



# HALF YEAR RESULTS

30 JUNE 2021

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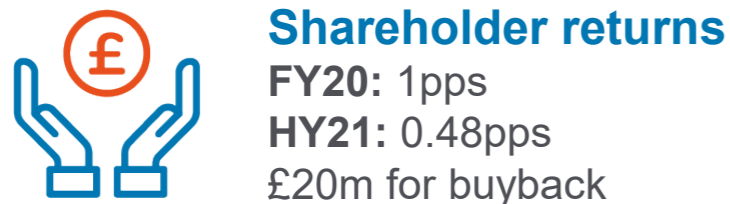
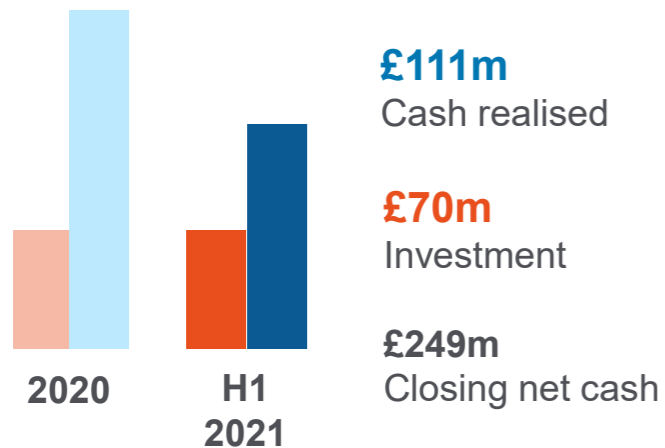
# Contents

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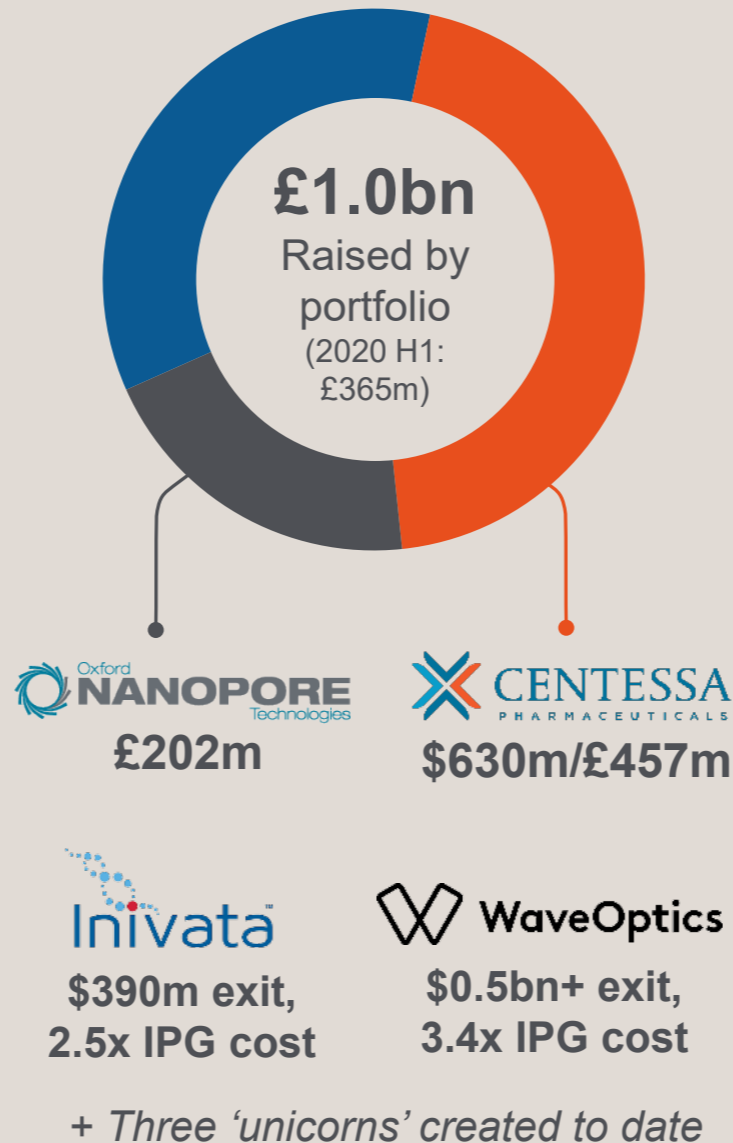
- 1 **Overview**
- 2 **Purpose, vision & strategy**
- 3 **Results**
- 4 **Portfolio review**
- 5 **Summary**

