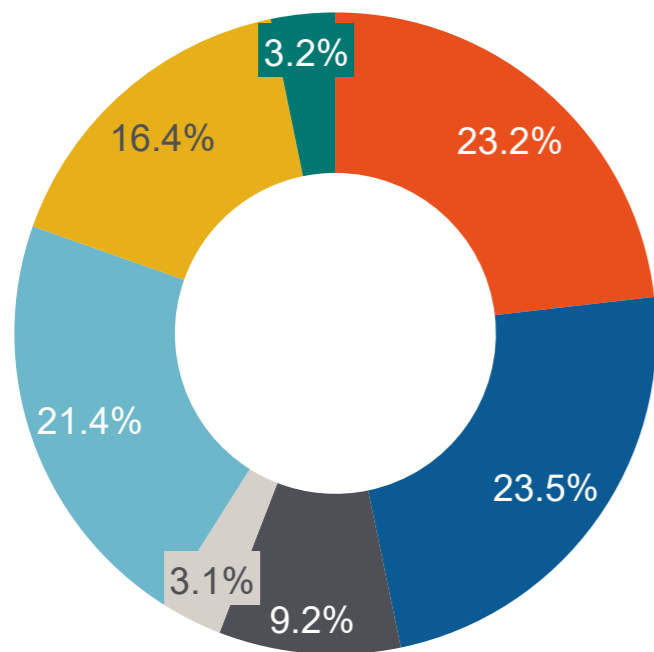
# 6 | Top 10 Holdings & Fair Value Movement in H1 2022



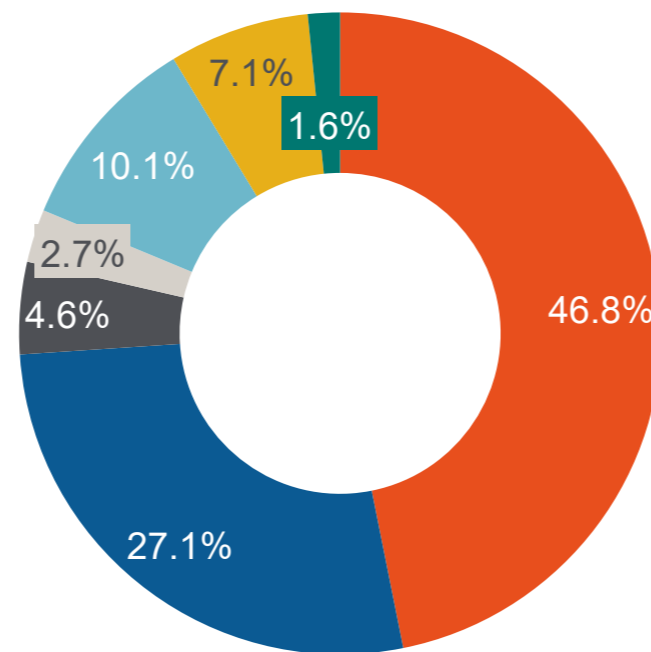
Fair value movements include both realised and unrealised movements

# 7 | Portfolio Valuation Approach

H1 2022:



