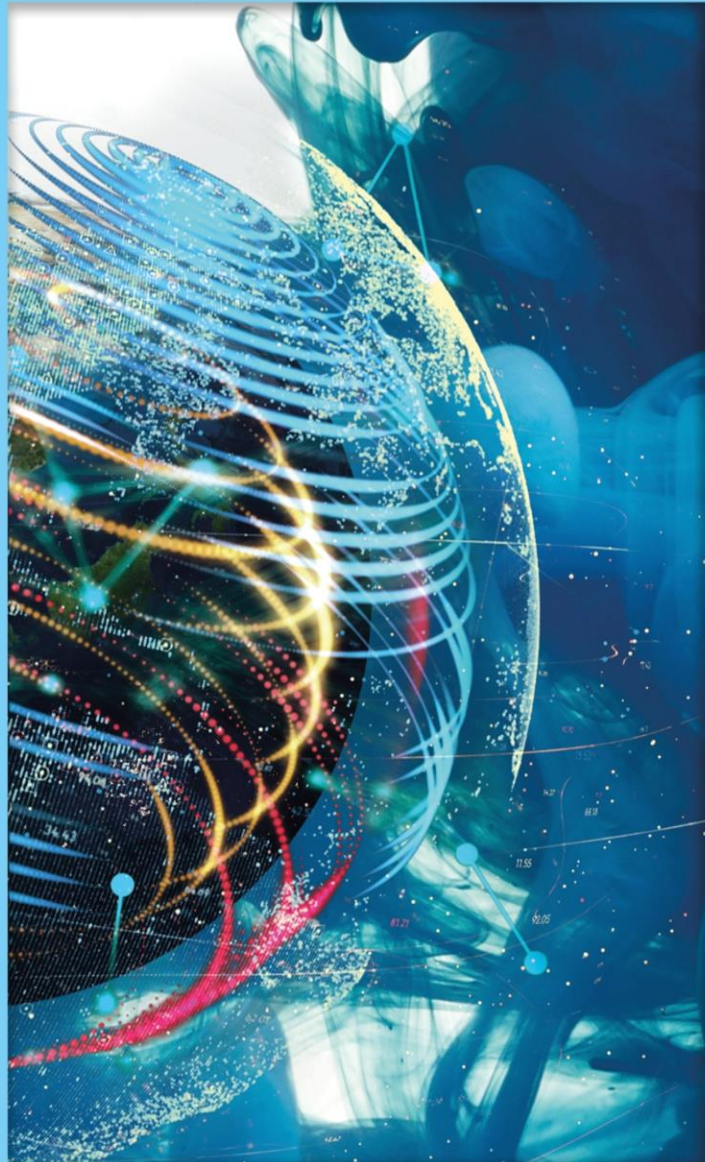




IP GROUP PLC
Half-Yearly Report
for the six months ended
30 June 2021



Registration
Number:
04204490
Stock Code:
IPO

**20 YEARS OF EVOLVING
GREAT IDEAS INTO
WORLD-CHANGING BUSINESSES**

Evolving great ideas into world-changing businesses

Commenting on the Group's half-yearly results, Alan Aubrey, Chief Executive Officer of IP Group, said:

"IP Group has made excellent progress in the first half of the year and beyond, achieving record realisations to the end of July of more than £168m, more than double the £79.5m achieved for the whole of 2019. The Group saw a positive return of approximately 3% on its portfolio in the first half, despite the significant headwinds and challenges faced globally. We will continue this focus on NAV growth in the second half of the year and beyond.

We have adapted the Group's day-to-day operations to ensure that our people have been able to continue to work effectively despite the COVID-19 pandemic and management has focussed on three core areas – the health and wellbeing of our people, supporting our portfolio of companies and maintaining business-as-usual virtually. I have great pride in the role that many of our portfolio companies are continuing to play in society's response to COVID-19, further underlining the relevance and importance of the Group's purpose.

The cash realisations from the portfolio, the positive portfolio return and continued prudent cost control have placed the Group in an even stronger, more liquid financial position than at the beginning of 2020. We remain confident in the prospects for our portfolio that, as well as financial returns, is delivering meaningful impact and significant benefits to society at large."

ALAN AUBREY

Chief Executive Officer

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.

Half-Year Results

***Strong return, significant cash realisations,
capital recycled for growth alongside interim dividend and share buyback***

Half-year highlights

- Strong Return on Hard NAV¹ of £117.9m, or 9%, (HY20: £14.2m; FY20: £189.5m)
- Hard NAV² of £1,439.3m or 135.4 pence per share (HY20: £1,156.4m or 108.8pps; FY20: £1,331.5m or 125.3pps)
- Cash realisations of £111.4m (HY20: £113.7m; FY20: £191.0m)
- Sustained investment into portfolio: £69.5m into 41 companies (HY20 £36.9m; FY20: £67.5m)
- Interim dividend of 0.48p per share and £20m allocated to buying back the Group's shares

Portfolio highlights

- Fair value of portfolio: £1,246.4m (HY20: £1,025.0m; FY20: £1,162.7m)
- Net portfolio gains of £143.1m (HY20: £34.9m; FY20: £231.4m)
- Sales of Inivata Ltd to NeoGenomics, Inc, WaveOptics Ltd to Snap, Inc and Kuur Therapeutics Ltd to Athenex, Inc.
- Oxford Nanopore announced it has begun preparations for a potential IPO
- Total funds raised by portfolio companies: Approximately £1.0bn (HY20 £365m; FY20: £1.1bn) including Oxford Nanopore Technologies Ltd (£202m), Centessa Pharmaceuticals Ltd (US\$630m/£457m), Pulmocide Ltd (US\$92m/£67m committed, US\$25m/£18m invested) and MOBILion (US\$60m/£43m)³

Other financial and operational highlights

- Net assets £1,439.7m (HY20: £1,156.8m; FY20: £1,331.9m)
- Profit of £116.5m (HY20: £11.7m; FY20: £185.4m)
- Strong liquidity with gross cash and deposits at 30 June 2021 of £308.9m (HY20: £245.3m; FY20: £270.3m) and Net Cash⁴ of £249.4m (HY20: £170.5m; FY20: £203.0m)
- North American platform, IP Group, Inc secured additional funding, bringing total raised in H1 to US\$59m (£43m³)
- Joint venture formed with China Everbright Ltd to launch first third-party fund in China

¹ Return on Hard NAV is defined as the profit for the period, excluding amortisation of intangible assets, share-based payment charge and IFRS3 charge in respect of acquisition of subsidiary (see Note 9)

² Hard NAV is defined as Total Equity, excluding Other Intangibles (see Note 9)

³ Based on a USD/GBP rate of 1.38

⁴ Net Cash is defined as gross cash and deposits less EIB debt (see Note 9)

Interim Management Report

Summary

The purpose of IP Group is to evolve scientific and technological innovation into world-changing businesses – businesses that make a positive impact on the environment and society alongside an attractive financial return. We provide the capital and support required to help scientific innovators and entrepreneurs move from start-up to scale-up. The problem we address is the difficulty that these teams and their companies experience in accessing the capital and support they need to make this journey. The risks are substantial and the timelines often long, and these factors combined make it difficult for many investors to back these innovations despite the potential for significant impact and value creation. By funding opportunities through an ‘evergreen’ structure, such as our plc balance sheet, IP Group helps mitigate these risks. Our vision is an ever-growing alumnus of self-sustaining, impactful companies that IP Group helped to create and sustain. Our business model is to increase the value of our holdings before selling down in whole or part over time in order to generate the capital to ensure the Group’s ongoing sustainability.

The world feels significantly different compared to this time last year in terms of the impacts of, and the responses to, the COVID-19 pandemic. We have an improved understanding of the virus, vaccine rollouts are proceeding at pace, and many societies and economies are continuing their recoveries, helped by unprecedented levels of fiscal and monetary stimulus from governments and central banks. However, along with many others in the world, the Group and its companies continue to operate in a time of heightened uncertainty with some still having to adapt to operational challenges caused by local lockdowns or illness or isolation of team members and their families. That being said, capital markets, while showing some degree of continued volatility, have on the whole been favourable for many of the Group’s companies, allowing them to raise additional capital, while others have benefitted from secular trends, such as increased interest in digitisation, climate change and human health, which have been accelerated as a result of the pandemic. We continue to have great pride in the positive impact that many of our companies’ products and services are having in these areas.

Against this backdrop, and as we celebrate our 20th year in 2021, it is pleasing to report strong commercial activity and interest in the Group’s portfolio. Three portfolio companies were sold to Nasdaq-listed companies at significant valuation uplifts in the period: Inivata Ltd was acquired by NeoGenomics, Inc, WaveOptics Ltd was sold to Snap, Inc and Kuur Therapeutics Ltd was acquired by Athenex, Inc. In addition, Centessa Pharmaceuticals plc floated on Nasdaq in May having acquired portfolio company ApcinteX in January, while Oxford Nanopore Technologies Ltd, our most valuable holding, announced it was preparing for a potential IPO in London that it intended to occur in the second half of 2021.

Financial results: continued maturity of the business model

IP Group has had another strong half with Hard NAV increasing to £1.4bn or 135.4p per share. Net portfolio gains of £143.1m in the period were driven largely by, in the Life Sciences sector, Inivata (£30.7m), Kuur/Athenex (£29.0m), and ApcinteX/Centessa Pharmaceuticals (£21.5m), in the Technology sector, WaveOptics (£24.6m) and Ultraleap (£11.7m), and in the US by MOBILion Systems, Inc (£12.3m).⁵

The continuing maturation of the Group’s portfolio has resulted in continued strong cash generation, with realisations in the period totalling £111.4m. This includes £64.6m from the acquisition of Inivata and £29.4m from the first tranche of consideration for the acquisition of WaveOptics.

In line with its capital priorities, the Group has invested £69.5m during the first six months of the year, already exceeding the £67.5m invested during the whole of 2020. Ninety percent of the capital invested into the Group’s UK portfolio was into its maturing Top 20 and Focus holdings, including £18.7m into Oxford Nanopore’s most recent financing. This activity has left the Group in a strong financial position with £249.4m of Net Cash at 30 June 2021.

Overview of fund and business unit performance

The performance of our Funds and Business Units is summarised below and further detail on the performance of each is provided in the Portfolio Review.

<i>All £m unless stated</i>	Invested	Realisations	Net Portfolio Gains/(losses)	Fair Value at 30 June 2021	Simple return on capital (%) ⁶
Deeptech	2.4	41.6	41.4	193.2	19
Cleantech	4.1	0.4	(1.7)	61.0	(3)
Life Sciences	22.8	69.1	88.0	437.4	22
Strategic Opportunities	21.2	-	4.1	395.9	1
North America	10.0	-	7.1	61.9	11
Australia and New Zealand	3.9	-	(0.4)	10.8	(5)
Organic and <i>De minimis</i>	-	0.3	(1.1)	10.6	(9)
Total Net Portfolio	64.4	111.4	137.4	1,170.8	12
<i>Attributable to third parties</i>	5.1	-	5.7	75.6	14
<i>Gross Portfolio</i>	69.5	111.4	143.1	1,246.4	12

⁵ Of the fair value gains noted above, the following amounts are attributable to the third-party limited partners in the consolidated fund, IP Venture Fund II L.P.: Ultraleap Holdings Limited: gain of £2.2m (HY20: nil, FY20: reduction £0.9m), and consolidated fund IPG Cayman L.P.: MOBILion Systems, Inc: gain of £4.5m (HY20: gain £0.1m, FY20: nil).

⁶ Calculated as net portfolio gains as a percentage of opening portfolio value

Continued evolution of approach to shareholder value creation

The Board has been pleased with the financial performance of the business during the first half 2021, including the continued positive return on net assets and significant net cash realisations from the maturing companies in the portfolio. The Board also continues to recognise that share price volatility and the discount / premium to Hard NAV per share has been a major issue to shareholders over the years. The Board was therefore pleased to receive almost unanimous shareholder support for its recommended maiden dividend, which was paid to shareholders in June, and the authority to make market purchases of up to 10% of the Group's shares, provided those shares are trading at a discount to Hard NAV per share.

In light of the Group's continued strong financial performance and in considering the application of its Capital Allocation Policy, the Board is pleased to announce the Group's first interim dividend of 0.48 pence per share. In addition, following the further positive progress in cash realisations this half, the Board is allocating a proportion of the capital received from these exits, £20m, towards the Group's first buyback of its own shares. This buyback programme is subject to various factors including our shareholder authorities to only buyback shares at a discount to Hard NAV per share. Decisions to repurchase shares will always be undertaken in conjunction with considering other potential investment opportunities for the benefit of stakeholders. The Group will update shareholders on the utilisation of this capital via the relevant regulatory announcements.

It is important to highlight that the Group's business model remains to generate both impact and financial return through investment into companies based on scientific and technological innovation and that this investment is expected to represent the most significant use of the Group's capital. The Board therefore continues to consider that shareholder returns will be driven primarily by long-term capital appreciation and that shareholder distributions will remain a minor component of the total return.

Accessing capital

The Group's ability to invest 'permanent' capital from its balance sheet capital confers a significant advantage compared to fixed life funds in the space in which the Group operates. Since many of our companies progress in a non-linear manner, it can be difficult to judge the timing of rapid potential value accretion, so flexibility to continue to support our most attractive companies over a number of years and to seek to optimally time exits is important.

The Group's capital strategy also includes accessing other sources of capital for portfolio company development, such as private funds and a broad network of co-investors across the world. As an example, in the UK the Group considers the tax-advantaged Enterprise Investment Scheme ("EIS") funds to be an important source of financing for early-stage technology companies. After a more challenging environment in 2020, we have been pleased to see strong operating performance from Parkwalk, the UK's largest EIS growth fund manager focused on university spin-outs, which links leading institutional wealth managers and university partners. As evidence of this, in July this year, we were delighted to report that Mercedes-Benz had acquired YASA, the pioneer in next generation electric drive technology, where Parkwalk was the largest shareholder. In addition, in North America, IP Group, Inc. had a strong start to the year, securing a further US\$59m (£43m⁷) of capital, through a round led by a new US institutional investor and including \$10m (£7m) from the Group.