# Overview

## STRONG FINANCIALS



## PORTFOLIO

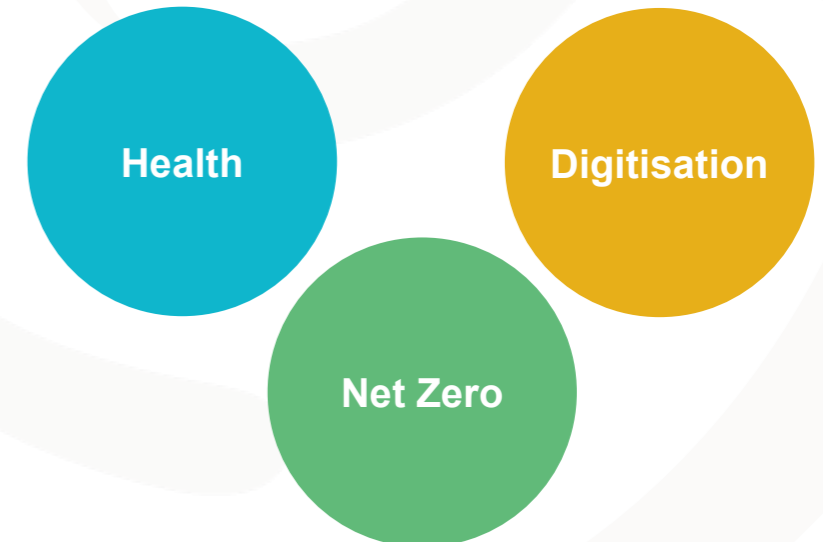


## OUTLOOK FOR H2



Continued strong activity in portfolio including potential ONT IPO

Well positioned to benefit from structural growth themes





02

Purpose, vision & strategy

Evolving GREAT IDEAS into WORLD-CHANGING businesses

# Purpose, vision and strategy

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**PURPOSE**



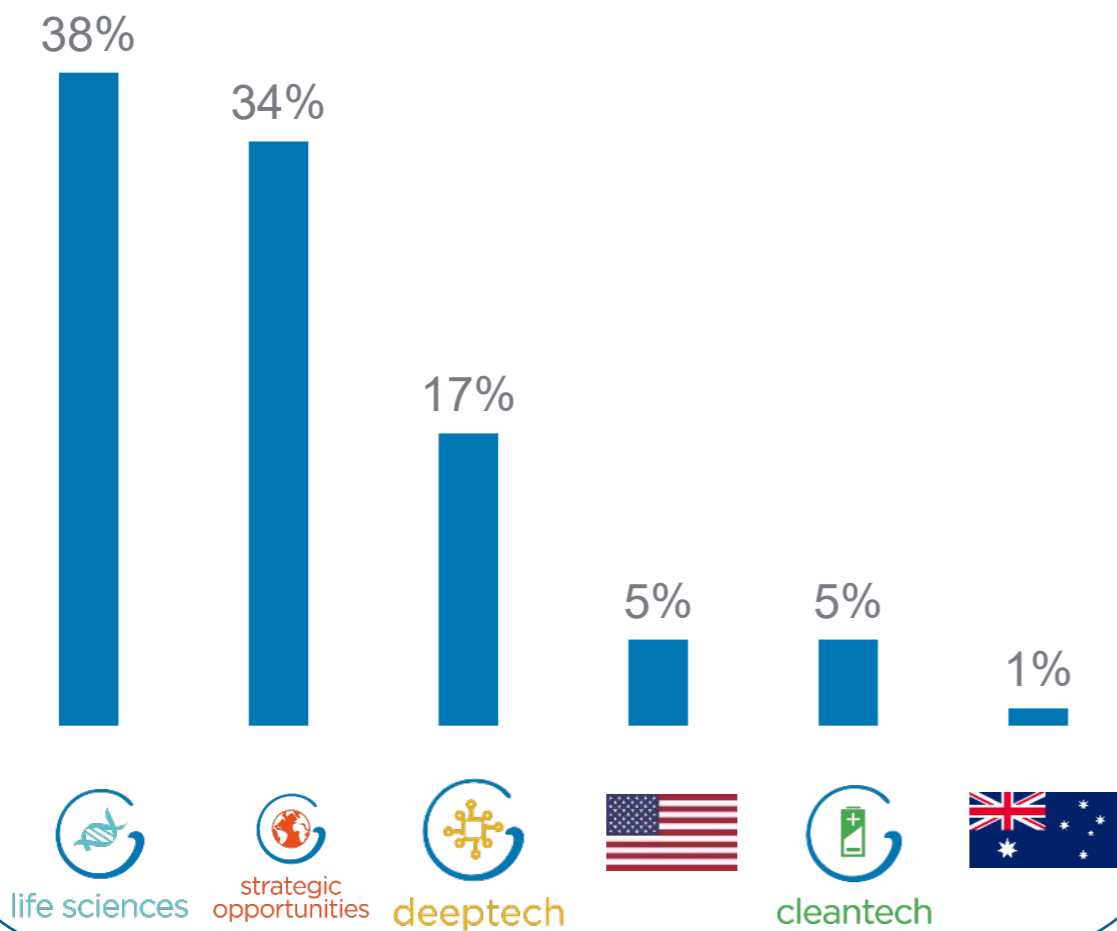
**VISION**



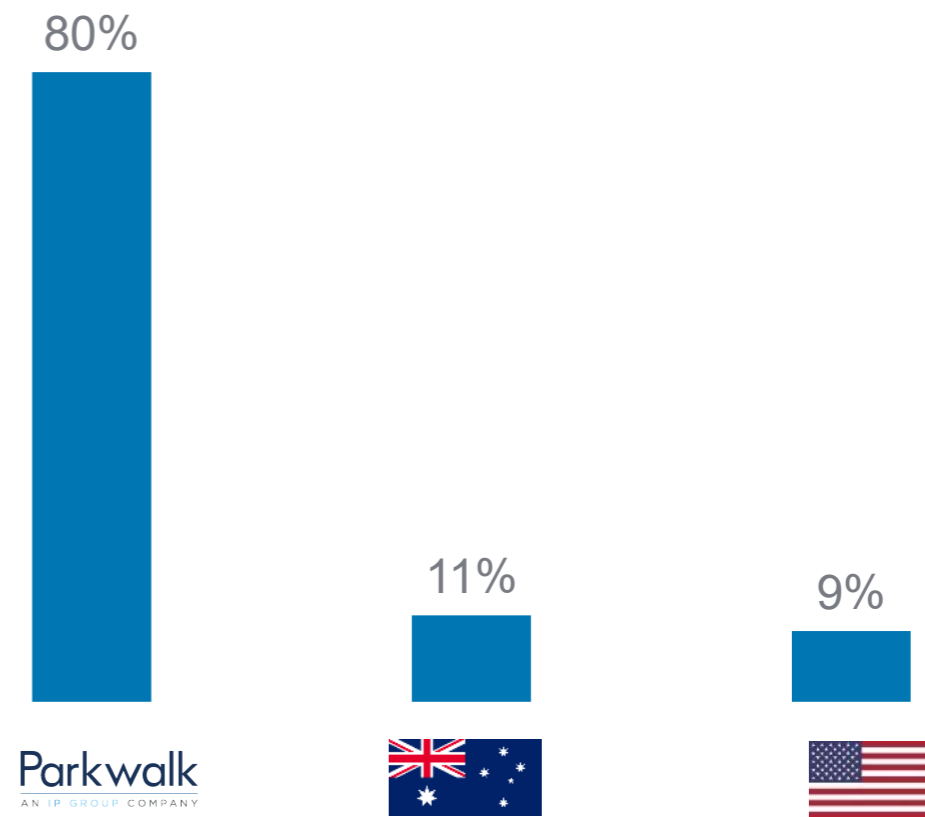
**STRATEGY**

# Overview of Group by Business Unit / Fund as of 30 June 2021

Balance sheet portfolio: £1.2bn\*



3<sup>rd</sup> party AuM: £0.5bn



\* Represents portfolio attributable to shareholders and excludes net cash. See Appendix 13 for full reconciliation of portfolio.

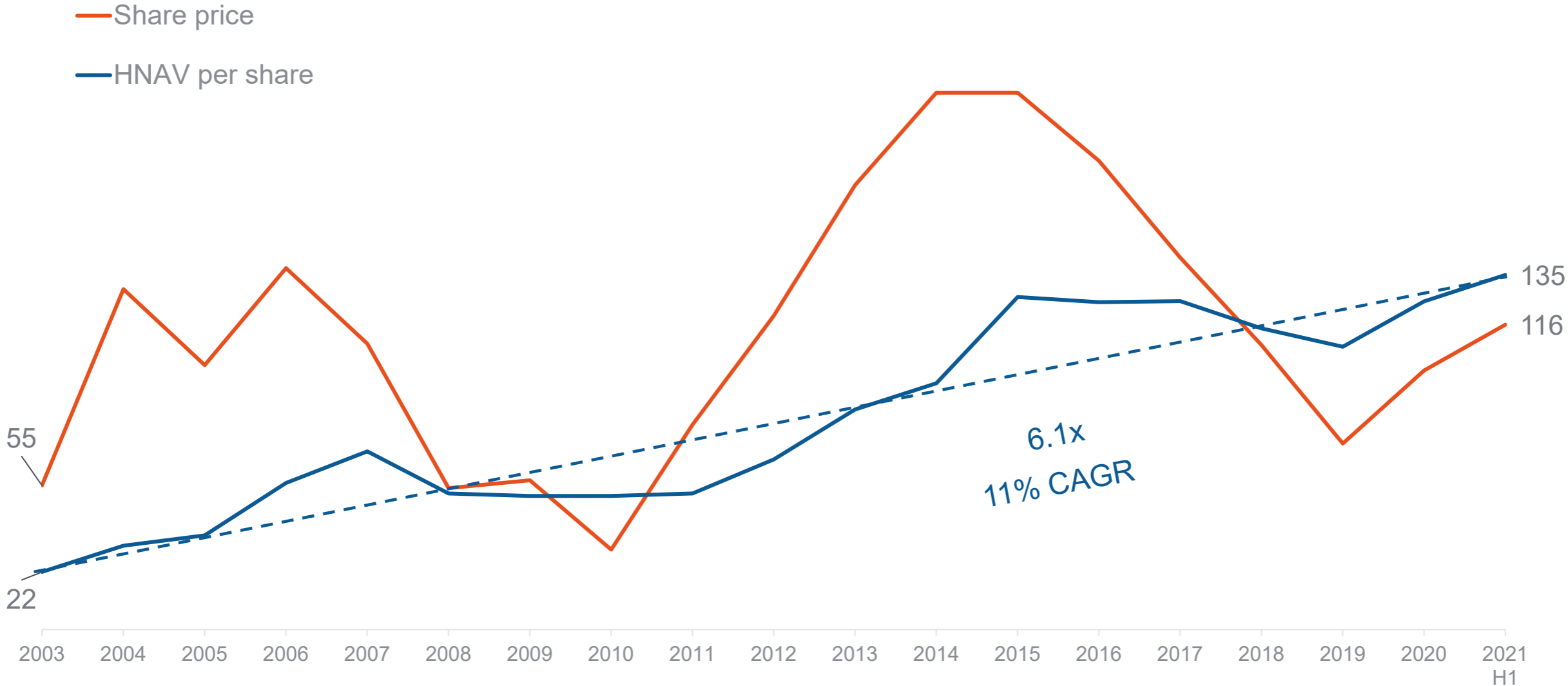
# 20 years of impact investing

## SUSTAINABLE DEVELOPMENT GOALS





# Long-term trends in HNAV/share and share price



'Hard' NAV or HNAV reflects Net Assets/Total Equity less goodwill and intangibles  
 Data points as at 31 December for all years other than 2021, which reflects closing share price at 30 June 2021, and 2003 share price, which reflects the Oct 2003 IPO issue price.