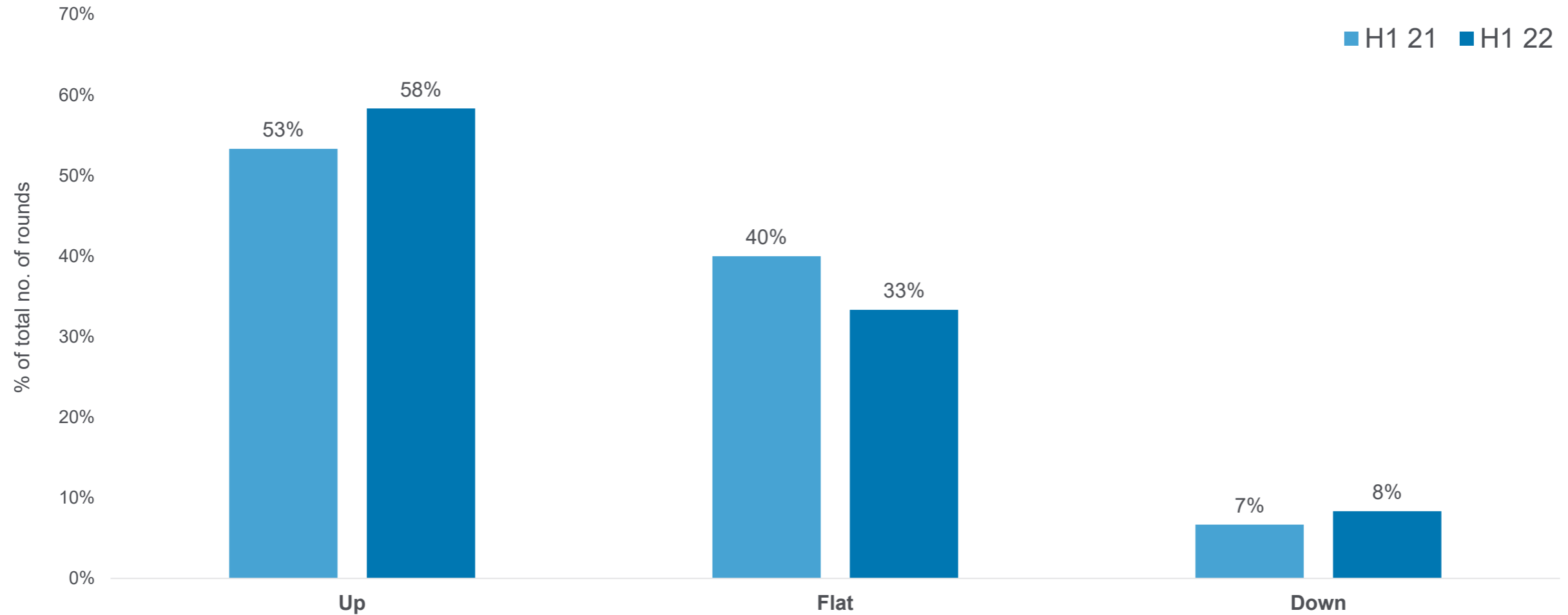
FY 2021:



- The Group seeks to use observable market data as the primary basis for determining asset fair values where possible (quoted bid price, recent financing rounds)
- The Group engages third party valuation specialists to provide valuation support where appropriate.