During the period the Group formed a joint venture with China Everbright Ltd in Hong Kong to launch a new fund in China with capital provided by parties other than IP Group. The fund will be aimed at providing capital to high-growth companies wanting to establish a presence in China. The fund, which can only invest in entities incorporated in the PRC, such as the China subsidiaries of overseas companies or joint venture structures, is targeting a first close of RMB500m (c.£56m⁸) later this year and this could increase to up to RMB1.5bn (c.£167m⁸) within the next three years. The fund's mandate provides that it will deploy no less than 40% of its capital to PRC subsidiaries or joint ventures of IP Group portfolio companies, with the balance available to non-IP Group deep technology companies. The joint venture is consistent with our stated strategy of working with high-quality partners to provide our companies with access to expertise, network and capital. The Group currently does not intend to deploy its balance sheet capital into China.

Finally, the Group continues to explore funding routes for its Cleantech business unit, particularly a subset of opportunities that have been identified around the transition to net zero and that are considered well-suited to venture-style investment.

ESG and impact

IP Group's approach to ESG, responsible investment and impact continues to evolve and the Group is now a member of the Principles for Responsible Investment (PRI). This reiterates a commitment to embedding ESG into investment processes which is overseen by the Ethics Committee and its chair Professor Gordon Clark. There also continues to be strong natural alignment between the Group's purpose and impact which, in recent years, has been articulated by alignment to the UN's Sustainable Development Goals ('SDGs'). Focus on improving performance on broader ESG issues has continued to develop. In the first half of the year, the Group established a new Executive Committee and, as part of efforts to increase a greater level of diversity of thought, was delighted to appoint two employees to 'Employee Executive' roles in June. In terms of gender diversity, the Group's senior management, now defined as the Executive Committee, and the Board are now 64%:36% and 67%:33% male to female, respectively.

⁷ Based on a USD/GBP exchange rate of 1.38

⁸ Based on a RMB/GBP exchange rate of 8.98

Outlook: Strong investment pipeline and prospects

In our 20th year, I am delighted to report that the Group's portfolio continues to be well funded with portfolio companies having raised approximately £1bn in the first half of the year (HY20: £365m; FY20: £1.1bn) including Oxford Nanopore Technologies Ltd (£202m), Centessa Pharmaceuticals Ltd (US\$630m/£457m), Pulmocide Ltd (US\$92m/£67 committed, US\$25m/£18m invested) and MOBILion (US\$60m/£43m). The Group also has access to a strong pipeline of opportunities to deploy capital, having invested £69.5m of which £1.8m was into new opportunities in the first half. This included a promising opportunity in hydrogen production in Australia – Hysata. In addition, funds managed by Parkwalk invested £20.4m into 20 university spin-outs, including eight new opportunities.

While there remains a heightened level of uncertainty, owing to the ongoing COVID-19 pandemic and other geopolitical developments, IP Group is in a strong financial position with Net Cash of £249.4m. Having a strong level of liquidity remains more important than ever in the current environment, ensuring the Group is able to support scale-up capital for portfolio companies seeking to raise capital earlier than might otherwise be the case while remaining well placed to invest in thematic trends emerging post pandemic.

We continue to be excited by the prospects for the second half of the year and beyond, most notably the impending flotation of Oxford Nanopore, as well as the impact the Group can have from the renewed global focus on innovation and sustainability. The maturity of our portfolio companies as they achieve meaningful commercial progress on top of scientific recognition will, we believe, drive further financial success of the Group in the coming years.

PORTFOLIO REVIEW

Overview

During the six months to 30 June 2021, there were net portfolio gains of £143.1m, a return of approximately 12% on the value of the opening portfolio (HY20: gain £34.9m; FY20: gain £231.4m). Despite significant net divestments during the period, the absolute value of the portfolio as at 30 June 2021 increased to £1,246.4m (HY20: £1,025.0m, FY20: £1,162.7m).

The Group exited its interest in six companies (HY20: two; FY20: eight) and realised total cash proceeds during the period of £111.4m (HY20: £113.7m; FY20: £191.0m). These proceeds largely consist of the Group's realisation of its full holdings in Inivata Limited (£64.6m), Wave Optics Limited (£29.4m), Inflowmatix Limited (£4.9m) and Perpetuum Limited (£2.5m), alongside partial realisations of holdings in Actual Experience plc (£4.7m) and Iksuda Therapeutics Limited (£2.1m).

During the first half of 2021, the Group provided pre-seed, seed, and post-seed capital totalling £69.5m to its portfolio companies (HY20: £36.9m, FY20: £67.5m). The Group invested into three new companies or projects during the period (HY20: three, FY20: seven), with two being sourced in the US and one from Australia. (HY20: US one, Australia: two, UK: none; FY20: US: one, Australia: four, UK: two). In addition, the Group's holding in Apollo Therapeutics LLP was exchanged for shares in AT Topco Limited, which has now been recognised as a portfolio investment.

Performance summary

A summary of the Income Statement gains and losses that are directly attributable to the portfolio is as follows:

	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m	Year ended 31 December 2020 £m
Gains on revaluation of investments	106.9	57.0	224.8
Losses on revaluation of investments	(19.1)	(52.8)	(71.3)
Effects of movement in exchange rates	(2.1)	5.2	(4.6)
Change in fair value of equity and debt investments	85.7	9.4	148.9
Gains on disposals of equity investments	57.4	25.5	82.5
Net portfolio gains	143.1	34.9	231.4

The largest contributors to unrealised gains on the revaluation of investments were the acquisition of Kuur by Athenex, Inc. (£29.0m), Centessa Pharmaceuticals plc (£21.5m), MOBILion Systems, Inc. (£12.3m), Ultraleap Holdings Limited (£11.7m), Featurespace Limited (£5.3m), Iksuda Therapeutics Limited (£4.9m) and Itaconix plc (£3.9m). These unrealised gains were partially offset by unrealised losses on the revaluation of Azuri Technologies Limited (£3.2m) and Artios Pharma Limited (£3.2m).⁹

The majority of the £57.4m realised gains on the sale of investments relates to the sale of the Group's full holding in Inivata Limited, which generated a £30.7m gain on disposal, and the sale of Wave Optics Limited, which gave rise to a £24.6m gain on disposal.

⁹ Of the fair value movements noted above, the following amounts are attributable to the third-party limited partners in the consolidated fund, IP Venture Fund II L.P.: Ultraleap Holdings Limited: gain of £2.2m (HY20: £nil, FY20: reduction £0.9m), Azuri Technologies Limited: reduction of £0.6m (HY20: reduction £0.5m, FY20: reduction £0.5m), and consolidated fund IPG Cayman L.P.: MOBILion Systems, Inc: gain of £4.5m (HY20: gain £0.1m, FY20: £0.0m).

The performance of the Group's holdings in companies quoted on AIM saw a net unrealised fair value increase of £6.2m (HY20: increase £24.9m, FY20: increase £40.1m), and the Group now has holdings in two NASDAQ listed companies, Centessa Pharmaceuticals plc and Athenex, Inc. Portfolio company Kuur Therapeutics Limited was acquired by Athenex, Inc. in May this year, giving rise to a gain upon acquisition of £29.0m, and Centessa Limited (which acquired portfolio company ApcinteX Limited in January) listed on NASDAQ in May, giving rise to an unrealised fair value increase upon IPO of £21.5m. The Group's holdings in unquoted companies experienced a net unrealised fair value increase of £29.0m (HY20: decrease £15.4m, FY20: increase £108.8m), excluding the Athenex and Centessa transactions.

Investments and realisations

The Group deployed a total of £69.5m across 41 new and existing projects during the period (HY20: £36.9m, 34, FY20: £67.5m, 65), versus realisations in the period of £111.4m (HY20: £113.7m; FY20: £191.0m), resulting in net realisations of £41.9m (HY20: net realisations of £76.8m, FY20: net realisations of £123.5m).

Cash invested by company focus was as follows:

	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m	Year ended 31 December 2020 £m
Cash investment analysis by company focus			
Top 20 by value	37.5	11.0	23.6
Focus	8.8	8.8	14.5
Other (including companies exited during the period)	5.0	8.0	14.6
Total United Kingdom	51.3	27.8	52.7
North America ¹	14.3	7.2	11.5
Australia & New Zealand	3.9	1.9	3.3
Total purchase of equity and debt investments	69.5	36.9	67.5
Less cash proceeds from sales of equity investments	(111.4)	(113.7)	(191.0)
Net (realisations) / investment	(41.9)	(76.8)	(123.5)

¹ North America investment total includes £1.1m invested in Uniformity Labs, Inc. and £5.1m invested in MOBILion Systems, Inc. (HY20: £0.8m, FY20: £1.8m, invested in Uniformity Labs, Inc.), which are both top 20 holdings by value.

Co-investment analysis

Including the £68.5m of primary capital invested by the Group, the Group's portfolio raised more than £1.0bn during the half year to 30 June 2021 (HY20: £350m; FY20: £1.1bn). This does not include the value of various exits within the portfolio. Co-investment in HY21 came from more than 270 different investors, excluding individuals. £53.2m of co-investment came from parties or funds with a greater than 1% shareholding in IP Group plc, more than £40m of which was into Oxford Nanopore. An analysis of this co-investment by source is as follows:

Portfolio capital raised	Six months ended 30 June 2021		Year ended 31 December 2020	
	£m	%	£m	%
IP Group ¹	68.5	7%	67.5	6%
Funds managed by Parkwalk Advisors	-	-	6.0	1%
IP Group plc shareholders (>1% holdings)	53.2	5%	20.0	2%
Institutional investors	311.4	29%	575.0	54%
Corporate, other EIS, individuals, universities and other	615.3	59%	365.9	35%
Capital into multi-sector platforms	-	-	20.0	2%
Total	1,048.5	100%	1,054.4	100%

¹ Reflects primary investment only; in the six months to June 2021 the Group invested £1.0m via secondary purchase of shares (HY20: £nil, FY20: £nil).

Business unit by age of company

The Group's portfolio comprises holdings in companies at varying stages of development and, by weight of fair value, is increasingly in companies in which the Group has been invested for more than eight years. An analysis of the Group's portfolio by time since date of first investment is as follows:

Fair value analysis by company maturity ¹ , £m	As at 30 June 2021				As at 31 December 2020			
	<5 years	5-8 years	>8 years	Total	<5 years	5-8 years	>8 years	Total
Deeptech	8.1	63.4	121.7	193.2	8.1	94.4	110.0	212.5
Cleantech	21.8	4.1	35.1	61.0	18.3	3.7	36.8	58.8
Life Sciences	3.7	107.8	325.9	437.4	3.7	115.2	273.6	392.5
Strategic	1.6	26.4	367.9	395.9	2.2	20.6	347.8	370.6
Organic and <i>de minimis</i>	7.8	0.2	2.6	10.6	7.2	0.2	4.5	11.9
Total UK	43.0	201.9	853.2	1,098.1	39.5	234.1	772.7	1,046.3
North America	16.5	45.4	–	61.9	18.1	46.4	–	64.5
Australia and New Zealand	10.8	–	–	10.8	7.3	–	–	7.3
Total Net Portfolio	70.3	247.3	853.2	1,170.8	64.9	280.3	772.7	1,118.1
Attributable to third parties ²	24.2	34.6	16.8	75.6	16.0	14.4	14.2	44.6
Total Gross Portfolio	94.5	281.9	870.0	1,246.4	80.9	294.9	786.9	1,162.7

¹ Holdings that are the result of acquisitions for equity in other companies are shown based on the date of our first investment into the acquired company.

² In the above table, the amount attributable to third parties consists of £18.8m attributable to minority interests represented by third party limited partners in the consolidated fund, IP Venture Fund II, £43.3m attributable to minority interests represented by third party limited partners in the consolidated US portfolio, £10.8m attributable to Imperial College London and £2.7m attributable to other third parties (HY20: £16.8m, £9.5m, £10.2m, £2.7m, FY20: £16.3m, £15.3m, £10.3m and £2.7m).

Portfolio analysis by focus

At 30 June 2021, the Group's portfolio fair value of £1,246.4m was distributed across the portfolio as follows:

Fair value analysis by company focus	As at 30 June 2021				As at 31 December 2020			
	Fair value		Number		Fair value		Number	
	£m	%		%	£m	%		%
Top 20 by value	881.4	76	20	16	813.6	74	20	15
Focus	136.8	12	26	20	114.0	10	23	18
Other	142.0	12	83	64	178.6	16	88	67
Total	1,160.2	100	129	100	1,106.2	100	131	100
Organic and <i>de minimis</i>	10.6				11.9			
Total Portfolio	1,170.8				1,118.1			
Attributable to third parties ¹	75.6				44.6			
Gross Portfolio	1,246.4				1,162.7			

¹ In the above table, the amount attributable to third parties consists of £18.8m attributable to minority interests represented by third party limited partners in the consolidated fund, IP Venture Fund II, £43.3m attributable to minority interests represented by third party limited partners in the consolidated US portfolio, £10.8m attributable to Imperial College London and £2.7m attributable to other third parties (HY20: £16.8m, £9.5m, £10.2m, £2.7m, FY20: £16.3m, £15.3m, £10.3m and £2.7m).

Management focuses the Group's resources on a limited number of portfolio companies that it believes are most likely to have a meaningful impact on Group NAV in the short to medium term. These companies comprise the top 20 investments by value at the period-end, and those Focus investments that are not within the 20 most valuable, but on which the investment teams concentrate a significant proportion of their resources and capital. These holdings typically, although not exclusively, fall within the 100 most valuable portfolio company holdings and currently make up 79% of the total portfolio by value (HY20: 84%, FY20: 84%). Outside of these companies, the portfolio contains a broad selection of potentially exciting opportunities, categorised as 'other'. Many of these opportunities are at an early stage, and they typically receive a lower level of capital and management resource.