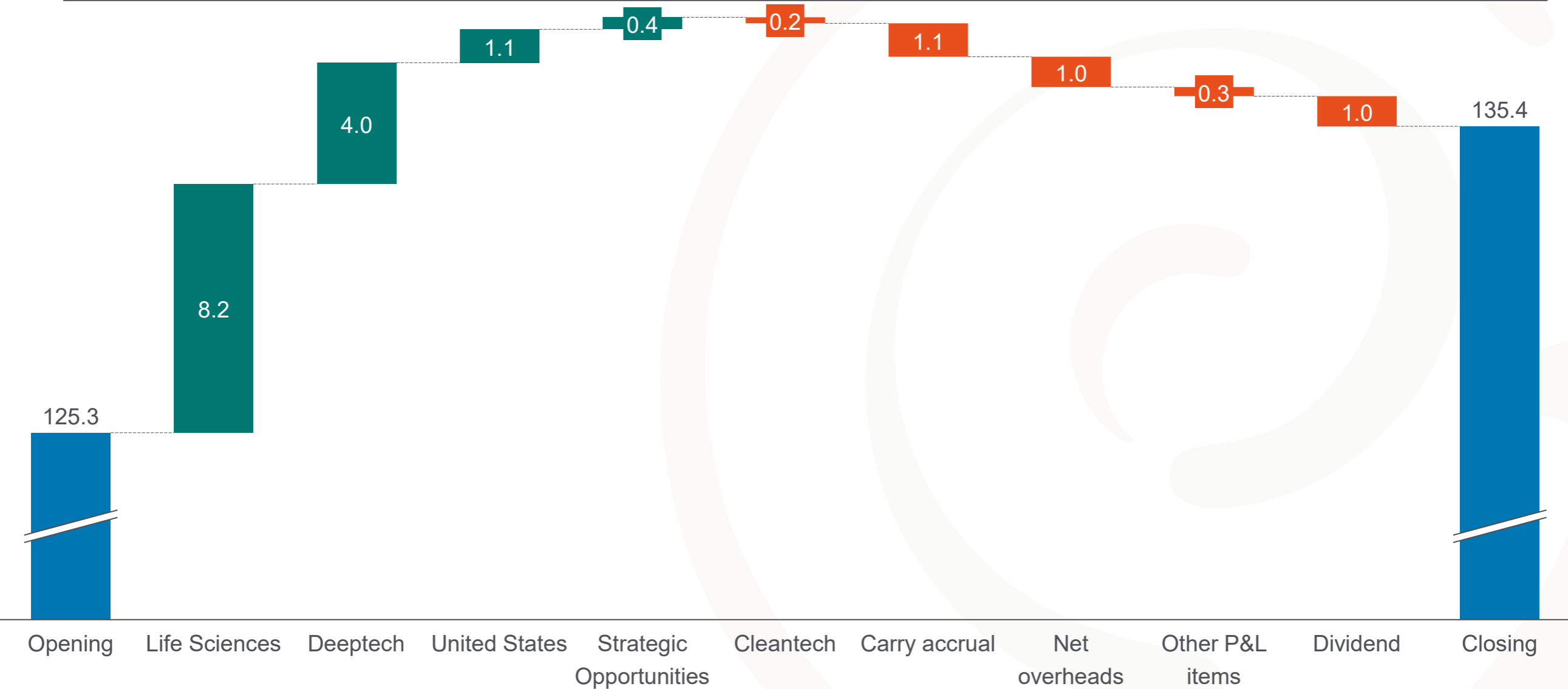


03

Results

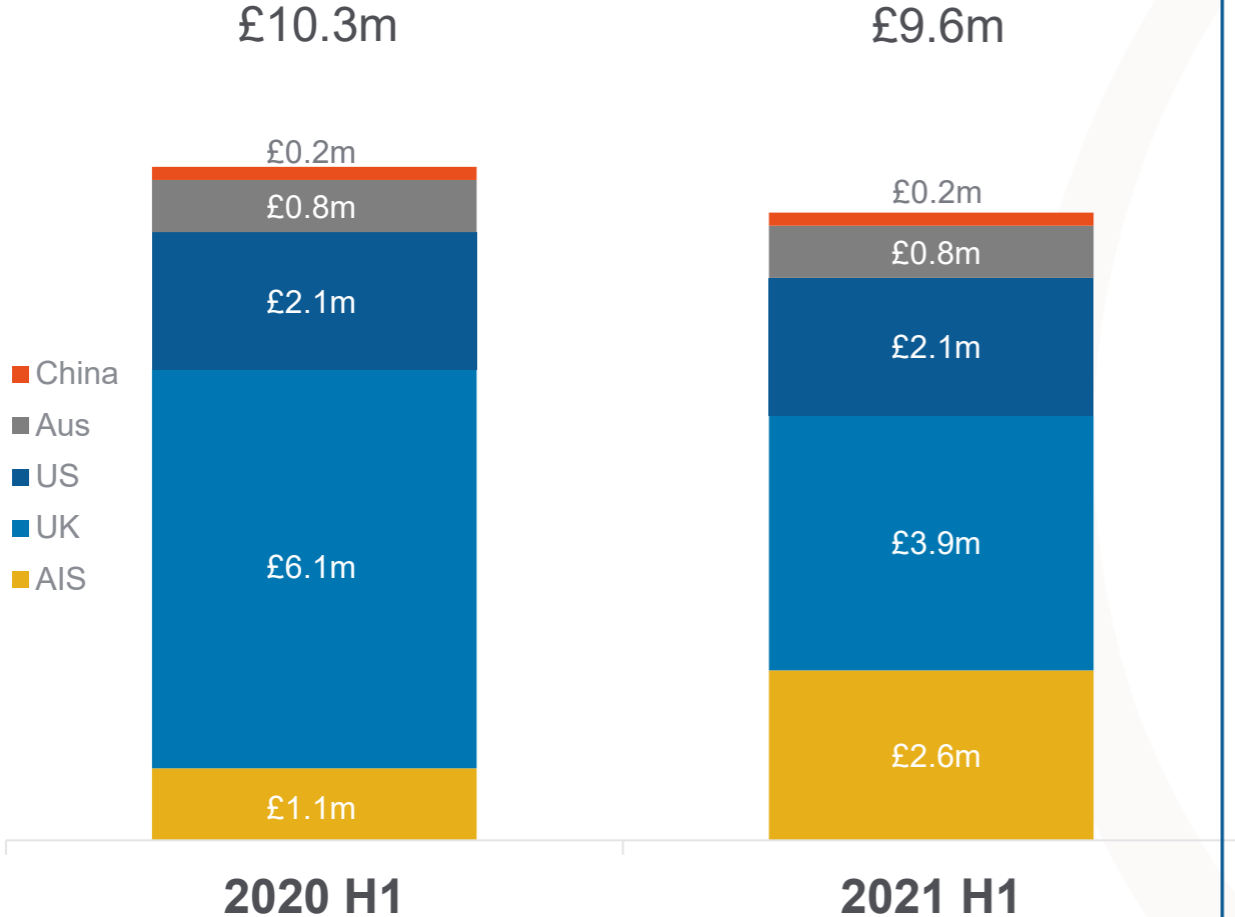
Evolving GREAT IDEAS into WORLD-CHANGING businesses