# 8 | IP Group Portfolio Funding Rounds H1 2022 & H1 2021

## Portfolio equity funding rounds - % up/flat/down vs previous funding round



NB includes subsequent closes of earlier funding rounds where relevant

# 9 | Healthier Future



Understanding disease



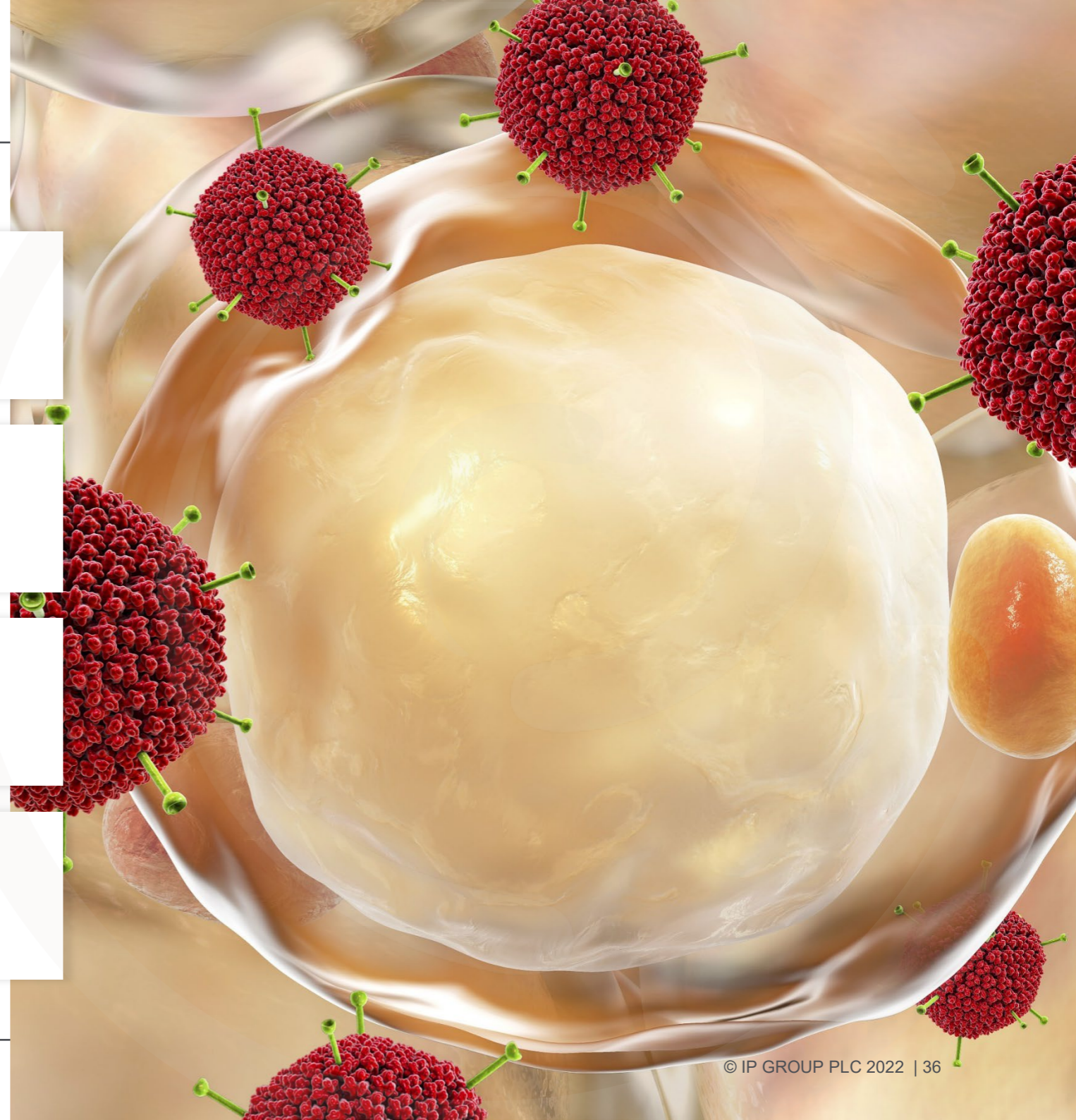
Reprogramming cells



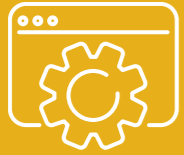
Reconditioning tissue



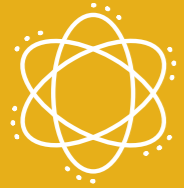
Redirecting behaviour to reduce risk



# 10 | Tech-enriched Future



Cybersecurity & fintech