Companies which are at a very early stage or in which the Group's holding is of minimal value, but remain as operating businesses, are classed as *de minimis* holdings. Organic holdings are investments in which the Group has acquired a shareholding upon creating the company as a result of the Group's previous technology transfer relationship with Imperial College London, but in which we have not actively invested.

The total value of the Group's portfolio companies (excluding multi-sector platforms, organic investments and *de minimis* holdings) is now approximately £9bn (HY20: £5.5bn, FY20: £7bn).

Portfolio analysis by sector

The Group funds spin-out companies based on a wide variety of scientific research emerging from leading research-intensive institutions and does not limit itself to funding companies from particular areas of science. The Group splits its core opportunity evaluation, investment and business-building team into specialist divisions, Life Sciences, Deeptech and Cleantech, and geographically

including North America and Australia & New Zealand. A small number of investments are categorised as ‘Strategic opportunities’, which principally includes Oxford Nanopore Technologies Limited, our multi-sector platform holdings including Oxford Sciences Innovation plc, and a number of other smaller shareholdings which are managed centrally.

Fair value analysis by sector	As at 30 June 2021				As at 31 December 2020			
	Fair value		Number		Fair value		Number	
	£m	%		%	£m	%		%
Life Sciences	437.4	38	39	30	392.5	35	40	31
Deeptech	193.2	17	33	26	212.5	19	36	27
Cleantech	61.0	5	11	9	58.8	5	12	9
Strategic	395.9	34	4	3	370.6	34	4	3
North America	61.9	5	29	22	64.5	6	27	21
Australia and New Zealand	10.8	1	13	10	7.3	1	12	9
Total	1,160.2	100	129	100	1,106.2	100	131	100
<i>De minimis</i> and organic holdings	10.6				11.9			
Total Portfolio	1,170.8				1,118.1			
Attributable to third parties ¹	75.6				44.6			
Gross Portfolio	1,246.4				1,162.7			

¹ In the above table, the amount attributable to third parties consists of £18.8m attributable to minority interests represented by third party limited partners in the consolidated fund, IP Venture Fund II, £43.3m attributable to minority interests represented by third party limited partners in the consolidated US portfolio, £10.8m attributable to Imperial College London and £2.7m attributable to other third parties (HY20: £16.8m, £9.5m, £10.2m, £2.7m, FY20: £16.3m, £15.3m, £10.3m and £2.7m).

The following table lists information on the 20 most valuable portfolio company investments, which represent 71% of the total portfolio value (HY20: 70%, FY20: 70%). Additional detail on the performance of these companies is included in the portfolio review section.

Company name (sector)	Description	Significant named co-investors at 30 June 2021	Primary valuation basis at 30 June 2021	Stake at 30 June 2021 ¹ %	Group Fair value of holding at 31 Dec 2020 (£m)	Net investment/ (divestment) (£m)	Unrealised Fair value movement (£m)	Fair value of Group holding at 30 June 2021 (£m)
Oxford Nanopore Technologies Limited (Strategic)	Enabling the analysis of any living thing, by any person, in any environment	Amgen, CCB, GIC, Hostplus, Invesco, Lansdowne	Recent financing (within 0-9 months)	14.5	340.3	18.7	--	359.0
Istesso Limited (Life Sciences)	Reprogramming metabolism to treat autoimmune disease	Puhua Capital	Other *	56.4	85.6	--	--	85.6
Featurespace Limited (Technology)	Leading predictive analytics company	Highland Europe, Insight, Invoke, Merian Chrysalis, MissionOG, TTV Capital	Other *	19.7	36.8	--	5.3	42.1
Hinge Health, Inc. (Life Sciences)	The World's first digital clinic for back and joint pain	Atomico, Bessemer Ventures, Insight, Heuristic, Tiger Global	Recent financing (within 0-9 months)	2.4	42.1	--	(0.7)	41.4
Centessa Pharmaceuticals plc (Life Sciences)	Developing novel haemophilia therapies	Advent, Wellington, Janus Henderson	Quoted (bid price)	2.8	19.1	--	21.5	40.6
Ultraleap Holdings Limited (Deeptech)	Contactless haptic technology "feeling without touching"	Cornes, Dolby Ventures, Hostplus, Mayfair Partners	Recent financing (within 0-9 months)	19.3	23.4	2.0	9.5	34.9
Athenex, Inc. (Life Sciences)	Engineered CAR-NKT cell therapies for the treatment of cancer	Oaktree, VantagePoint Capital, OrbiMed, Frostrow Capital	Quoted (bid price)	11.0	5.2	--	29.0	34.2
Diurnal Group plc (Life Sciences)	Novel products for the treatment of rare endocrine disorders	Finance Wales, Polar Capital, Oceanwood Capital Management	Quoted (bid price)	29.7	24.7	4.1	3.0	31.8
Garrison Technology Limited (Deeptech)	Anti-malware solutions for enterprise cyber defences	BGF, Dawn Capital, NM Capital	Other *	23.4	23.6	--	--	23.6
Oxford Sciences Innovation plc (Strategic)	University of Oxford preferred IP partner under 15-year framework agreement	Blue Pool, Fosun Pharma, Invesco, Lansdowne, Redmile, Sequoia, Temasek, Tencent	Recent financing (within 0-9 months)	2.3	20.6	--	2.7	23.3
MOBILion Systems, Inc. (North America)	A platform technology for conducting ion mobility separations with lossless ion transfer and manipulation	Top Technology Ventures, Agilent Technologies, Cultivation Capital, aMoon Fund, D1 Capital Partners	Recent financing (within 0-9 months)	17.1	12.9	0.9	7.8	21.6
First Light Fusion Limited (Cleantech)	Solving fusion with the simplest possible machine	Top Technology Ventures, OSI, Hostplus, Invesco	Recent financing (within 0-9 months)	32.0	20.5	--	--	20.5
Oxbotica Limited (Cleantech)	Software to enable every vehicle to become autonomous	Halma, Ocado, BP Ventures, Tencent, BGF	Recent financing (within 0-9 months)	14.3	15.0	0.9	0.4	16.3

Company name (sector)	Description	Significant named co-investors at 30 June 2021	Primary valuation basis at 30 June 2021	Stake at 30 June 2021 ⁱ %	Group Fair value of holding at 31 Dec 2020 (divestment) £m	Net investment/ £m	Unrealised Fair value movement £m	Fair value of Group holding at 30 June 2021 £m
Ieso Digital Health Limited (Life Sciences)	Digital therapeutics for psychiatry	Draper Esprit, Elderstreet, Ananda Ventures, Downing Ventures	Other *	46.1	16.8	(0.7)	--	16.1
Mirriad Advertising plc (Deeptech)	Native in-video advertising allowing post-production ad placement	Unilever Ventures, Amati Global, M&G Investment, Longwall Venture Partners	Quoted (bid price)	12.3	14.8	--	1.0	15.8
PsiOxus Therapeutics Limited (Life Sciences)	Gene and viral therapies for cancer	Invesco, Lundbeckfonden, Mercia, SR One	Other *	25.2	12.1	3.3	--	15.4
Mission Therapeutics Limited (Life Sciences)	Targeting deubiquitylating enzymes for the treatment of CNS and mitochondrial disorders	Pfizer, Roche, Sofinnova Partners, SR one	Recent financing (greater than 9 months)	19.2	13.8	1.6	--	15.4
Crescendo Biologics Limited (Life Sciences)	Biologic therapeutics eliciting the immune system against solid tumours	Andera Partners, Astellas, EMBL Ventures, Quan Capital, Sofinnova Partners, Takeda	Recent financing (within 0-9 months)	17.6	12.3	2.8	--	15.1
Oxular Limited (Life Sciences)	Treatments and delivery technology for sight-threatening diseases	Consort Medical, Neomed, Forbion Capital, V-BIO Ventures	Recent financing (within 0-9 months)	27.2	11.9	2.7	--	14.6
Artios Pharma Limited (Life Sciences)	Novel oncology therapies that leverage the changes in the DNA Damage Response (DDR) in cancer cells	Abbvie, Arix, BioDiscovery 5, LSP, Merck, Novartis, Pfizer, SV Life Sciences	Anticipated financing	11.7	17.3	--	(3.2)	14.1
Other companies (109 companies)					337.4	(63.6)	5.0	278.8
<i>De minimis</i> and organic investments					11.9	-	(1.3)	10.6
Value not attributable to equity holders ⁱⁱ					44.6	24.6	5.7	75.6
Total					1,162.7	(2.7)	85.7	1,246.4

* Denotes investments on which the Group has received third party valuation support within the last 12 months

ⁱ Represents the Group's undiluted beneficial economic equity interest (excluding debt) including only the portion of IPVFII's stake attributable to the Group rather than a fully consolidated basis. Voting interest is below 50%.

ⁱⁱ Includes £0.7m increase (HY20: £0.3m increase, FY20: £0.7m decrease) in revenue share to Imperial College London, with a corresponding decrease in revenue share liability resulting in no net fair value movement.

Portfolio review: Strategic Opportunities

IP Group's Strategic Opportunities portfolio comprises holdings in four companies and interests in two portfolio companies within the North American portfolio, valued at £395.9m at 30 June 2021.

The strategic opportunities portfolio is a cross-country and cross-sector portfolio. Its principal asset is the Group's holding in Oxford Nanopore Technologies which, due to its size and significance, is managed directly by the Chief Executive Officer with assistance from the leadership team. This fund also contains some smaller holdings in multi-sector platform companies that operate in a similar way to IP Group but focus on a specific university, such as Oxford Sciences Innovation (Oxford) and Cambridge Innovation Capital (Cambridge), and a small number of other holdings where the Group has made an additional strategic investment.

Oxford Nanopore

Oxford Nanopore Technologies, the Group's most valuable holding, aims to disrupt the paradigm of biological analysis by making high-performance, novel DNA/RNA sequencing technology that is accessible and easy to use. Its novel, electronics-based DNA/RNA sequencing technology is being used in more than 100 countries, for a range of biological research applications including large-scale human genomics, cancer research, microbiology, plant science, and environmental research.

The company announced in March that it had started the process of preparing for a potential Initial Public Offering which it anticipated would occur on the London Stock Exchange in the second half of the year. Since then, it has strengthened its board with the appointments of Tim Cowper as Chief Financial Officer and Wendy Becker and Adrian Hennah as Independent Non-Executive Directors.

Oxford Nanopore remains well funded, having raised £202m in new capital during 2021, including £125m from new investors Temasek, Wellington Management, M&G Investments and Nikon with existing shareholders investing £70m, including IP Group at £18.7m, its full pre-emptive allocation.

In its 2020 annual report and financial statements, Oxford Nanopore reports revenue growth of 119% to £113.9m (2019: £52.1m), of which £65.5m was from its core life science research tools ('LSRT') market, an increase of 26% on 2019.

Oxford Nanopore: COVID-19 sequencing for public health

Oxford Nanopore's sequencing technology has been used for rapid, distributed sequencing of SARS-Cov-2, the virus that causes COVID-19, in both local and national public health systems in more than 85 countries, contributing to timely data sharing through global repositories. From initial characterisation of the SARS-CoV-2 virus genome to the rapid identification and tracking of variants, researchers worldwide have been utilising nanopore sequencing to generate data essential to combating the spread of COVID-19. This work came after a history of nanopore sequencing being used to sequence a broad range of pathogens from viruses to drug resistant bacteria.

The Rockefeller Foundation announced over \$20m in funding to help strengthen global capabilities to detect and respond to pandemic threats by strengthening organisations' ability to sequence and share genomic information alongside other data, rapidly. Oxford Nanopore is one of 20 organisations collaborating with the Rockefeller Foundation to shape their new Pandemic Prevention Institute and expand global genomic sequencing capacity.

Oxford Nanopore: High throughput human genomics

The Company's PromethION device provides nanopore sequencing data at high throughput and it has recently announced a number of projects in this area. In May, the Center for Alzheimer's and Related Dementias (CARD), a recently established arm of the National Institutes of Health (NIH), purchased Oxford Nanopore's PromethION devices to support research into Alzheimer's and related dementias. The researchers aim to generate long-read nanopore sequencing data from roughly 4,000 patients with Alzheimer's disease, frontotemporal dementia, and Lewy body dementia, plus healthy subjects, providing new insights into challenging, unexplored regions of the genome and uncovering previously hidden disease-associated genomic variation.

Genomics England will sequence thousands of human genomes using Oxford Nanopore's PromethION 48 sequencing device, in a project that will evaluate its potential to provide rapid, rich insights in cancer genomics. The project was announced as part of the renewed commitment by the UK Government to fund the ground-breaking work of Genomics England. It will build on the significant nanopore sequencing expertise developed within Genomics England which has already established a pipeline to analyse whole human genomes using PromethION, as part of a programme to examine potential genetic origins of variable severity COVID-19 infection.

In addition, the Company's technology is being used in the ambitious Emirati Genome Programme.

Oxford Nanopore: Other developments

Oxford Nanopore held its seventh 'London Calling' flagship annual conference remotely again in June, attracting over 3,300 attendees from 92 countries. Delegates heard presentations across five research tracks: Human & translational research, SARS-CoV-2 & genetic epidemiology, Bioinformatics, Microbiology & metagenomics, and Plant & animal research. Scientific announcements from Oxford Nanopore included modal single-read accuracy of >99.3% using new Q20+ chemistry and duplex reads (sequencing both strands of a given DNA molecule) providing 99.9% accuracy.

Oxford Nanopore announced the launch of ORG.one in April, a project designed to support faster, more localised sequencing of critically endangered species, by enabling biologists to rapidly sequence those species close to the sample's origin, using the latest ultra-long read approaches from Oxford Nanopore. ORG.one supports the sequencing of critically endangered species from the IUCN Red List and a key stipulation of this project is that no animals should be harmed or killed for their DNA.