# Results: HNAV per share waterfall

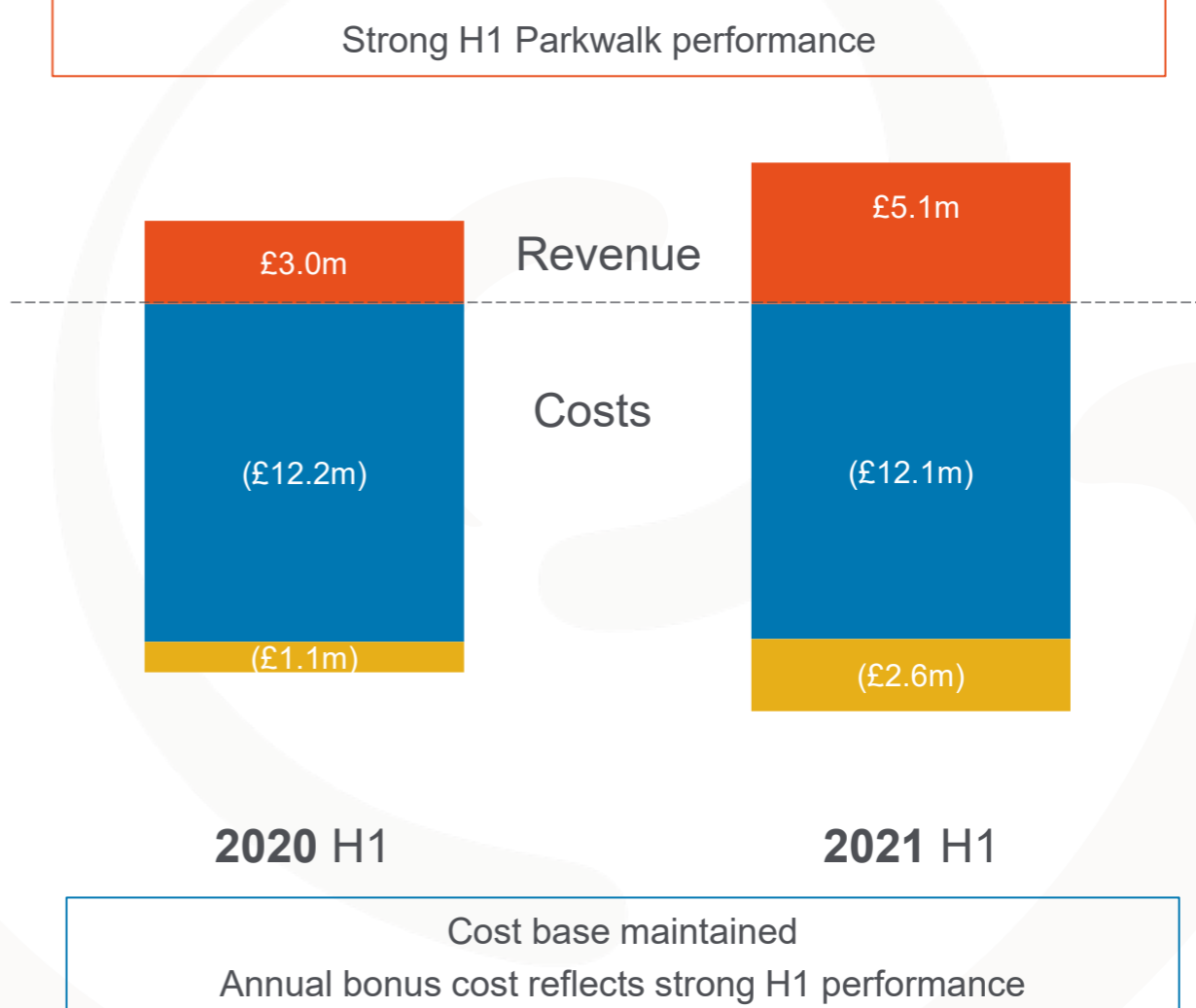


# Results: Net Overheads\*

## Net Overheads period on period comparison:

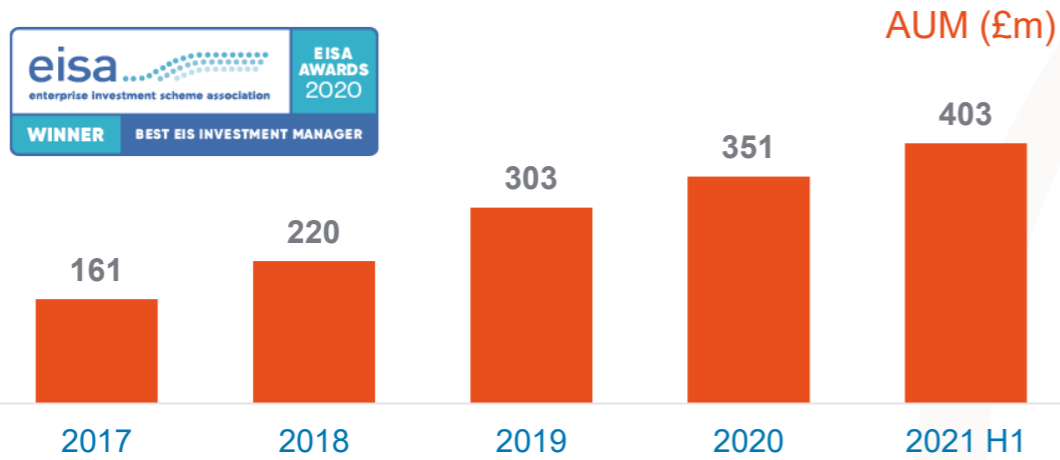


## Net Overheads by cost type:

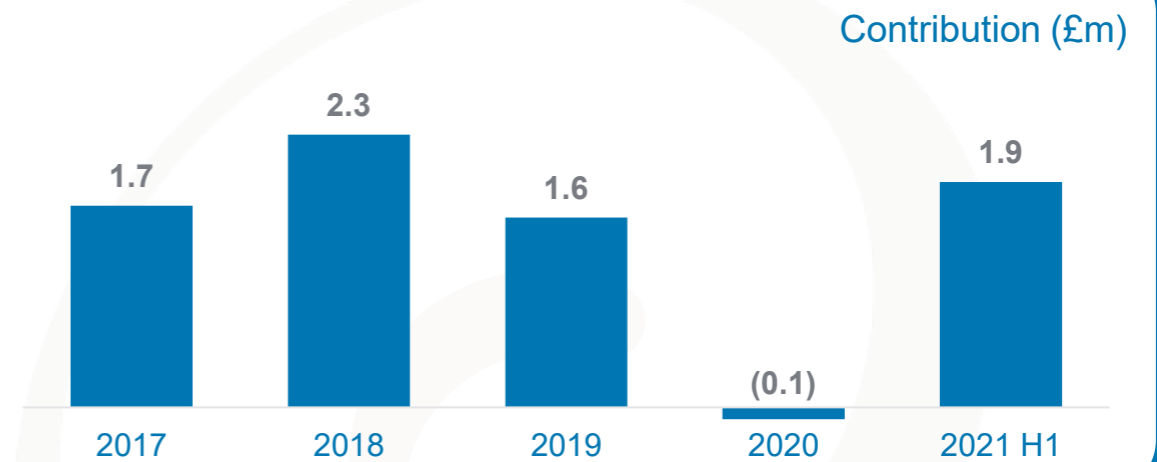


\* Alternative Performance Measure defined as other income less other administrative expenses excluding consolidated portfolio company costs, IFRS3 acquisition costs and carry accrual (see note 9 in Half Yearly Report).