Next gen networks



Human-machine interface



Neuromorphic & quantum computing

# 11 | Sustainable Future



Renewable electricity & alternative fuels



Mobility & transport



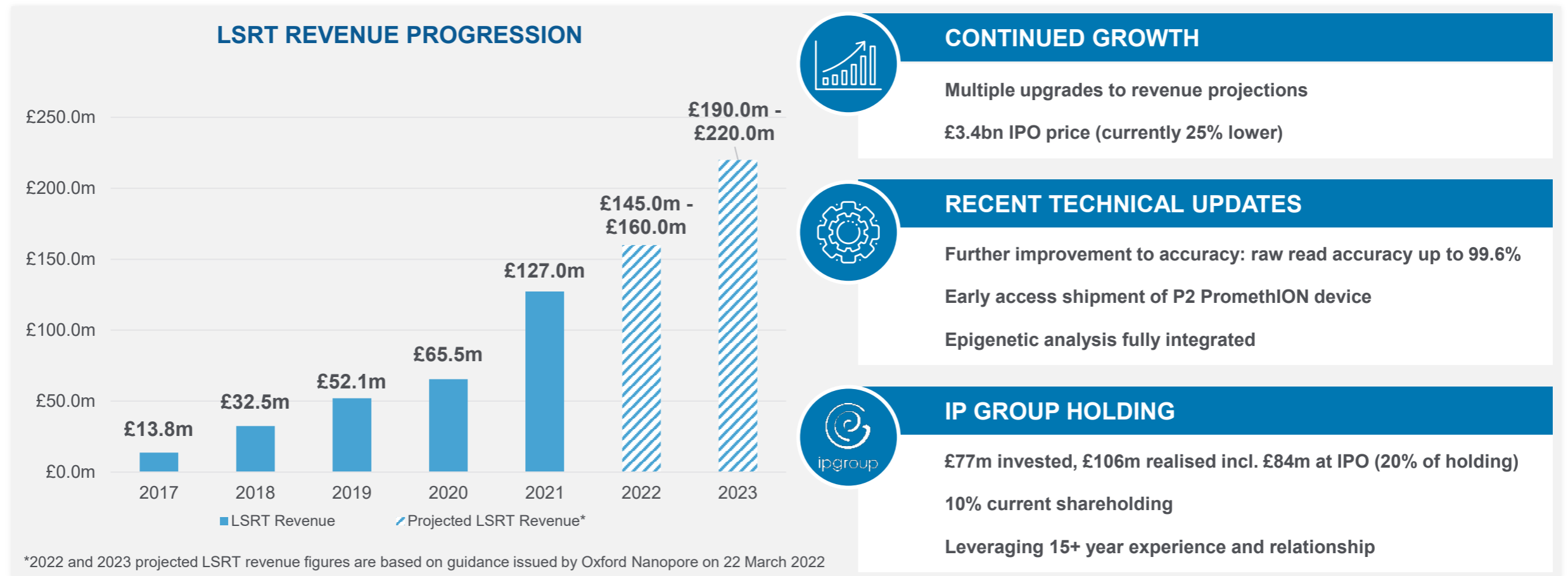
Greenhouse gas capture/ removal/ storage



Climate risk management



“ Oxford Nanopore remains a core, strategic holding for the Group with significant potential upside as the Company fulfils its growth and profitability ambitions over the coming years. ”