Finally, in May, the Court of Appeals for the Federal Circuit issued a unanimous Precedential Opinion and Judgment affirming the jury's March 2020 verdict in the PacBio v. Oxford Nanopore case, that invalidated a number of PacBio patents. Oxford Nanopore was found by the ITC not to infringe other patents wrongly asserted against it by PacBio.

Multi-sector platform companies

The Group has shareholdings in two multi-sector platform companies, Oxford Sciences Innovation (OSI) and Cambridge Innovation Capital (CIC). As at 30 June 2021, IP Group has a 2.3% holding in OSI valued at £23.3m and a 1.0% holding in CIC valued at £3.1m (HY20: 2.3%, £16.6m, 1%, £2.8m, FY20: 2.3%, £20.6m, 1.0%, £3.1m).

April 2021 saw the first IPO of an OSI portfolio company, as Vaccitech completed a NASDAQ IPO in which the company raised \$110.5m, which followed a US\$168m Series B financing which the company completed in March this year.

Portfolio review: Life Sciences

IP Group's Life Sciences portfolio comprises holdings in 38 companies valued at £437m at 30 June 2021.

During the first half of 2021, the life sciences portfolio saw net portfolio gains of £88m or 22%. This strong performance was driven largely by three major events:

1. the £30.7m gain from the sale of Inivata Ltd to NeoGenomics, Inc., which in May announced it had agreed to exercise its option acquire the remainder of the business for total consideration of US\$390m to other shareholders, returning £64.6m in cash to the Group;
2. the £29.0m gain from the sale of Kuur Therapeutics Ltd to Athenex, Inc, which acquired the company for a total potential consideration of US\$185m; and
3. the NASDAQ IPO of Centessa Pharmaceuticals in June, valuing IP Group's 2.8% stake at £40.6m and providing a £21.5m uplift.

As initial consideration for the sale of Kuur, IP Group received Athenex stock, which is subject to standard lock-in provisions and was valued at £34.2m as at 30 June 2021.

Other notable events in the portfolio included:

1. Pulmocide Ltd's Series C investment round with US\$92m of commitments and US\$25m invested in the first tranche, to which IP Group committed \$10m; following completion and investment of the first tranche of £2.2m we hold a 15.5% undiluted beneficial stake in the company, valued at £8.1m.
2. Iksuda Therapeutics Ltd's US\$47m Series A investment round led by Korea-based Mirae Asset Capital and its subsidiaries, with Celltrion Inc. and Premier Partners, and as part of which the Group agreed to sell \$5m of its stake in Iksuda to Celltrion, resulting in a £5.8m uplift in value.
3. EMA approval of Diurnal Group plc's Efmody for the treatment of congenital adrenal hyperplasia (CAH).
4. Artios Pharma Ltd's collaboration with Novartis to discover and validate next generation DDR targets to enhance Novartis's Radioligand Therapies, signed in April, and the company's announcement in July of the completion of a US\$153m Series C investment round.

The above successes reflect positive portfolio company progress as well as an attractive environment for life sciences businesses, particularly from a capital markets perspective. We believe the outlook continues to be positive for the division entering the second half of 2021, though we expect fewer value-accretive events than we enjoyed in the first half. Key potential milestones anticipated include the market launch in Europe of Diurnal's Efmody, the start of Phase 2b studies for Istesso Limited's rheumatoid arthritis drug MBS2320 and the start of Phase 3 for Pulmocide Limited's novel anti-fungal PC945.

Portfolio review: Technology

IP Group's Technology portfolio comprises holdings in 44 companies valued at £254m at 30 June 2021.

Deeptech Portfolio

The first half of 2021 has been a successful period for the Deeptech portfolio, which increased in value by over £40m and delivered £41.6m of realisations.

In May 2021, the US-listed social media company Snap, Inc. acquired our portfolio company WaveOptics for a consideration in excess of US\$0.5bn, which we believe to be the UK's first or second largest ever venture-backed Deeptech exit, delivering an immediate uplift of £24.6m in the value of our holding. The consideration was split into two equal tranches, the first of which was paid upon completion in May and the second will become due 24 months from completion. The first tranche of consideration was paid in Snap, Inc. shares and IP Group sold these shares shortly afterwards at a premium to their issue price, delivering initial cash proceeds of £29.4m.

Ultraleap raised a total of £35m in a round led by new investor Tencent with additional significant participation from existing shareholder Mayfair Equity Partners. IP Group invested £2.5m and the transaction resulted in an £11.6m¹⁰ fair value uplift to our holding. The fundraise is a reflection of Ultraleap's continued good commercial progress with strong demand from AR/VR and Out-Of-Home markets for licensing the company's technology. Following the multi-year co-operation agreement signed in late 2020 to pre-integrate Ultraleap technology into Qualcomm's Snapdragon XR2 5G reference design, high-performance VR/XR market leader Varjo™ launched two of its latest headsets integrated with Ultraleap's fifth generation hand tracking.

Elsewhere in the portfolio, the Group registered an uplift in the value of our holding in Artificial Intelligence fraud prevention company Featurespace reflecting the company's continued strong commercial growth. We were pleased to see our Cybersecurity company Garrison announce sales growth of over 150% in the year to March 2021 despite pandemic disruption. Continued strong demand from Garrison's government customers (including the UK Government and US Federal Government) and significant expansion with key commercial accounts including UK retail bank Lloyds Banking Group contributed to revenues in excess of US\$10m.

In June it was announced that our portfolio asset Inflowmatix had been acquired by the utility company Suez, returning a modest profit on our £4m invested capital. The first half of 2021 also saw rapid growth in the value of our portfolio company Itaconix, reflecting good commercial progress for their expanding product set of functional ingredients that offer unique functionality, sustainability, and cost advantages in applications such as laundry detergents, auto dish wash pods, odour management products and hair styling. The company completed a placing to raise £1.1m at 12.1p per share in June 2021, with IP Group investing £250k.

The Deeptech team is in advanced due diligence on opportunities in a range of areas including quantum computing and next generation communications

During the period we saw a £3m fair value reduction in our holding of Actual Experience, reflecting a reduction in the quoted share price. During the period, we realised £4.7m through a partial sale of our holding in the company.

¹⁰ Of the fair value movement noted above £2.2m is attributable to the third-party limited partner in the consolidated fund, IP Venture Fund II L.P.

Cleantech

The first half of 2021 has been a successful period for cleantech portfolio fund raising, reflecting increasing interest in the sector generally and anticipation of additional policy support emerging from the UN COP26 Climate Change Conference in Glasgow in November. We have, however, also seen some negative impacts from the ongoing global COVID-19 pandemic during the period including at off-grid solar company Azuri.

In January, Oxbotica, the Oxford spin-out which has become a global leader in autonomous vehicle software, raised a US\$47m Series B round from investors across the globe including Australia, China, UK, and the USA. The funding will accelerate Oxbotica's deployment of its world-class autonomy software across multiple industries and key markets. The backing is an endorsement of Oxbotica's distinctive proposition, with its 'Universal autonomy' that can be deployed in multiple different use cases, rather than being tied to a particular use case as some competitors are. The funding was followed in April by the announcement of a commercial collaboration with leading online grocery platform Ocado focusing on hardware and software interfaces for autonomous vehicles, enhancing and integrating Oxbotica's autonomy software platform into a variety of vehicles.

In February, C-Capture, our portfolio company with ground-breaking technology for carbon capture, completed an £8m funding round from a syndicate comprising existing shareholders IP Group, Drax and BP Ventures and joined by the UK Government's Future Fund. The investment reflects the confidence of C-Capture shareholders in the company's technology, and the government's support for companies that have the potential to help solve the climate crisis. The investment will be used to optimise the company's carbon capture technology, improving performance whilst driving down costs. C-Capture has been working on its patented chemistry for over a decade and is becoming seen as a leader in the emerging sector of carbon removal, with applications across a wide range of sectors in clean energy.

Meanwhile First Light Fusion, our company researching energy generation by inertial confinement fusion, announced in May that it had commissioned the UK's largest two-stage gas gun at its facility near Oxford. The 22-metre-long asset can launch a projectile at hyper velocities of up to 6.5 kilometres per second (20 times the speed of sound). The gun launches projectiles into a vacuum chamber that impact "targets" containing fusion fuel. The targets are designed to focus impacts to create the conditions for fusion. Gas guns are a relatively well characterised experimental technology for plasma physics research, and the new gun will complement First Light's electromagnetic propulsion device "Machine 3" allowing engineers to explore a different parameter space by launching larger but slower projectiles. First Light has successfully fired its first test shots and has begun fusion experimental shots on the new device.

The Cleantech investment team continues to work on a pipeline with a focus on zero-carbon fuels and enabling technologies for the future renewables-dominated electricity system.

In a less welcome development, it has been a very challenging period for our portfolio company Azuri Technologies, that provides consumer electronics powered by solar to customers in Africa. COVID-19 has hit the countries in which Azuri operates hard with a much deeper and longer-lasting detrimental economic impact than has so far been seen in Europe. We have reduced the value of our holding by £3.2m as a result.

Portfolio review: North America

In North America, IP Group, Inc. had a strong start to the year, completing a round of funding totalling US\$59m (£43m) into its platform, led by a new US institutional investor and including \$10m (£7m) from IP Group. The firm also appointed Varun Chandra, Managing Partner of Hakluyt & Company, to its board of directors and hired its first Finance Director, Christopher Garcia, who will lead the finance function. Its portfolio companies continued to make excellent progress, achieving many developmental and financial milestones in the first half of 2021. The team completed three portfolio company investment rounds and two new proof of concept investments from Johns Hopkins and the University of Washington, bringing the total number of US investments to 29. Other advancements in the portfolio include:

- **Carisma Therapeutics** announced its first patient dosed in a landmark clinical study evaluating engineered macrophages in humans. The Company also appointed Richard Morris as CFO. Richard brings more than 25 years of industry experience to help transform Carisma as it progresses as a clinical-stage company.
- **Uniformity Labs** announced a breakthrough aluminium powder for binder jetting developed in partnership with leading 3D printing company Desktop Metal, a significant step towards industry adoption of mass-produced printed aluminium parts. Uniformity also added experienced executives to its internal team and board of directors, including industry veterans Alan Batey, former President of General Motors North America, John Ferriola, former Chairman and CEO of Nucor, and Christon Franks, former President of GKN Sinter Metals.
- **MOBILion Systems** closed a US\$60 million Series C financing round in June. The round was led by D1 Capital Partners with the remaining funds contributed by existing investors IP Group, aMoon, Agilent Technologies, Hostplus and Cultivation Capital. The company also announced its first commercial High-Resolution Ion Mobility (HRIM) product, MOBIE, which addresses characterization challenges faced during biopharmaceutical drug development and quality monitoring.
- **Exyn Technologies** announced a partnership with NSS (Northern Survey Supply) in Canada, highlighting the availability of Exyn's underground drone products in the critical Canadian market and expands their worldwide footprint and product reach. The Company also announced that it achieved the highest documented level of aerial autonomy – Level 4. This means that Exyn's drones are now capable of free-flight exploration of complex spaces; without a pilot and where GPS is not available.

Portfolio review: Australia and New Zealand

In Australia and New Zealand, the Group continued to make significant progress through its partnerships with the Group of Eight and the University of Auckland. Investments were completed into two new companies bringing the portfolio to thirteen companies in total.

Selected highlights include:

- Hysata, a new opportunity in 2021, is developing a new hydrogen electrolyser that has the potential to significantly shift the economics of green hydrogen production, bringing the Australian Government's AUD\$2/kg target within reach. The Hysata technology has been proven at lab-scale and the company is now focused on developing and commercialising a full-scale system.
- Canopus Networks is developing AI-based real time network analytics. In June the company welcomed Hakan Eriksson to the Board. Hakan is a former CTO of Telstra Group and of Ericsson.
- Alimetry, from the University of Auckland, has developed a pioneering device for the diagnosis of gastric diseases by non-invasively sensing the activity of the stomach from the body surface. In April the company announced that it had received CE mark and achieved ISO13485 accreditation.
- Additive Assurance has developed a process monitoring and quality assurance solution for laser powder bed fusion additive manufacturing. The company has continued to make strong progress with multinational manufacturers as it works to enable widespread adoption of additive manufacturing in volume production.

The Group continues to work with Hostplus, one of Australia's largest superannuation funds with over AUD47.8bn (£26bn¹¹) in funds under management through the AUD100m (£54m) IP Group Hostplus Innovation Fund, which is invested in a number of companies across the global portfolio.

Third party fund management: Parkwalk Advisors

Parkwalk, the Group's specialist EIS fund management subsidiary, now has assets under management of £403m (HY20: £306m; FY20: £350m) including funds managed in conjunction with the universities of Oxford, Cambridge, Bristol and Imperial College London. Parkwalk has managed the largest EIS fund (by monies raised) in each of the last three years. In the first six months of 2021, Parkwalk invested £20.4m (HY20: £17.6m; FY20: £29.7m) in the university spin-out sector across 20 companies (HY20: 22 investments). Eight new companies joined the Parkwalk portfolio, and two exits were achieved at modest uplifts in value. Further, in July, it was announced that Parkwalk portfolio company Yasa Motors Limited, a pioneer in next-generation electric drive technology, had been acquired by Mercedes Benz. In the first half of the year, Parkwalk liaised closely with BEIS on the financial ecosystem for knowledge-intensive spin-out companies post-COVID-19 and the UK Government's 'science superpower' agenda. Within Parkwalk, and more broadly, the Group continues to explore further fund management opportunities.