## Market-leading growth EIS manager



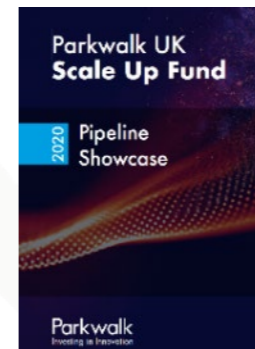
## Contributor to IP Group\*



## Other developments



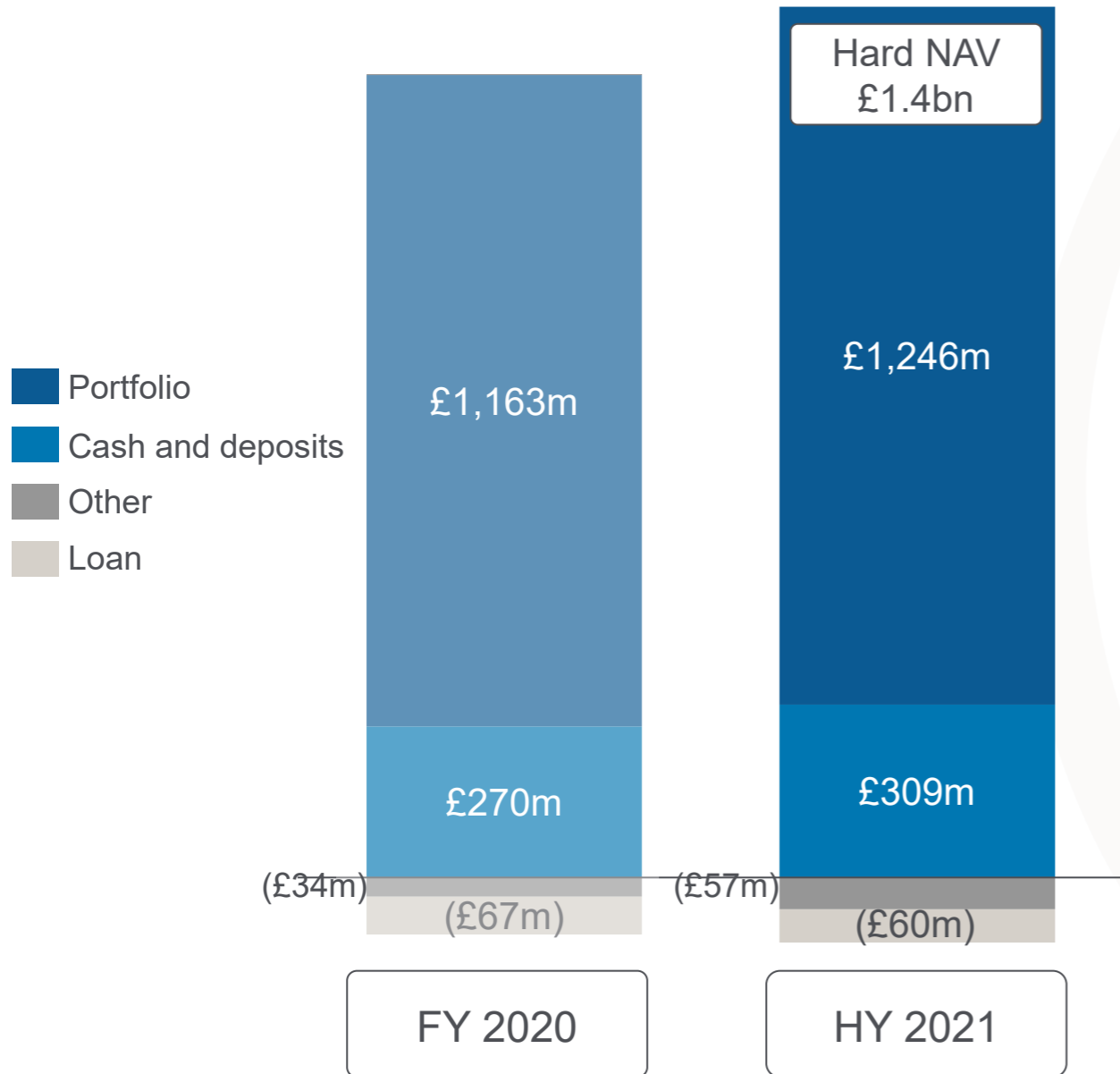
Electric Motors & Controllers for autos



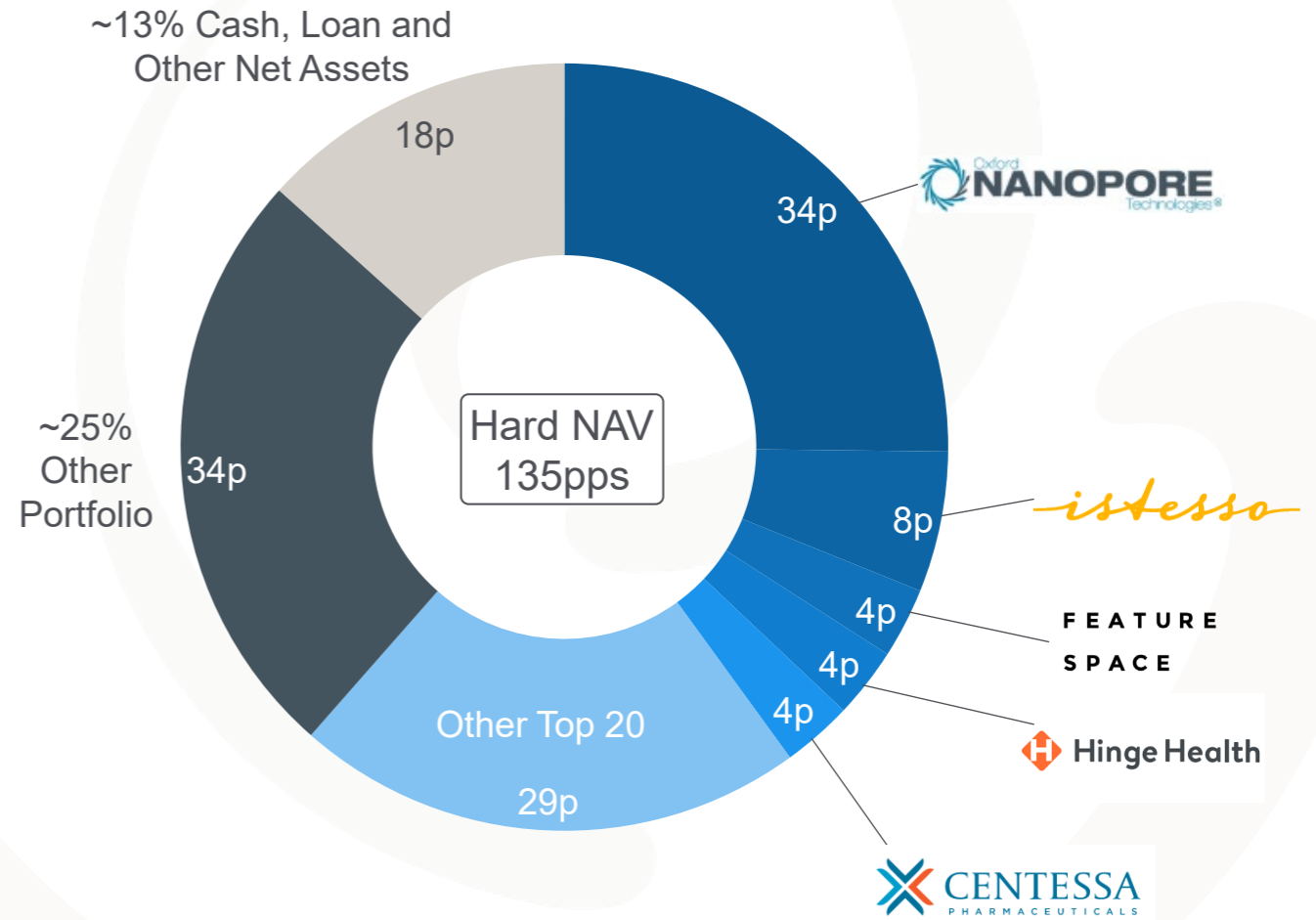
First institutional fund planned

\* Reflects net contribution to Group Net Overheads, comprising primarily fund management and performance fees less direct operating expenses

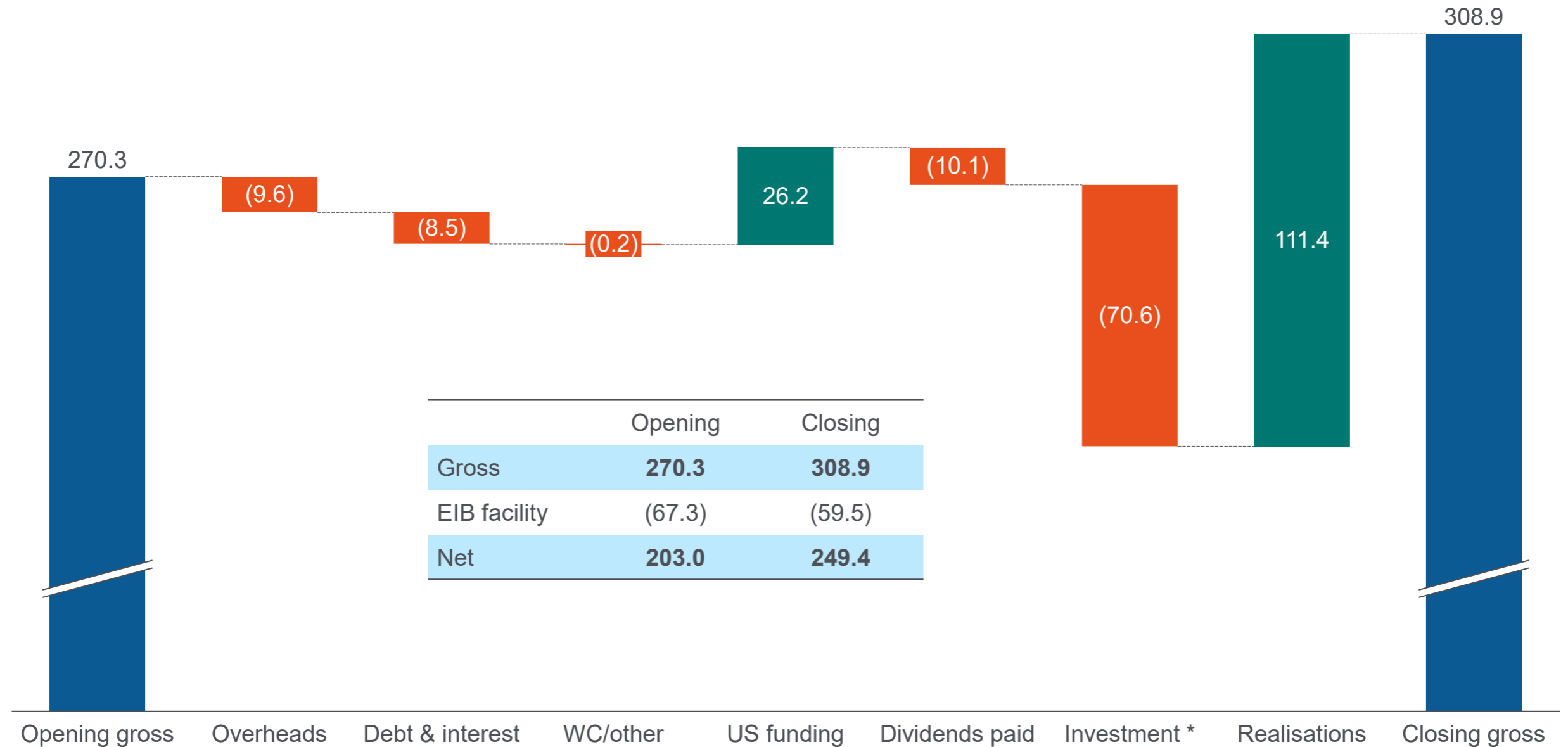
# Results: net assets



## What's in a share?



# Results: cash flows



	Opening	Closing
Gross	<b>270.3</b>	<b>308.9</b>
EIB facility	(67.3)	(59.5)
Net	<b>203.0</b>	<b>249.4</b>

\* Includes fund investment

# Capital allocation framework

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## ORGANIC GROWTH

Allocate capital to achieve:

- impact alongside attractive financial returns
- appropriate diversification across structural growth themes and geographies