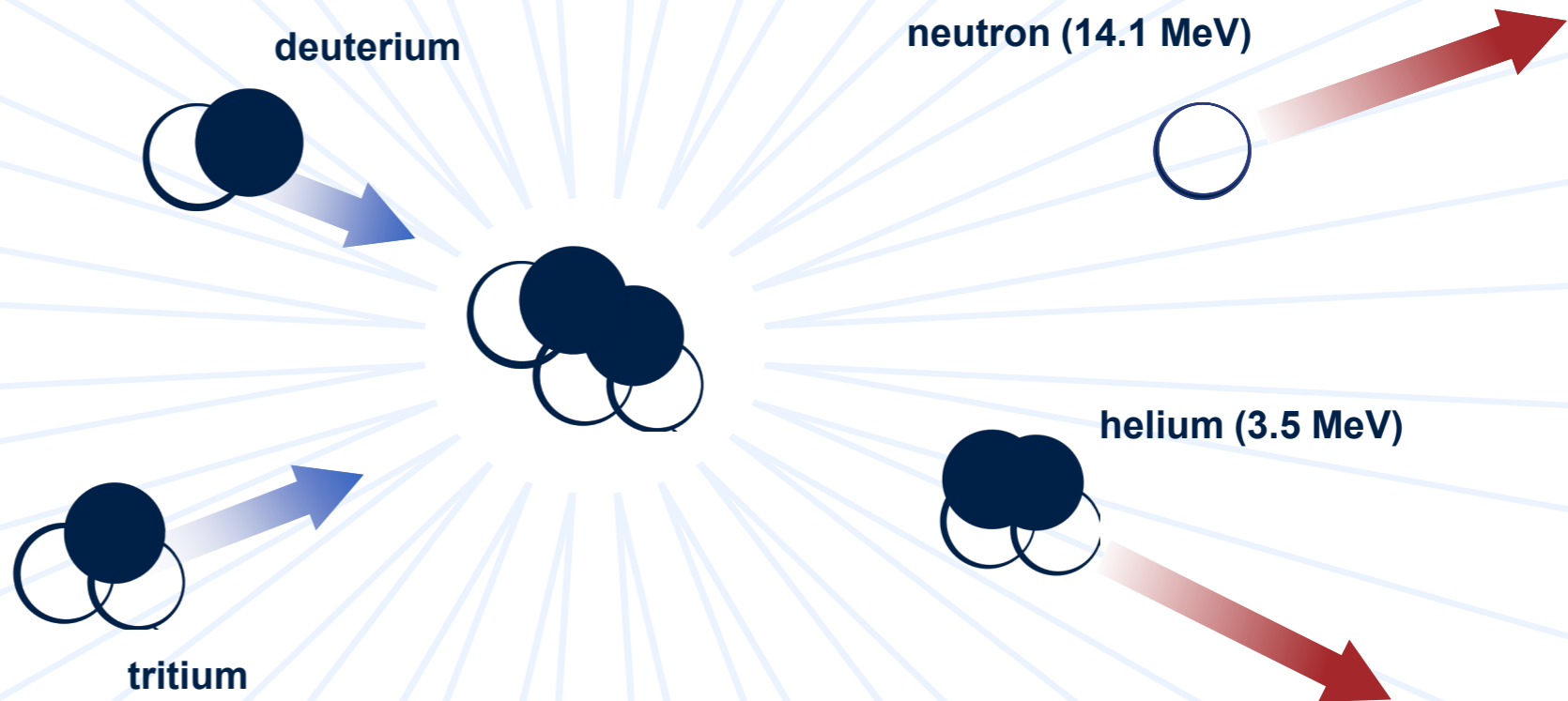
# 13 | What is Fusion? – The Key Metric is the “Triple Product”

Fusion powers the stars, joining together light elements to release energy

Temperature  $\times$  density  $\times$  time

Temperature is set by the need to overcome the repulsion between particles

Density and time together determine how many opportunities you have to fuse



## 14 | Magnetic Fusion

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- JET is the largest magnetic fusion device in the world
- Low density, long time
- Continuous → like a furnace

## Inertial Fusion

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- NIF is the largest inertial fusion device in the world
- High density, short time
- Pulsed → like an internal combustion engine

**Both methods have demonstrated a gain of 0.7**

i.e. the energy from fusion was 70% of the input energy

# 15 | Debt Comparison

	EIB loans <sup>1</sup>	Private placement <sup>2</sup>
Maximum amount <sup>3</sup>	£104m	£120m
Blended interest rate	3.26% <sup>4</sup>	5.25%
Minimum cash covenant	£30m	£25m (£50m)
Debt/Net Assets <sup>5</sup> covenant	17%	25% (20%)
Minimum equity covenant	N/a	£500m (£750m)
Fixed charges	Bank account with 6 months interest & repayment	Bank account for realisations > £1m in cash trap period
Restriction on distributions	By prior agreement	None (other than via minimum assets condition)

<sup>1</sup> For further detail on EIB loans, see p177-178 of 2021 Annual Report & Accounts

<sup>2</sup> Figures shown in parentheses reflect 'cash trap' minimum amounts

<sup>3</sup> For EIB facility, maximum amount outstanding was in Q4 2017

<sup>4</sup> Reflects current interest rates

<sup>5</sup> For EIB facility, covenant is Debt / Portfolio & Cash and ratio shown is 1:6 restriction on Touchstone Facility

**EVOLVING GREAT IDEAS INTO WORLD-CHANGING BUSINESSES.**

IP Group was set up with a mission to evolve great ideas, mainly from our partner universities, into world-changing businesses. We achieve this by systematically helping to create, build and support outstanding intellectual property-based companies.



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