Additional Portfolio Analysis

	Life Sciences		Strategic		Organic and De minimis	Total UK	North America	Attributable Australia & New Zealand	Attributable to third party investors in IPVFII & US Portfolio	Total Net Revenue	Revenue share	Total Gross Portfolio
Value of companies in the portfolio	193.2	61.0	437.4	395.9	10.6	1,098.1	61.9	10.8	62.1	1,232.9	13.5	1,246.4
HY21 net portfolio gain/(loss) ¹	41.4	(1.7)	88.0	4.1	(1.1)	130.7	7.1	(0.4)	5.7	143.1	-	143.1
Number of portfolio companies ²	33	11	39	4	n/a	87	29	13	-	129	-	129
Proceeds of holdings sold in HY21 – cash	41.6	0.4	69.1	-	0.3	111.4	-	-	-	111.4	-	111.4
Attention:												
Top 20	116.5	36.8	310.0	385.4	-	848.7	29.6	-	27.9	906.2	0.1	906.3
Focus	44.2	22.7	55.2	1.6	-	123.7	14.6	1.6	16.9	156.8	0.1	156.9
Other	32.5	1.5	72.2	8.9	-	115.1	17.7	9.2	17.3	159.3	4.9	164.2
Organic and De minimis	-	-	-	-	10.6	10.6	-	-	-	10.6	8.4	19.0

¹ Includes both realised & unrealised gains/(losses)

² Excluding organic and de minimis

¹¹ Based on a AUD/GBP exchange rate of 1.84

Financial Review

- Profit for the year of £116.5m (HY20: profit of £11.7m; FY20: profit of £185.4m);
- Return on Hard NAV of £117.9m or 9% (HY20: positive return of £14.2m; FY20: positive return of £189.5m);
- Net assets were £1,439.7m (HY20: £1,156.8m; FY20: £1,331.9m);
- Hard NAV totalled £1,439.3m (HY20: £1,156.4m; FY20: £1,331.5m), representing 135.4p per share (HY20: 108.8p; FY20: 125.3p).

Consolidated statement of comprehensive income

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

	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m	Year ended 31 December 2020 £m
Net portfolio gains	143.1	34.9	231.4
Change in fair value of limited and limited liability partnership interests	(2.7)	(3.7)	(3.4)
Net overheads	(9.6)	(10.3)	(21.6)
Administrative expenses – consolidated portfolio companies	(0.1)	(0.2)	(0.4)
Administrative expenses –share-based payments charge	(1.3)	(1.3)	(2.9)
IFRS3 charge in respect of acquisition of subsidiary	–	(1.2)	(1.2)
Carried interest plan provision (charge)/release	(12.2)	(6.0)	(14.3)
Net finance expense	(0.7)	(0.5)	(1.5)
Taxation	–	–	(0.7)
Profit for the period	116.5	11.7	185.4
Other comprehensive income	0.1	–	–
Total comprehensive income for the period	116.6	11.7	185.4
<i>Exclude:</i>			
Share-based payment charge	1.3	1.3	2.9
IFRS3 charge in respect of acquisition of subsidiary	–	1.2	1.2
Return on Hard NAV	117.9	14.2	189.5

Net portfolio gains 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

	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m	Year ended 31 December 2020 £m
Other income	5.1	3.0	6.2
Administrative expenses – all other expenses	(12.1)	(12.2)	(24.8)
Administrative expenses – annual incentive scheme	(2.6)	(1.1)	(3.0)
Net overheads	(9.6)	(10.3)	(21.6)

Geographic analysis: period ended 30 June 2021	UK £m	Non-UK £m	Consolidated £m
Other income	5.0	0.1	5.1
Administrative expenses – all other expenses	(8.9)	(3.2)	(12.1)
Administrative expenses – annual incentive scheme	(1.2)	(1.4)	(2.6)
Net overheads	(5.1)	(4.5)	(9.6)

Geographic analysis: period ended 30 June 2020	UK £m	Non-UK £m	Consolidated £m
Other income	2.8	0.2	3.0
Administrative expenses – all other expenses	(8.9)	(3.3)	(12.2)
Administrative expenses – annual incentive scheme	(0.5)	(0.6)	(1.1)
Net overheads	(6.6)	(3.7)	(10.3)

Geographic analysis: year ended 31 December 2020	UK £m	Non-UK £m	Consolidated £m
Other income	5.8	0.4	6.2
Administrative expenses – all other expenses	(18.7)	(6.1)	(24.8)
Administrative expenses – annual incentive scheme	(1.9)	(1.1)	(3.0)
Net overheads	(14.8)	(6.8)	(21.6)

Other income comprises fund management fees, licensing and patent income, corporate finance fees as well as consulting and similar fees typically chargeable to portfolio companies for services including executive search and selection, as well as legal and administrative support. Other income for the period totalled £5.1m (HY20: £3.0m; FY20: £6.2m); the increase from the previous half year was largely as a result of the impact of COVID-19 on our EIS fund management business Parkwalk in 2020, which has receded in 2021.

Other central administrative expenses, excluding performance-based staff incentives and share-based payments charges, have remained essentially unchanged relative to HY20 at £12.1m (HY20: £12.2m; FY20: £24.8m).

The charge of £2.6m in respect of the Group's Annual Incentive Scheme, reflects a provisional assessment of performance against 2021 AIS targets, primarily relating to portfolio returns and realisations achieved during the first half of the year (HY20: £1.1m; FY20: £3.0m).

Other income statement items

The share-based payments charge of £1.3m (HY20: £1.3m; FY20: £2.9m) reflects the accounting charge for the Group's 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.

Included within the Group's administrative expenses are costs in respect of a small number of consolidated portfolio companies. Typically, the Group owns a non-controlling interest in its portfolio companies; however, in certain circumstances the Group takes a controlling stake and hence consolidates the results of a portfolio company into the Group's financial statements.

The carried interest plan charge of £12.2m (HY20: £6.0m charge; FY20: £14.3m charge) relates to the recalculation of liabilities under the Group's carry schemes, which include a scheme for the combined UK investment teams, as well as historic IP Group and Touchstone schemes.

In the prior year costs of £1.2m were recognised in relation to deferred and contingent consideration payable to the sellers of Parkwalk Advisors Limited deemed under IFRS3 to be a payment for post-acquisition services.

Consolidated statement of financial position

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

	30 June 2021 £m	30 June 2020 £m	31 December 2020 £m
Goodwill and other intangible assets	0.4	0.4	0.4
Portfolio	1,246.4	1,025.0	1,162.7
Other non-current assets	29.1	20.5	23.0
Cash and deposits	308.9	245.3	270.3
EIB debt facility	(59.5)	(74.8)	(67.3)
Other net current liabilities	18.7	(1.7)	7.9
Other non-current liabilities	(104.3)	(57.9)	(65.1)
Total Equity or Net Assets	1,439.7	1,156.8	1,331.9
<i>Exclude:</i>			
Goodwill and other intangible assets	(0.4)	(0.4)	(0.4)
Hard NAV	1,439.3	1,156.4	1,331.5
Hard NAV per share	135.4p	108.8p	125.3p

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

Portfolio Valuation Basis

The charts below summarise the valuation basis for the Group's portfolio. Further details on the Group's valuation policy can be found in note 3 and in the 2020 Annual Report and Accounts. The Group seeks to use observable market data as the primary basis for determining asset fair values where appropriate. Other valuation methods include: market-derived valuations adjusted to reflect considerations including (inter alia) technical measures, financial measures and market and sales measures; discounted cash flows and price-earnings multiples.

	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m	Year ended 31 December 2020 £m
Quoted	162.9	92.3	83.4
Recent financing (<9 months)	674.1	465.2	286.9
Recent financing (>9 months)	131.8	231.5	118.1
Other valuation methods	250.7	211.1	635.6
Debt	26.9	24.9	38.7
Total portfolio	1,246.4	1,025.0	1,162.7

The Group engages third party valuation specialists to provide valuation support where required; during the period we commissioned third party valuations on two out of the top 20 holdings (HY20: three; FY20: three).

Other Assets/Liabilities

The majority of non-current assets relate to holdings in LP and LLP funds, namely UCL Technology Fund LP, Apollo Therapeutics LLP and Technikos LLP. These funds give us both economic interest and direct investment opportunities in a portfolio of early-stage companies, as well as relationships with high-quality institutional co-investors. During the period, Apollo Therapeutics transferred its portfolio of research into a newly-formed portfolio company AP Topco, resulting in the £3.5m value of our LLP holding being transferred into investment portfolio.

The largest items within other non-current liabilities are loans from LPs of consolidated funds. The Group consolidates the assets of two managed funds in which it has a significant economic interest, specifically co-investment fund IP Venture Fund II LP and IPG Cayman LP. The latter was created in late 2018 to facilitate third-party investment into the Group's US portfolio. Loans from third parties of consolidated funds represent third-party loans into these partnerships, including £26.5m drawn from third parties during the period (HY20: £6.2m, FY20: £7.1m). These loans are repayable only upon these funds generating sufficient realisations to repay the Limited Partners.

The Group has debt facilities with the European Investment Bank ("EIB"), total borrowings under which totalled £59.5m at the period end (HY20: £74.8m, FY20: £67.3m). Of these facilities, £15.4m is due to be repaid within twelve months of the period end (HY20: £15.4m, FY20: £15.4m). The facilities provide the Group with an additional source of long-term capital to support its future growth and development.

Cash and deposits

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

	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m	Year ended 31 December 2020 £m
Net Cash used in operating activities	16.0	(16.3)	(27.5)
Net Cash generated by investing activities (excluding cash flows from deposits)	40.8	75.0	119.3
Dividends paid	(10.1)	–	–
Repayment of debt facility	(7.7)	(7.7)	(15.3)
Other financing activities	(0.4)	(0.6)	(1.1)
Movement during period	38.6	50.4	75.4

At 30 June 2021, the Group's cash and deposits totalled £308.9m, an increase of £38.6m from a total of £270.3m at 31 December 2020, predominantly due to inflows of investing activities of £40.8m, a £16.0m cash inflow from operations and a £7.7m cash outflow from the repayment of debt and a £10.1m dividend payment.

A categorisation of the Group's cash and deposits is provided below:

	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m	Year ended 31 December 2020 £m
Held within Group subsidiaries	296.2	238.9	269.5
Held by consolidated funds – US portfolio	12.6	5.9	0.7
Held by consolidated funds – all other funds	0.1	0.2	0.1
Held by consolidated portfolio companies	–	0.3	–
Total cash and deposits	308.9	245.3	270.3

Under the terms of its term loans with the EIB, the Group is required to maintain a minimum cash balance of £30m. The Group is also required to hold six months of debt service costs (interest and capital repayments) in a separate bank account, which totalled £8.5m at 30 June 2021 (HY20: £9.4m; FY20: £8.7m).

Dividend

Following payment of the Group's maiden final dividend of 1.0p per share paid to shareholders in June, the Board has declared an interim dividend in respect of the period from 1 January 2021 to 30 June 2021 of 0.48p per ordinary share (the "Interim Dividend").

The Interim Dividend will be payable on or around 27 September 2021. The ex-dividend date will be 12 August 2021 with a record date of 13 August 2021.

Eligible shareholders can elect to receive new ordinary shares in the Company in lieu of a cash dividend (the "Scrip Dividend Alternative"). The Scrip Dividend Alternative reference price is to be calculated using the average of the closing middle market quotations for the Company's shares, as derived from the Daily Official List of the London Stock Exchange, over the five dealing days commencing on the ex-dividend date and will be announced by the Company and detailed on the Company's website on 19 August 2021, in accordance with the terms and conditions of the Scrip Dividend Scheme, which were included in the Scrip Dividend Circular published by the Company on 6 May 2021 (the "Terms and Conditions").

Any shareholders wishing to take up the Scrip Dividend Alternative will have until 5pm on 3 September 2021, the election date, either to return their completed Scrip Dividend Mandate Form to the Company registrars, Link Group, at Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL or to elect to participate online at www.signalshares.com using the Investor Code on their share certificate (in the case of shareholdings in certificated form) or to take the necessary action via the CREST system (in the case of shareholdings in uncertificated form).

Shareholders who have previously submitted a Scrip Dividend Mandate Form to effect a permanent scrip election will not need to take any action in respect of the Interim Dividend and such election will continue to apply for all future dividends for which a scrip dividend is offered, until such time as the mandate is cancelled in accordance with the Terms and Conditions. A CREST shareholder will need to submit a new Dividend Election Input Message for every dividend that they wish to receive the Scrip Dividend Alternative, including the Interim Dividend.

Further details including the terms and conditions of the Scrip Dividend Scheme included in the Scrip Dividend Circular and Scrip Dividend Mandate Form, which were published by the Company on 6 May 2021, are available to view and download on the Company's website at: www.ipgroupplc.com/investor-relations/shareholder-information/scripdividend

The Company does not intend to send out a circular and Scrip Dividend Mandate Form in relation to every dividend announced to which a scrip dividend alternative applies. When future dividends are announced, such as the Interim Dividend, the Company will advise if the Scrip Dividend Scheme applies, together with the relevant details for that dividend.

The Scrip Dividend Circular, which is incorporated in the Company's 2021 Notice of Annual General Meeting, is also available for inspection at the National Storage Mechanism: www.fca.org.uk/markets/primary-markets/regulatory-disclosures/national-storage-mechanism.

Any shareholder who wishes to receive the Interim Dividend in cash rather than new shares and has not previously submitted an election to receive the Scrip Dividend Alternative, does not need to take any action in order to accept the Interim Dividend.

Taxation

The Group's business model seeks to deliver long-term value to its stakeholders through the commercialisation of fundamental science and innovation. To date, this has been largely achieved through the formation of, and provision of services and development capital to, spin-out companies formed around such science and innovation. 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 in excess of 10% in its portfolio companies and those companies are themselves trading, the Directors continue to believe that the majority of its holdings will qualify for the Substantial Shareholdings Exemption ("SSE"). 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 non-qualifying holdings would ordinarily give rise to taxable profits for the Group, to the extent that these exceed the Group's operating losses from time to time.

Alternative Performance Measures ("APMs")

The Group discloses alternative performance measures, such as Hard NAV and Return on Hard 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 in the Group is set out in note 9.