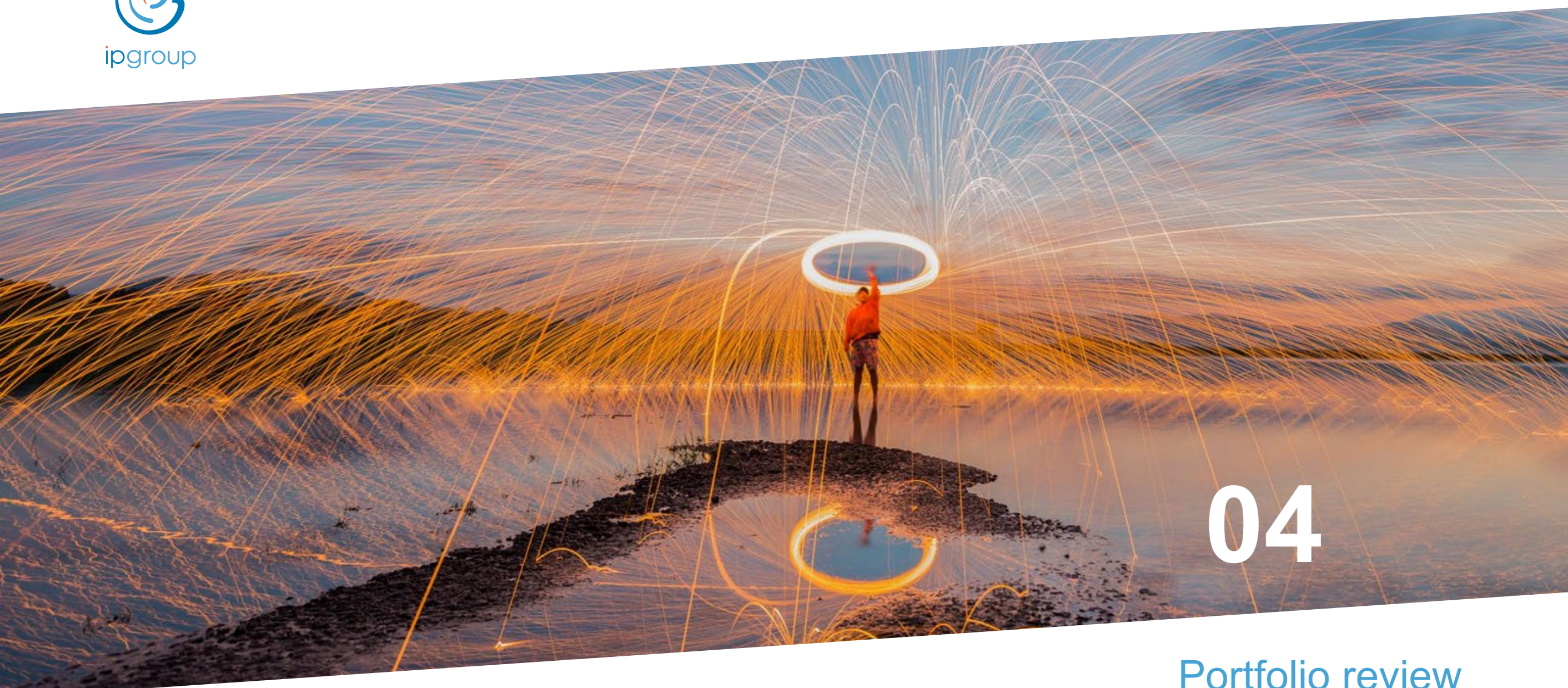
## MANAGE GEARING

- Group primarily equity funded but use appropriate debt
- Ensure servicing requirements (currently <£20m per annum) and covenants met at all times

## RETURNS TO SHAREHOLDERS

- Significant steps taken towards cashflow sustainability
- Dividend policy introduced as minor component of TSR
- Return of any excess capital to be considered as part of framework



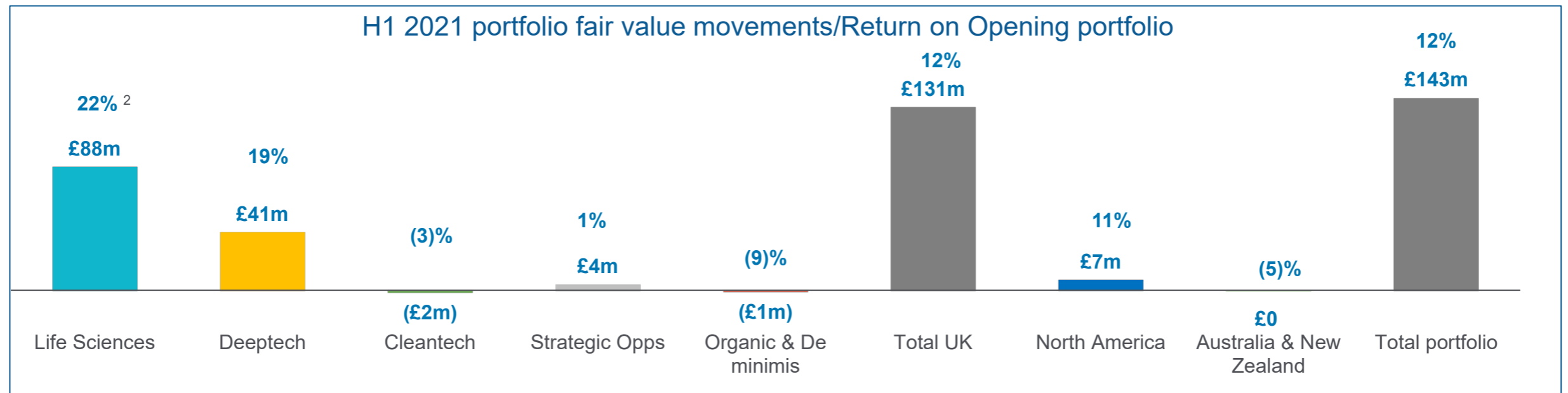
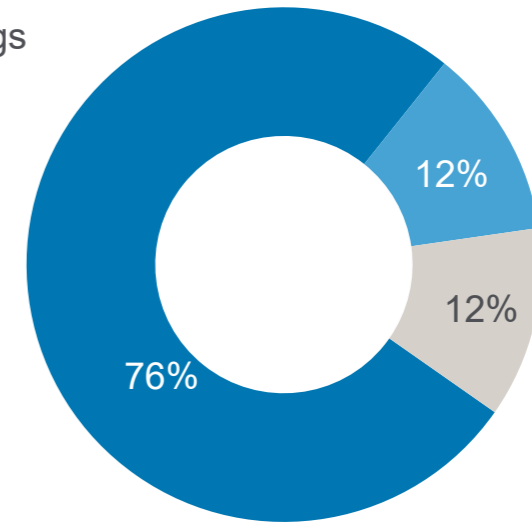
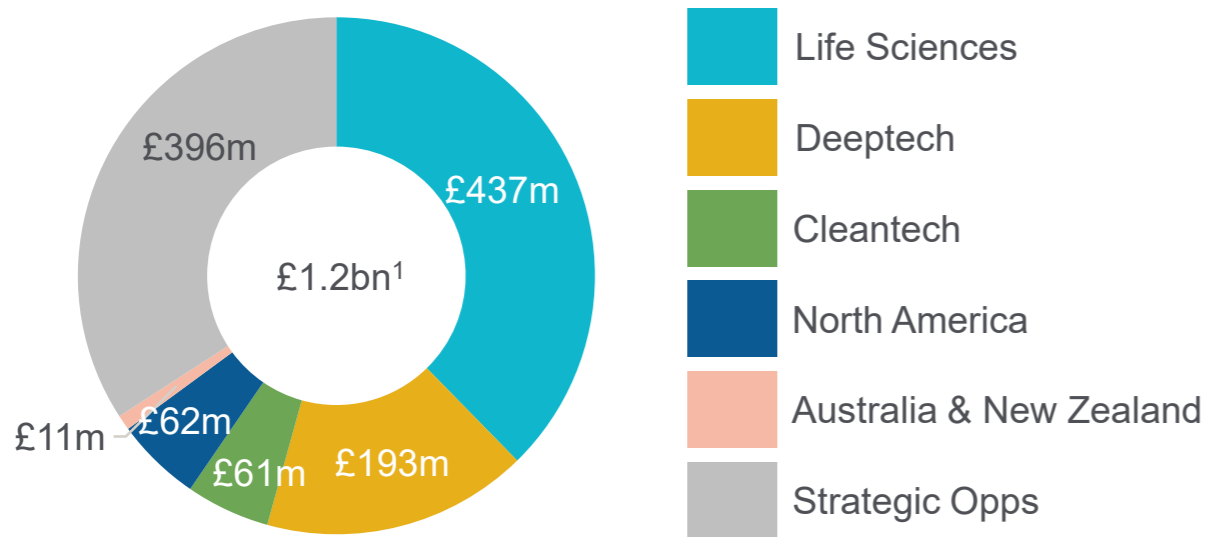