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 2020 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; and
- 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 including 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 STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Note	Unaudited six months ended 30 June 2021 £m	Unaudited six months ended 30 June 2020 £m	Audited year ended 31 December 2020 £m
Portfolio return and revenue				
Change in fair value of equity and debt investments	3	85.7	9.4	148.9
Gain on disposal of equity investments	4	57.4	25.5	82.5
Change in fair value of limited and limited liability partnership interests		(2.7)	(3.7)	(3.4)
Revenue from services and other income		5.1	3.0	6.2
		145.5	34.2	234.2
Administrative expenses				
Carried interest plan charge		(12.2)	(6.0)	(14.3)
Share-based payment charge		(1.3)	(1.3)	(2.9)
Other administrative expenses		(14.8)	(14.7)	(29.4)
		(28.3)	(22.0)	(46.6)
Operating profit				
		117.2	12.2	187.6
Finance income		0.2	0.6	0.9
Finance costs		(0.9)	(1.1)	(2.4)
Profit before taxation				
		116.5	11.7	186.1
Taxation		–	–	(0.7)
Profit for the period				
		116.5	11.7	185.4
Other comprehensive income				
Exchange differences on translating foreign operations		0.1	–	–
Total comprehensive income for the period				
		116.6	11.7	185.4
Attributable to:				
Equity holders of the parent		111.4	11.5	185.4
Non-controlling interest		5.2	0.2	–
		116.6	11.7	185.4
Earnings per share				
Basic (p)	2	10.49	1.08	17.47
Diluted (p)	2	10.40	1.08	17.36

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	Unaudited six months ended 30 June 2021 £m	Unaudited six months ended 30 June 2020 £m	Audited year ended 31 December 2020 £m
ASSETS				
Non-current assets				
Intangible assets:				
Goodwill		0.4	0.4	0.4
Property, plant and equipment		0.7	1.0	0.8
Portfolio:				
Equity investments	3	1,219.5	994.3	1,124.0
Debt investments	3	26.9	30.7	38.7
Limited and limited liability partnership interests		17.1	19.5	22.2
Receivable from sale of equity investments	5	11.3	–	–
Total non-current assets		1,275.9	1,045.9	1,186.1
Current assets				
Trade and other receivables		4.3	4.3	3.6
Receivable from sale of equity investments	5	25.6	5.1	15.3
Deposits		101.2	102.6	142.7
Cash and cash equivalents		207.7	142.7	127.6
Total current assets		338.8	254.7	289.2
Total assets		1,614.7	1,300.6	1,475.3
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Called up share capital	7	21.3	21.3	21.3
Share premium account		102.1	101.6	101.6
Retained earnings		1,310.6	1,033.2	1,208.5
Total equity attributable to equity holders		1,434.0	1,156.1	1,331.4
Non-controlling interest		5.7	0.7	0.5
Total equity		1,439.7	1,156.8	1,331.9
Current liabilities				
Trade and other payables		11.2	11.1	11.0
EIB debt facility		15.4	15.4	15.4
Non-current liabilities				
EIB debt facility		44.1	59.4	51.9
Carried interest plan liability		31.6	11.5	19.3
Loans from limited partners of consolidated funds		59.1	33.6	32.9
Revenue share liability	3	13.6	12.8	12.9
Total equity and liabilities		1,614.7	1,300.6	1,475.3

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Note	Unaudited six months ended 30 June 2021 £m	Unaudited six months ended 30 June 2020 £m	Audited year ended 31 December 2020 £m
Operating activities				
Operating profit for the period		117.2	12.2	187.6
Adjusted for:				
Change in fair value of equity and debt investments	3	(85.7)	(9.4)	(148.9)
Gain on disposal of equity investments		(57.4)	(25.5)	(82.5)
Change in fair value of limited and limited liability partnership interests		2.7	3.7	3.4
Depreciation of property, plant and equipment		0.5	0.7	1.4
Long term incentive carry scheme charge		12.2	6.0	14.3
IFRS3 charge in respect of acquisition of subsidiary – equity-settled		–	2.0	2.0
Fees settled in the form of equity		(0.3)	–	(0.2)
Share-based payment charge		1.3	1.3	2.9
Changes in working capital				
Decrease/(increase) in trade and other receivables		(0.3)	0.7	2.1
Increase/(decrease) in trade and other payables		0.4	(14.9)	(14.8)
Loans from limited partners of consolidated funds		26.2	7.6	6.8
Other operating cash flows				
Net interest paid		(0.8)	(0.7)	(1.6)
Net cash inflow/(outflow) from operating activities		16.0	(16.3)	(27.5)
Investing activities				
Purchase of equity and debt investments	3	(69.5)	(36.9)	(67.5)
Investment in limited and limited liability partnership funds		(1.1)	(1.8)	(4.5)
Distributions from limited partnership funds		–	–	0.3
Cash flow to deposits		(57.1)	(97.6)	(240.2)
Cash flow from deposits		98.6	68.0	170.5
Proceeds from sale of equity investments		111.4	113.7	191.0
Net cash inflow from investing activities		82.3	45.4	49.6
Financing activities				
Dividends paid		(10.1)	–	–
Lease principal payment		(0.4)	(0.6)	(1.1)
Repayment of EIB facility		(7.7)	(7.7)	(15.3)
Net cash outflow from financing activities		(18.2)	(8.3)	(16.4)
Net increase in cash and cash equivalents		80.1	20.8	5.7
Cash and cash equivalents at the beginning of the year		127.6	121.9	121.9
Cash and cash equivalents at the end of the year		207.7	142.7	127.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Attributable to equity holders of the parent				Non-controlling interest £m	Total equity £m
	Share capital £m	Share premium £m	Retained earnings £m	Total £m		
At 31 December 2019 (audited)	21.2	99.7	1,020.5	1,141.4	0.5	1,141.9
Comprehensive income	–	–	11.6	11.6	0.2	11.8
Issue of equity	0.1	1.9	–	2.0	–	2.0
Equity-settled share-based payments	–	–	1.3	1.3	–	1.3
Currency translation	–	–	(0.2)	(0.2)	–	(0.2)
At 30 June 2020 (unaudited)	21.3	101.6	1,033.2	1,156.1	0.7	1,156.8
Comprehensive income	–	–	173.8	173.8	(0.2)	173.6
Equity-settled share-based payments	–	–	1.6	1.6	–	1.6
Currency translation	–	–	(0.1)	(0.1)	–	(0.1)
At 31 December 2020 (audited)	21.3	101.6	1,208.5	1,331.4	0.5	1,331.9
Comprehensive income	–	–	111.4	111.4	5.2	116.6
Issue of equity	–	0.5	–	0.5	–	0.5
Equity-settled share-based payments	–	–	1.3	1.3	–	1.3
Ordinary dividends	–	–	(10.6)	(10.6)	–	(10.6)
At 30 June 2021 (unaudited)	21.3	102.1	1,310.6	1,434.0	5.7	1,439.7

NOTES TO THE HALF-YEARLY CONDENSED SET OF FINANCIAL STATEMENTS

1. OPERATING SEGMENTS

For each of the periods below, the Group's revenue and profit before taxation were derived largely from its principal activities within the UK.

For management reporting purposes, the Group is currently organised into two operating segments:

- i. the commercialisation of intellectual property via the formation of long-term partner relationships with universities;
- ii. the management of venture capital funds focusing on early-stage UK technology companies and the provision of corporate finance advice;

Within the University Partnerships segment, the Life Sciences, Technology, Strategic, North American and Australia & New Zealand business units represent discrete operating segments. In line with the quantitative thresholds and aggregation criteria set out in IFRS 8, we have presented the activities of these business units as a single reporting segment. The economic indicators which have been assessed in determining that the aggregated operating segments have similar economic characteristics include the application of a common business model across the operating segments within the University Partnerships segment and the global nature of the commercial operations, shareholders and potential acquirers of the Group's portfolio companies.

Six months ended 30 June 2021 (unaudited)	University partnership business £m	Venture capital fund management £m	Consolidated £m
STATEMENT OF COMPREHENSIVE INCOME			
Portfolio return and revenue			
Change in fair value of equity and debt investments	85.7	–	85.7
Gain on disposal of equity investments	57.4	–	57.4
Change in fair value of limited and limited liability partnership interests	(2.7)	–	(2.7)
Revenue from services and other income	0.6	4.5	5.1
	141.0	4.5	145.5
Administrative expenses			
Carried interest plan charge	(12.2)	–	(12.2)
Share-based payment charge	(1.3)	–	(1.3)
Other administrative expenses	(12.5)	(2.3)	(14.8)
	(26.0)	(2.3)	(28.3)
Operating profit	115.0	2.2	117.2
Finance income	0.2	–	0.2
Finance costs	–	(0.9)	(0.9)
Profit before taxation	115.2	1.3	116.5
Taxation	–	–	–
Profit for the period	115.2	1.3	116.5
STATEMENT OF FINANCIAL POSITION			
Assets	1,598.8	15.9	1,614.7
Liabilities	(171.5)	(3.5)	(175.0)
Net Assets	1,427.3	12.4	1,439.7
Other segment items			
Capital expenditure	–	–	–
Depreciation	(0.5)	–	(0.5)

Six months ended 30 June 2021 (unaudited)	UK £m	Non-UK £m	Consolidated £m
STATEMENT OF COMPREHENSIVE INCOME			
Portfolio return and revenue	136.0	9.5	145.5
Administrative expenses	(23.6)	(4.7)	(28.3)
Operating profit	112.4	4.8	117.2
Net interest	(0.7)	–	(0.7)
Profit before taxation	111.7	4.8	116.5
Taxation	–	–	–
Profit for the period	111.7	4.8	116.5

Six months ended 30 June 2021 (unaudited)	UK £m	Non-UK £m	Consolidated £m
STATEMENT OF FINANCIAL POSITION BY GEOGRAPHY			
Current assets	324.6	14.2	338.8
Non-current assets	1,162.6	113.3	1,275.9
Current liabilities	(26.3)	(0.3)	(26.6)
Non-current liabilities	(108.5)	(39.9)	(148.4)
Total equity	1,352.4	87.3	1,439.7

Six months ended 30 June 2020 (unaudited)	University partnership business £m	Venture capital fund management £m	Consolidated £m
STATEMENT OF COMPREHENSIVE INCOME			
Portfolio return and revenue			
Change in fair value of equity and debt investments	9.4	–	9.4
Gain on disposal of equity investments	25.5	–	25.5
Change in fair value of limited and limited liability partnership interests	(3.7)	–	(3.7)
Revenue from services and other income	1.0	2.0	3.0
	32.2	2.0	34.2
Administrative expenses			
Carried interest plan charge	(6.0)	–	(6.0)
Share-based payment charge	(1.3)	–	(1.3)
Other administrative expenses	(12.8)	(1.9)	(14.7)
	(20.1)	(1.9)	(22.0)
Operating profit	12.1	0.1	12.2
Finance income	0.6	–	0.6
Finance costs	(1.1)	–	(1.1)
Profit before taxation	11.6	0.1	11.7
Taxation	–	–	–
Profit for the period	11.6	0.1	11.7

STATEMENT OF FINANCIAL POSITION			
Assets	1,286.3	14.3	1,300.6
Liabilities	(141.2)	(2.6)	(143.8)
Net Assets	1,145.1	11.7	1,156.8
Other segment items			
Capital expenditure	–	–	–
Depreciation	(0.7)	–	(0.7)

Six months ended 30 June 2020 (unaudited)	UK £m	Non-UK £m	Consolidated £m
STATEMENT OF COMPREHENSIVE INCOME			
Portfolio return and revenue	28.9	5.3	34.2
Administrative expenses	(18.3)	(3.7)	(22.0)
Operating profit	10.6	1.6	12.2
Net interest	(0.5)	–	(0.5)
Profit before taxation	10.1	1.6	11.7
Taxation	–	–	–
Profit for the period	10.1	1.6	11.7

Six months ended 30 June 2020 (unaudited)	UK £m	Non-UK £m	Consolidated £m
STATEMENT OF FINANCIAL POSITION BY GEOGRAPHY			
Current assets	245.7	9.0	254.7
Non-current assets	963.3	82.6	1,045.9
Current liabilities	(26.2)	(0.3)	(26.5)
Non-current liabilities	(100.4)	(16.9)	(117.3)
Total equity	1,082.4	74.4	1,156.8

Year ended 31 December 2020 (audited)	University partnership business £m	Venture capital fund management £m	Consolidated £m
STATEMENT OF COMPREHENSIVE INCOME			
Portfolio return and revenue			
Change in fair value of equity and debt investments	148.9	–	148.9
Gain on disposal of equity investments	82.5	–	82.5
Change in fair value of limited and limited liability partnership interests	(3.4)	–	(3.4)
Revenue from services and other income	1.1	5.1	6.2
	229.1	5.1	234.2
Administrative expenses			
Carried interest plan charge	(14.3)	–	(14.3)
Share-based payment charge	(2.9)	–	(2.9)
Administrative expenses	(25.1)	(4.3)	(29.4)
Operating profit	186.8	0.8	187.6
Finance income	0.9	–	0.9
Finance costs	(2.4)	–	(2.4)
Profit before taxation	185.3	0.8	186.1
Taxation	(0.4)	(0.3)	(0.7)
Profit for the year	184.9	0.5	185.4

STATEMENT OF FINANCIAL POSITION

Assets	1,461.6	13.7	1,475.3
Liabilities	(141.8)	(1.6)	(143.4)
Net assets	1,319.8	12.1	1,331.9
Other segment items			
Capital expenditure	–	–	–
Depreciation	(1.3)	(0.1)	(1.4)

Year ended 31 December 2020 (audited)	UK £m	Non-UK £m	Consolidated £m
STATEMENT OF COMPREHENSIVE INCOME BY GEOGRAPHY			
Portfolio return and revenue	230.8	3.4	234.2
Administrative expenses	(39.1)	(7.5)	(46.6)
Operating profit/ (loss)	191.7	(4.1)	187.6
Net interest	(1.5)	–	(1.5)
Profit/(loss) before taxation	190.2	(4.1)	186.1
Taxation	(0.7)	–	(0.7)
Profit/(loss) for the year	189.5	(4.1)	185.4

Year ended 31 December 2020 (audited)	UK £m	Non-UK £m	Consolidated £m
STATEMENT OF FINANCIAL POSITION BY GEOGRAPHY			
Current assets	287.1	2.1	289.2
Non-current assets	1,099.7	86.4	1,186.1
Current liabilities	(26.1)	(0.3)	(26.4)
Non-current liabilities	(101.7)	(15.3)	(117.0)
Total equity	1,259.0	72.9	1,331.9

2. EARNINGS PER SHARE

Earnings/(loss)	Unaudited six months ended 30 June 2021 £m	Unaudited six months ended 30 June 2020 £m	Audited year ended 31 December 2020 £m
Earnings for the purposes of basic and dilutive earnings per share	111.4	11.5	185.4

	Unaudited six months ended 30 June 2021	Unaudited six months ended 30 June 2020	Audited year ended 31 December 2020
Number of shares	Number of shares	Number of shares	Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,062,384,933	1,060,784,430	1,061,538,297
Effect of dilutive potential ordinary shares:			
Options or contingently issuable shares	8,957,138	755,402	6,664,196
Weighted average number of ordinary shares for the purposes of diluted earnings per share	1,071,342,071	1,061,539,832	1,068,202,493

Potentially dilutive ordinary shares include contingently issuable shares arising under the Group's LTIP arrangements, and options issued as part of the Deferred Bonus Share Plan (for annual bonuses deferred under the terms of the Group's annual incentive scheme).

3. INVESTMENT PORTFOLIO

The accounting policies in regard to valuations in these half-yearly results are the same as those applied by the Group in its audited consolidated financial statements for the year ended 31 December 2020 and which will form the basis of the 2021 Annual Report and Accounts. Investments are designated as fair value through profit or loss and are initially recognised at fair value and any gains or losses arising from subsequent changes in fair value are presented in profit or loss in the statement of comprehensive income in the period in which they arise.

The Group classifies financial assets using a fair value hierarchy that reflects the significance of the inputs used in making the related fair value measurements. The level in the fair value hierarchy within which a financial asset is classified is determined on the basis of the lowest level input that is significant to that asset's fair value measurement. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices in active markets.
- Level 2 – Inputs other than quoted prices that are observable, such as prices from market transactions.
- Level 3 – One or more inputs that are not based on observable market data.

	Level 1		Level 3		Total £m
	Equity investments in quoted spin-out companies £m	Equity investments in unquoted spin- out companies £m	Unquoted debt investments in spin-out companies £m		
At 31 December 2019 (audited)	117.5	904.4	23.7		1,045.6
Investments during the period	5.8	18.9	12.2		36.9
Transaction-based reclassifications during the period	–	3.5	(3.5)		–
Disposals during the period	(56.0)	(10.0)	(0.1)		(66.1)
Change in revenue share i	–	(0.8)	–		(0.8)
Change in fair value in the period ii	25.0	(14.0)	(1.6)		9.4
At 30 June 2020 (unaudited)	92.3	902.0	30.7		1,025.0
Investments during the period	0.2	20.0	10.4		30.6
Transaction-based reclassifications during the period	–	1.4	(1.4)		–
Other transfers between hierarchy levels during the period	0.4	3.2	(3.6)		–
Disposals during the period	(24.7)	(7.0)	(0.8)		(32.5)
Fees settled via equity	–	0.2	–		0.2
Change in revenue share	–	(0.1)	–		(0.1)
Change in fair value in the period	15.2	120.9	3.4		139.5
At 31 December 2020 (audited)	83.4	1,040.6	38.7		1,162.7
Investments during the period	4.3	61.1	4.1		69.5
Transaction-based reclassifications during the period	–	16.3	(16.3)		–
Transfers from investment in LPs i	–	3.5	–		3.5
Other transfers between hierarchy levels during the period	24.2	(24.2)	–		–
Disposals during the period	(5.6)	(68.4)	(1.6)		(75.6)
Change in revenue share ii	–	0.6	–		0.6
Change in fair value in the period iii	56.6	24.1	5.0		85.7
At 30 June 2021 (unaudited)	162.9	1,056.6	26.9		1,246.4

i The transfers from investment in LPs relates to the Group's holding in Apollo Therapeutics LLP being exchanged for shares in AP Topco Limited.

- ii For description of revenue share arrangement see description below.
- iii The change in fair value in the year includes a loss of £2.1m (HY20: gain of £5.2m; FY20: loss of £4.6m) in exchange differences on translating foreign currency investments. The total unrealised change in fair value in respect of Level 3 investments was a gain of £29.1m (HY20: loss of £15.6m; FY20: gain of £108.7m).

Unquoted equity and debt investment are measured in accordance with IPEV guidelines (including the 31 March 2020 special valuation guidance issued by the IPEV Board) with reference to the most appropriate information available at the time of measurement. In addition to recent financing transactions, significant unobservable inputs used in the fair value measurement include (inter alia) portfolio-company specific milestone analysis, estimated clinical trial success rates, exit ranges, scenario probabilities and discount factors. Where relevant, multiple valuation approaches may be used in arriving at an estimate of fair value for an individual asset. Such inputs are typically portfolio-company specific and therefore cannot be aggregated for the purposes of portfolio-level sensitivity analysis. For Level 3 companies where a DCF approach has been used, a 1% increase/decrease in the discount rate used would equate to a £18.9m decrease/increase in fair value. For further discussion of COVID-19 specific valuation considerations, see discussion in the Financial Review section above.

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 or is acquired by a quoted company, resulting in its equity becoming quoted on an active market. In the current period, transfers of this nature amounted to £24.2m (HY20: £nil, FY20: £nil). Transfers between Level 1 and Level 3 would occur when a quoted investment's market becomes inactive, or the portfolio company elects to delist. There have been no such instances in the current period (HY19: no such instances, FY19: no such instances).

Transfers between Level 3 debt and Level 3 equity occur upon conversion of convertible debt into equity.

In terms of the valuation techniques used in arriving at our fair value estimate, the following table provides an analysis of the portfolio by primary valuation basis, with an associated sensitivity analysis by valuation category:

	Unaudited Six months ended 30 June 2021 £m	Unaudited Six months ended 30 June 2020 £m	Audited Year ended 31 December 2020 £m
Quoted	162.9	92.3	83.4
Recent financing (<9 months)	674.1	465.2	286.9
Recent financing (>9 months)	131.8	231.5	118.1
Other valuation methods	250.7	211.1	635.6
Debt	26.9	24.9	38.7
Total portfolio	1,246.4	1,025.0	1,162.7

The table below summarises the impact of a 1% increase/decrease in the price of unquoted investments by primary valuation basis on the Group's post-tax profit for the year and on equity.

	Unaudited Six months ended 30 June 2021 £m	Unaudited Six months ended 30 June 2020 £m	Audited Year ended 31 December 2020 £m
Recent financing (<9 months)	6.7	4.7	2.9
Recent financing (>9 months)	1.3	2.3	1.2
Other valuation methods	2.5	2.1	6.4
Debt	0.3	0.2	0.4
Total portfolio	10.8	9.3	10.9

Under the Group's former Technology Pipeline Agreement with Imperial College London, the Group received founder equity in spin out companies created to commercialise intellectual property from Imperial College. Following a sale of such founder equity stakes, a pre-specified 'revenue share' (typically 50%) is payable to Imperial College and other third parties. As at 30 June 2021 equity investments which were subject to revenue sharing obligations totalled £13.6m (HY20: £12.8m, FY20: £12.9m). A corresponding non-current liability is recognised in respect of these revenue sharing obligations.

4. GAIN ON DISPOSAL OF EQUITY

	Unaudited Six months ended 30 June 2021 £m	Unaudited Six months ended 30 June 2020 £m	Audited Year ended 31 December 2020 £m
Disposal proceeds	111.4	113.7	191.0
Movement in amounts receivable on sale of equity investments ¹	21.6	(22.0)	(9.9)
Carrying value of investments	(75.6)	(66.2)	(98.6)
Profit on disposal	57.4	25.5	82.5

¹ Excludes fair value movement on revaluation of amounts receivable on sale of equity investments of £0.3m (HY20: nil, FY20: nil).

5. RECEIVABLE ON SALE OF DEBT AND EQUITY INVESTMENTS

	Unaudited Six months ended 30 June 2021 £m	Unaudited Six months ended 30 June 2020 £m	Audited Year ended 31 December 2020 £m
Deferred & contingent consideration	36.9	5.1	15.3
Short-term receivables	–	–	0.3
	36.9	5.1	15.6
Of which:			
Current	25.6	5.1	15.6
Non-current	11.3	–	–
	36.9	5.1	15.6

Deferred & contingent consideration consists of £21.3m in relation to the sale of the Group's holding in WaveOptics Limited, £13.4m in relation to the sale of the TMEM programme of Enterprise Therapeutics (TMEM16a Limited), £2.0m in relation to the sale of Dukosi Limited and £0.2m in relation to the sale of Perpetuum Limited. (HY20: Dukosi Limited £5.1m, FY20: Enterprise Therapeutics £13. m, Dukosi Limited £2.0m, PSE Limited £0.2m).

6. DIVIDENDS

	Unaudited Six months ended 30 June 2021		Unaudited Six months ended 30 June 2020		Audited Year ended 31 December 2020	
	Pence per share	£m	Pence per share	£m	Pence per share	£m
Declared and paid during the year						
Ordinary shares						
Final dividend	1.0	10.6	–	–	–	–

Of the £10.6m total dividend paid during the year, £10.1m was paid in cash and £0.5m was settled via the issue of equity.

7. SHARE CAPITAL

	Unaudited 30 June 2021 £m	Unaudited 30 June 2020 £m	Audited 31 December 2020 £m
Issued and fully paid:			
1,062,788,114 ordinary shares of 2p each (HY20: 1,062,353,734; FY20: 1,062,353,734)	21.3	21.3	21.3

The Company has one class of ordinary shares, each with a par value of 2p and carrying equal voting rights, equal rights to income and distributions of assets on liquidation, or otherwise, and no right to fixed income.

8. RELATED PARTY TRANSACTIONS

The Group has various related parties arising from its key management, subsidiaries, equity stakes in portfolio companies and management of certain Limited Partnership funds.

A) KEY MANAGEMENT TRANSACTIONS

The following key management held shares in the following spin-out companies as at 30 June 2021:

Director/ PDMR	Company name	Number of shares held at 1 January 2021	Number of shares acquired/ (disposed of) in the period	Number of shares held at 30 June 2021	%
Alan Aubrey	Accelercomm Limited	638	-	638	0.12%
	Alesi Surgical Limited	18	-	18	<0.1%
	Amaethon Limited — A Shares	104	-	104	3.12%
	Amaethon Limited — B Shares	11,966	-	11,966	1.04%

Director/ PDMR	Company name	Number of shares held at 1 January 2021	Number of shares acquired/ (disposed of) in the period	Number of shares held at 30 June 2021	%
	Amaethon Limited — Ordinary shares	21	-	21	0.32%
	Boxarr Limited	1,732	-	1,732	0.24%
	Crysalin Limited	1,447	-	1,447	0.14%
	Deep Matter Group plc ⁴	1,425,000	-	1,425,000	0.15%
	Deepverge plc ^{1,2}	51,927	-	51,927	0.42%
	Ditto AI Limited - Ordinary Shares	1,097,912,028	-	1,097,912,028	12.41%
	Ditto AI Limited - B Shares	98,876,568	-	98,876,568	1.12%
	Diurnal Group plc	15,000	-	15,000	<0.1%
	EmDot Limited	15	-	15	0.87%
	Istesso Limited	1,185,150	-	1,185,150	1.05%
	Itaconix plc	88,890	-	88,890	<0.1%
	Karus Therapeutics Limited	223	-	223	<0.1%
	Microbiotica Limited	10,000	-	10,000	<0.1%
	Mirriad Advertising plc	33,333	-	33,333	<0.1%
	Oxbotica Limited	29	-	29	<0.1%
	Oxford Advanced Surfaces Limited	1	-	1	<0.1%
	Oxford Nanopore Technologies Limited	92,725	-	92,725	0.26%
	Perachem Holdings plc ³	108,350	-	108,350	<0.1%
	Salunda Limited	53,639	-	53,639	<0.1%
	Surrey Nanosystems Limited	453	-	453	0.22%
	Tissue Regenix Group plc	12,174,859	-	12,174,859	0.17%
	Xeros Technology Group plc	228	-	228	<0.1%
	Zeetta Networks Limited	424	-	424	0.11%
Mike Townend	Amaethon Limited — A Shares	104	-	104	3.12%
	Amaethon Limited — B Shares	11,966	-	11,966	1.04%
	Amaethon Limited — Ordinary shares	21	-	21	0.32%
	Applied Graphene Materials plc	22,619	-	22,619	<0.1%
	Creavo Medical Technologies Limited	117	-	117	<0.1%
	Crysalin Limited	1,286	-	1,286	0.13%
	Deep Matter Group plc	932,944	-	932,944	0.10%
	Deepverge plc ^{1,2}	66,549	-	66,549	<0.1%
	Ditto AI Limited	613,048	-	613,048	<0.1%
	Diurnal Group plc	15,000	-	15,000	<0.1%
	EmDot Limited	14	-	14	0.81%
	Istesso Limited	1,185,150	-	1,185,150	1.05%
	Itaconix plc	64,940	-	64,940	<0.1%
	Mirriad Advertising plc	25,000	-	25,000	<0.1%
	Oxbotica Limited	26	-	26	<0.1%
	Oxford Advanced Surfaces Limited	1	-	1	<0.1%
	Oxford Nanopore Technologies Limited	28,651	349	29,000	<0.1%
	Perachem Holdings plc ³	113,222	-	113,222	0.30%
	Surrey Nanosystems Limited	404	-	404	0.19%
	Tissue Regenix Group plc	11,550,862	-	11,550,862	0.14%
	Ultraleap Holdings Limited	1,224	-	1,224	<0.1%
	Xeros Technology Group plc	355	-	355	<0.1%
Greg Smith	Alesi Surgical Limited	2	-	2	<0.1%
	Crysalin Limited	149	-	149	<0.1%
	Deepverge plc ^{1,2,4}	725	-	725	<0.1%
	Ditto AI Limited	144,246	-	144,246	<0.1%
	Diurnal Group plc	15,000	-	15,000	<0.1%
	EmDot Limited	4	-	4	0.23%
	Istesso Limited	313,425	-	313,425	0.28%
	Itaconix plc	4,500	-	4,500	<0.1%
	Perachem Holdings plc ³	4,830	-	4,830	<0.1%
	Mirriad Advertising plc	16,667	-	16,667	<0.1%
	Oxbotica Limited	8	-	8	<0.1%
	Oxford Nanopore Technologies Limited	1,600	88	1,688	<0.1%
	Surrey Nanosystems Limited	88	-	88	<0.1%
	Tissue Regenix Group plc	50,000	-	50,000	<0.1%
	Xeros Technology plc ⁴	13	-	13	<0.1%
David Baynes	Alesi Surgical Limited	4	-	4	<0.1%
	Arkivum Limited	377	-	377	<0.1%
	Creavo Medical Technologies Limited	46	-	46	<0.1%
	Diurnal Group plc	73,000	-	73,000	<0.1%
	Mirriad Advertising plc	16,667	-	16,667	<0.1%
	Oxford Nanopore Technologies Limited	174	-	174	<0.1%
	Ultraleap Holdings Limited	2,600	-	2,600	<0.1%
	Zeetta Networks Limited	424	-	424	0.11%
Mark Reilly	Actual Experience plc	65,500	(37,500)	28,000	<0.1%
	Bramble Energy Limited	16	-	16	<0.1%
	Diurnal Group plc	7,500	-	7,500	<0.1%
	Itaconix plc	377,358	-	377,358	<0.1%
	Mirriad Advertising plc	66,666	-	66,666	<0.1%
	Oxbotica Limited	8	-	8	<0.1%
	Ultraleap Holdings Limited	1,700	-	1,700	<0.1%
	WaveOptics Limited ¹	308	(308)	-	0.0%
Sam Williams	Accelercomm Limited	127	-	127	<0.1%