04

Portfolio review

Evolving GREAT IDEAS into WORLD-CHANGING businesses

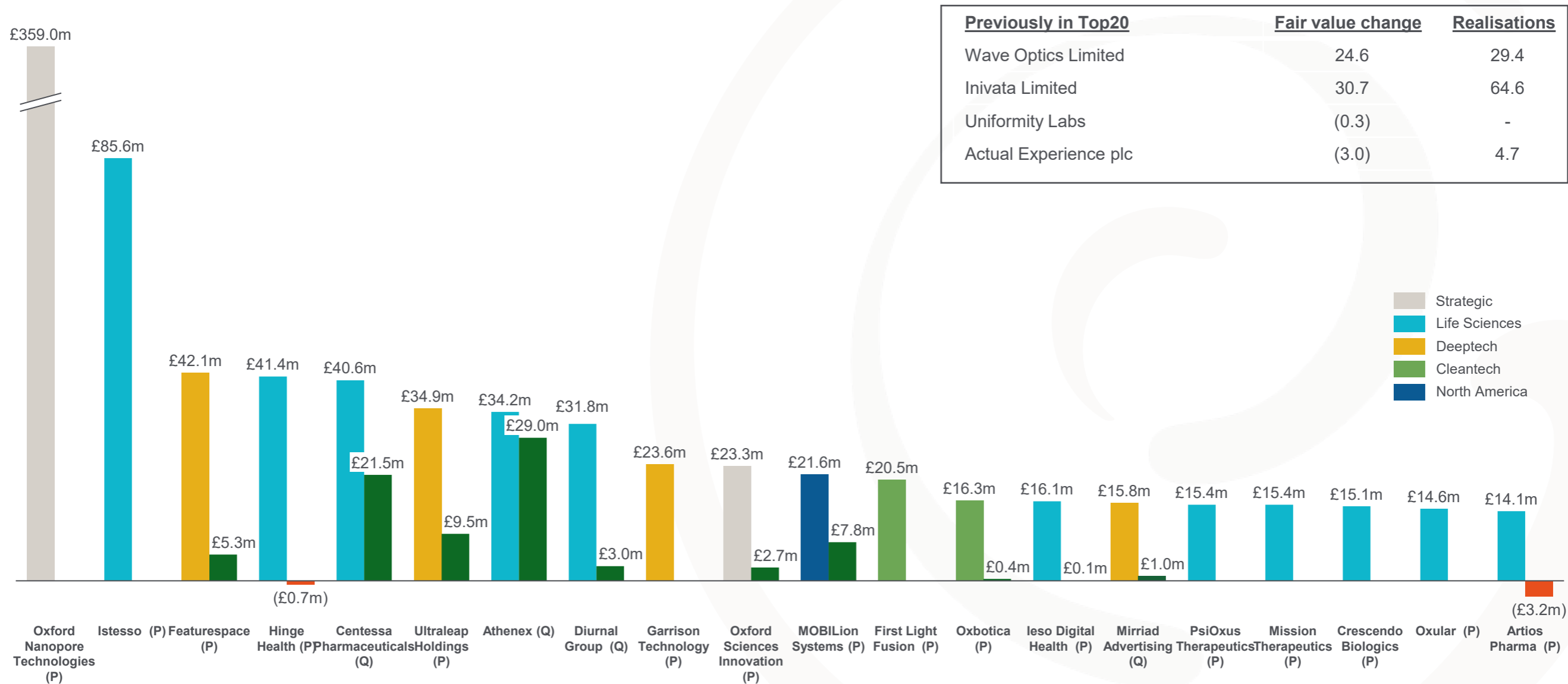
# Portfolio performance summary



<sup>1</sup> £1.2bn reflects portfolio value attributable to shareholders. See appendix for portfolio reconciliation

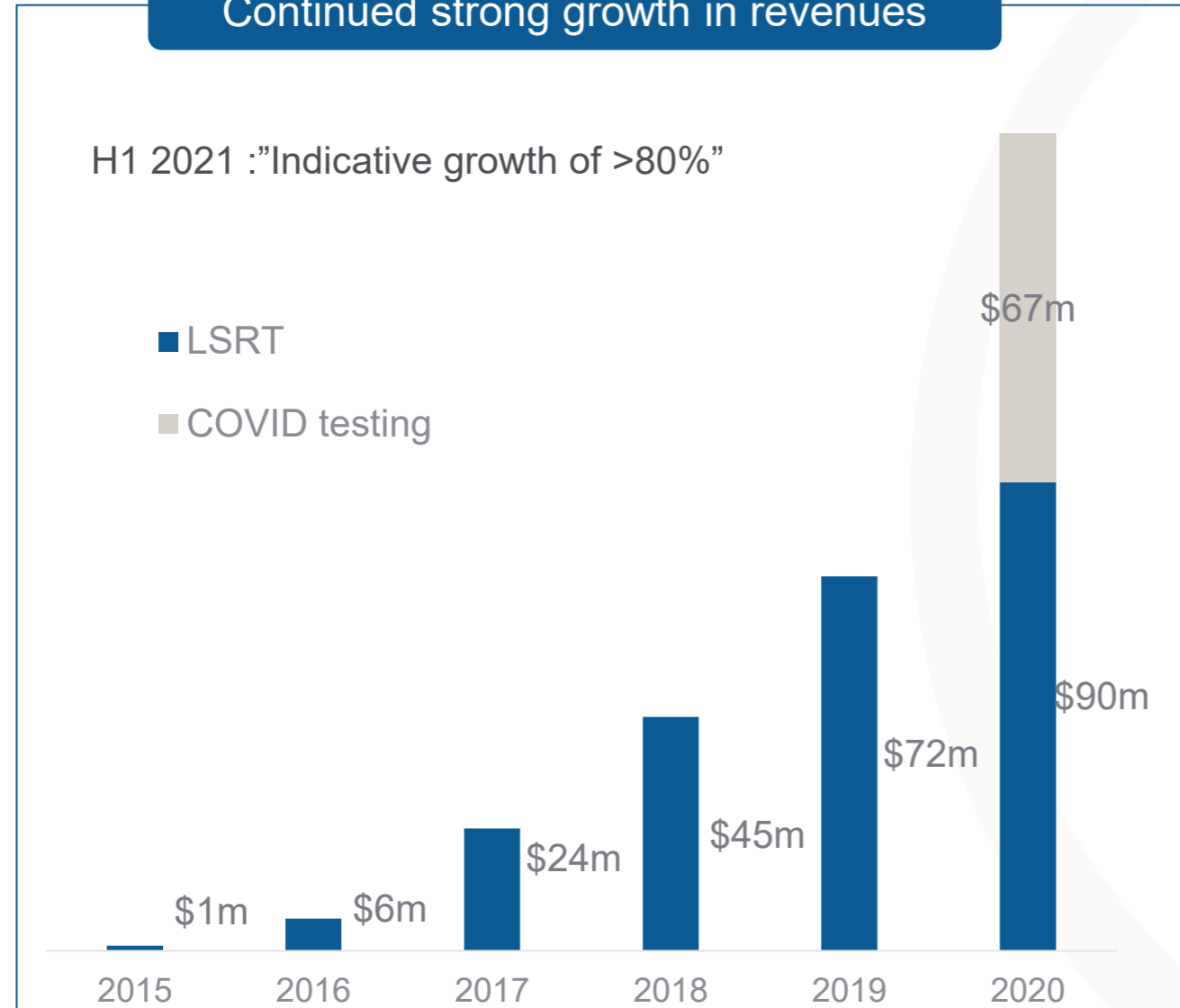
<sup>2</sup> Percentages reflect simple return on opening portfolio value