Director/ PDMR	Company name	Number of shares held at 1 January 2021	Number of shares acquired/ (disposed of) in the period	Number of shares held at 30 June 2021	%
	Alesi Surgical Limited	1	-	1	<0.1%
	Creavo Medical Technologies Limited	23	-	23	<0.1%
	Diurnal Group plc	85,248	28,571	113,819	<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%
	Oxehealth Limited	27	6	33	<0.1%
	Oxford Nanopore Technologies Limited	785	142	927	<0.1%
	Topivert Limited ³	1,000	-	1,000	<0.1%
	Ultraleap Holdings Limited	558	-	558	<0.1%
Joyce Xie	Bramble Energy Limited	88	-	88	<0.1%
	Creavo Medical Technologies Limited	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%
	WaveOptics Limited ¹	462	(462)	-	0.0%
Lisa Patel	Alesi Surgical Limited	1	-	1	<0.1%
	Creavo Medical Technologies Limited	23	-	23	<0.1%
	Diurnal Group plc	37,500	-	37,500	<0.1%
	Istesso Limited	3,477,833	-	3,477,833	4.39%
	Microbiotica Limited	3,000	-	3,000	<0.1%
	Mirriad Advertising plc	3,333	-	3,333	<0.1%
	Oxford Nanopore Technologies Limited	340	71	411	<0.1%
	Topivert Limited	1,000	-	1,000	<0.1%
	Ultraleap Holdings Limited	1,317	-	1,317	<0.1%
Elizabeth Vaughan-Adams	Amaethon Limited	939	-	939	<0.1%
	Creavo Medical Technologies Limited	23	-	23	<0.1%
	Crysalin Limited	100	-	100	<0.1%
	Deep Matter Group plc	82,393	-	82,393	<0.1%
	Deepverge plc ^{1,2}	1,078	-	1,078	<0.1%
	Ditto AI Limited	758,185	-	758,185	<0.1%
	Diurnal Group plc	4,844	-	4,844	<0.1%
	Emdot Limited	3	-	3	<0.1%
	First Light Fusion Limited	77	-	77	<0.1%
	Istesso Limited	218,448	-	218,448	0.19%
	Mirriad Advertising plc	4,941	-	4,941	<0.1%
	Oxford Nanopore Technologies Limited	200	25	225	<0.1%
	Perachem Holdings plc ³	14,285	-	14,285	<0.1%
	Structure Vision Limited	14	-	14	<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%
Angela Leach	Amaethon Limited	1,408	-	1,408	<0.1%
	Alesi Surgical Limited	2	-	2	<0.1%
	Boxarr Limited	102	-	102	<0.1%
	Bramble Energy Limited	8	-	8	<0.1%
	Creavo Medical Technologies Limited	23	-	23	<0.1%
	Crysalin Limited	149	-	149	<0.1%
	Deep Matter Group plc	68,101	-	68,101	<0.1%
	Deepverge plc ^{1,2}	1,557	-	1,557	<0.1%
	Ditto AI Limited	180,308	-	180,308	<0.1%
	Diurnal Group plc	11,500	-	11,500	<0.1%
	Emdot Limited	4	-	4	0.23%
	First Light Fusion Limited	27	-	27	<0.1%
	Istesso Limited	322,923	-	322,923	0.29%
	Itaconix plc	4,500	-	4,500	<0.1%
	Mixergy Limited	-	206	206	0.03%
	Mirriad Advertising plc	16,667	-	16,667	<0.1%
	Oxbotica Limited	3	-	3	<0.1%
	Oxford Nanopore Technologies Limited	1,795	99	1,894	<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%
Anthony York	<i>Has no holdings in IP Group portfolio companies</i>				

1 No longer a portfolio company at the balance sheet date

2 Disclosed number reflects position at the point that Deepverge plc ceased to be an IP Group holding

3. Company is in liquidation

4. Restated opening position

B) PORTFOLIO COMPANIES

I) SERVICES

The Group earns fees from the provision of corporate finance advisory to portfolio companies in which the Group has an equity stake. Through the lack of control over portfolio companies these fees are considered arm's length transactions. The following amounts have been included in respect of these fees:

	Unaudited six months ended 30 June 2021 £m	Unaudited six months ended 30 June 2020 £m	Audited year ended 31 December 2020 £m
Statement of comprehensive income			
Revenue from services	0.3	0.1	0.2

	Unaudited six months ended 30 June 2021 £m	Unaudited six months ended 30 June 2020 £m	Audited year ended 31 December 2020 £m
Statement of financial position			
Trade receivables	0.2	0.1	0.3

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 investment entity exception as permitted by IFRS 10 and has not equity accounted for these investments, in accordance with IAS 28, 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 2021 £m	Unaudited six months ended 30 June 2020 £m	Audited year ended 31 December 2020 £m
Statement of comprehensive income			
Net portfolio losses/(gains)	50.4	(20.4)	20.9

	Unaudited 30 June 2021 £m	Unaudited 30 June 2020 £m	Audited 31 December 2020 £m
Statement of financial position			
Equity and debt investments	539.4	489.3	500.8

D) 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 30 June 2021 £m	Unaudited 30 June 2020 £m	Audited 31 December 2020 £m
Intercompany balances with other Group companies	2.0	3.0	2.6

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

9. 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 30 June 2021 £m	Unaudited 30 June 2020 £m	Audited 31 December 2020 £m
Hard NAV	Primary statements	Hard NAV is defined as the total equity of the Group less intangible assets. Excluding intangible assets highlights the Group's assets that management can be reasonably expected to influence in the short term and therefore reflects the short-term resources available to drive future performance. Additionally, excluding intangible assets allows better comparison with the Group's competitors, many of which operate under fund structures and therefore would not include intangible assets. The measure shows tangible assets managed by the Group. It is used as a performance metric for directors and employees as a part of annual incentives in the Group.	Total equity <i>Excluding:</i> Goodwill Other intangible assets Hard NAV	1,439.7 0.4 — 1,156.8	1,331.9 0.4 — 1,331.5
Hard NAV per share	Primary statements Note 20	Hard NAV per share is defined as Hard NAV, as defined above, divided by the number of shares in issue. The measure shows tangible assets managed by the Group per share in issue. It is a useful measure to compare to the Group's share price.	Hard NAV Shares in issue Hard NAV per share	£1,439.3m 1,062,788,114 135.4p	£1,156.4m 1,062,353,734 108.8p
Return on Hard NAV	Primary statements, Note 8	Return on Hard NAV is defined as the total comprehensive income or loss for the year excluding charges which do not impact on Hard NAV, specifically amortisation of intangible assets, share-based payment charges and the charge in respect of consideration deemed to represent post-acquisition services under IFRS 3 which is anticipated to be a non-recurring item. The measure shows a summary of the income statement gains and losses which directly impact Hard NAV.	Total comprehensive income <i>Excluding:</i> Share-based payment charge IFRS 3 charge in respect of acquisition of subsidiary (note 8) Return on Hard NAV	116.6 1.3 — 117.9	11.7 1.3 1.2 14.2
Net portfolio gains/(losses)	Note 13	Net portfolio gains are defined as the movement in the value of holdings in the portfolio due to share price movements or impairments in value, gains or losses on realisation of investments and gains or losses on disposals of subsidiaries. The measure shows a summary of the income statement gains and losses which are directly attributable to the portfolio, which is a headline measure for the Group's performance. This is a key driver of the Return on Hard NAV which is a performance metric for directors' and employees' incentives.	Change in fair value of equity and debt investments Gain on disposal of equity investments Net portfolio gains/(losses)	85.7 57.4 143.1	9.4 25.5 34.9
Net (realisation s)/investment	Portfolio review	Net realisations is defined as the net amount realised/invested from/into the portfolio. It is calculated by taking the net amount of the purchases of equity and debt investments, less the proceeds from the sale of equity and debt investments. The measure is used as a KPI for the relative generation or use of cash by the portfolio.	Purchase of equity and debt investments Proceeds from sale of equity and debt investments Net realisations/(investment)	(69.5) 111.4 41.9	(67.5) 191.0 123.5

Net overheads	Financial review: note 8	Net overheads are defined as the Group's core overheads less operating income. The measure reflects the Group's controllable net operating "cash-equivalent" central cost base and is used as a performance metric in the Group's annual incentive scheme. Core overheads exclude items such as share-based payments, amortisation of intangibles and consolidated portfolio company costs	Other income Other administrative expenses (see statement of comprehensive income) Excluding: Administrative expenses – consolidated portfolio companies IFRS 3 charge in respect of acquisition of subsidiary (note 8)	5.1 (14.8) 0.1 —	3.0 (14.7) 0.2 1.2	6.2 (29.4) 0.4 1.2
			Net overheads	(9.6)	(10.3)	(21.6)
Cash and deposits	Primary statements	Cash is defined as cash and cash equivalents plus deposits. The measure gives a view of the Group's liquid resources on a short-term timeframe. The Group's Treasury Policy has a maximum maturity limit of 13 months for deposits.	Cash and cash equivalents Deposits Cash	207.7 101.2 308.9	142.7 102.6 245.3	127.6 142.7 270.3
Net Cash	Primary statements	Net Cash is defined as cash and cash equivalent, plus deposits, less EIB debt. The measure gives a view of the Group's solvency or liquidity once existing debt has been repaid.	Cash and cash equivalents Deposits EIB debt facility (short term) EIB debt facility (long term) Net Cash	207.7 101.2 (15.4) (44.1) 249.4	142.7 102.6 (15.4) (59.4)	127.6 142.7 (15.4) (51.9) 203.0

10. Post balance sheet events

Between 30 June 2021 and the date of these reports and accounts the fair value of the Group's holdings in listed companies experienced a net fair value decrease of £21.7m.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

GENERAL INFORMATION

The comparative financial information presented herein for the year ended 31 December 2020 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 2020 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 for the year ended 31 December 2021 will be 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 2020 which were prepared in accordance with International Financial Reporting Standards (IFRSs) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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 were the same as those applied to the audited consolidated financial statements for the year ended 31 December 2020.

GOING CONCERN

The Directors are required to satisfy themselves that it is reasonable to presume that the Group is a going concern. The Group's had Net Cash of £249.4m as at 30 June 2021. 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 including the potential impact of COVID-19, 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.

The Directors have considered the impact of the emergence and spread of COVID-19 and potential implications on the future of the Group. Whilst there are significant wider market uncertainties which may impact portfolio company investments via, for example, funding risk and commercial development risk, the Group does not believe this will significantly impact the liquidity of the Group over the next 12 months. Accordingly, the Directors have adopted the going concern basis in preparing these half-yearly results.

ACCOUNTING POLICIES

The accounting policies applied by the Group in these half-yearly results are the same as those applied by the Group in its audited consolidated financial statements for the year ended 31 December 2020 and which will form the basis of the 2021 Annual Report and Accounts.

Additional guidance describing the components of portfolio fair value gains/losses which will be included in the Group's 2021 Annual Report and Accounts is presented as follows:

- Change in fair value of equity and debt investments is the movement in the fair value of investments in accordance with IFRS 13 between the start and end of the accounting period, or from the date of investment within the accounting period to the end of the accounting period.
- Gain on disposal of equity investments is the difference between the fair value of the consideration received in accordance with IFRS 13 (less any directly attributable costs) on the sale of equity and debt investments, and the investment's carrying value at the start of the accounting period.

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

ALAN AUBREY
CHIEF EXECUTIVE OFFICER

4 August 2021

INDEPENDENT REVIEW REPORT

TO IP GROUP PLC

CONCLUSION

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2021 which comprises the 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 financial report for the six months ended 30 June 2021 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").

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board 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.

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 latest annual financial statements of the group were prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the next annual financial statements will be prepared in accordance with UK-adopted international accounting standards

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.

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

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London

E14 5GL

4 August 2021

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