# Top 20 Holdings & fair value movement in H1 2021



# Oxford Nanopore Technologies

## Continued strong growth in revenues



## Epidemiological research

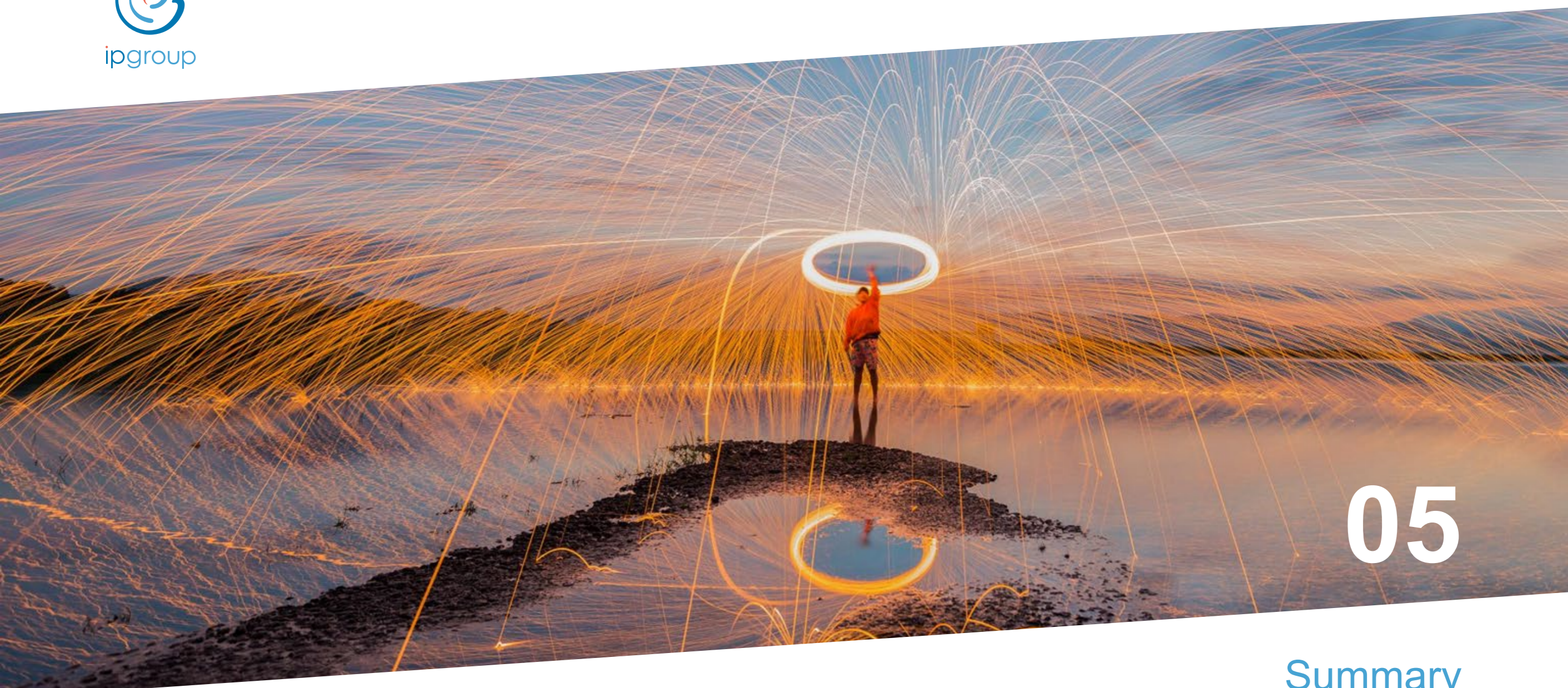


e.g. Rockefeller Pandemic Prevention Institute

## PromethION



- NIH
- Genomics England
- UAE



05

Summary

Evolving GREAT IDEAS into WORLD-CHANGING businesses

# Summary

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## **Continued strong financial performance**

- £118m (9%) Return on HNAV and £111m of cash exits
- £1.4bn HNAV including £309m gross cash
- Interim dividend of 0.48pps and £20m share buyback

## **Impact-focused, maturing portfolio**

- Highly aligned to SDGs
- Portfolio companies raised £1bn in HY21

## **H2 2021 outlook**

- Financial strength gives important flexibility
- Multiple further portfolio catalysts including potential ONT IPO

# Appendices

# 1 - Board

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**Sir Douglas Flint**  
Non-executive Chairman

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



**Alan Aubrey**  
Chief Executive Officer

Corporate finance background (partner KPMG)  
Deep expertise of building technology businesses  
Co-founder Techtran Group Ltd; bought by IP Group



**David Baynes**  
Chief Operating Officer

Finance and venture background  
Co-founder Fusion IP plc.; bought by IP Group



**Greg Smith**  
Chief Financial Officer

Finance background  
Previously KPMG and \$3bn fund of hedge funds



**Mike Townend**  
Chief Investment Officer

Capital markets background  
Previously MD European Equities, Lehman



**Angela Leach**  
Company Secretary & Group Legal Counsel

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



**Aedhmar Hynes**  
Senior Independent Director

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



**Dr Elaine Sullivan**  
Non-executive Director

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



**Heejae Chae**  
Non-executive Director

Previously CEO of AIM-listed Scapa Group plc, a global supplier of products for healthcare and industrial markets

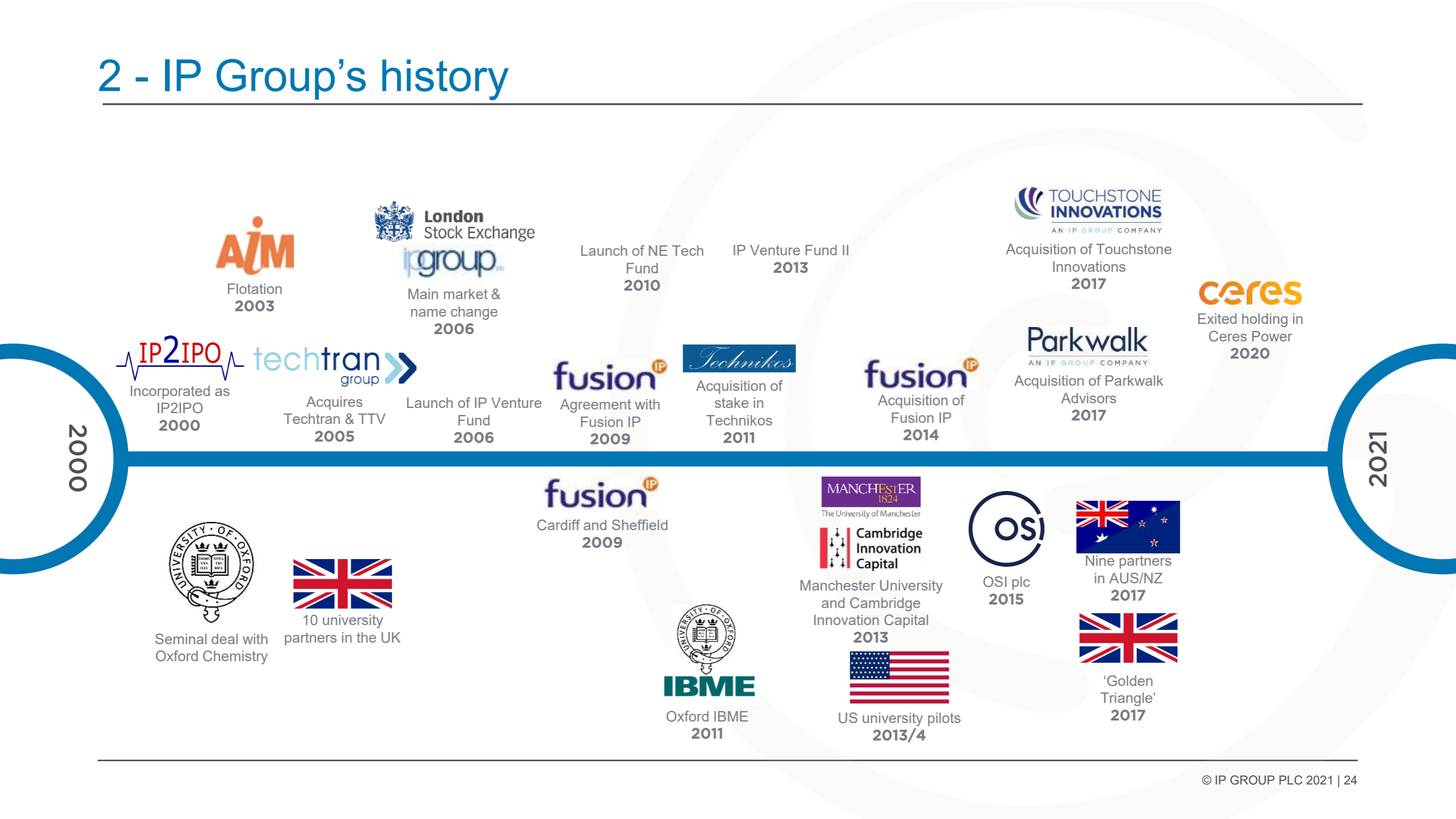


**Dr Caroline Brown**  
Non-executive Director

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



# 2 - IP Group's history



2000

2021

**AJM**  
Flotation  
2003

**London Stock Exchange**  
**ipgroup**  
Main market & name change  
2006

Launch of NE Tech Fund  
2010

IP Venture Fund II  
2013

**TOUCHSTONE INNOVATIONS**  
AN IP GROUP COMPANY  
Acquisition of Touchstone Innovations  
2017

**ceres**  
Exited holding in Ceres Power  
2020

**IP2IPO**  
Incorporated as IP2IPO  
2000

**techtran group**  
Acquires Techtran & TTV  
2005

Launch of IP Venture Fund  
2006

**fusion IP**  
Agreement with Fusion IP  
2009

**Technikos**  
Acquisition of stake in Technikos  
2011

**fusion IP**  
Acquisition of Fusion IP  
2014

**Parkwalk**  
AN IP GROUP COMPANY  
Acquisition of Parkwalk Advisors  
2017



Seminal deal with Oxford Chemistry



10 university partners in the UK

**fusion IP**  
Cardiff and Sheffield  
2009



**IBME**  
Oxford IBME  
2011



Manchester University and Cambridge Innovation Capital  
2013



US university pilots  
2013/4



OSI plc  
2015



Nine partners in AUS/NZ  
2017



'Golden Triangle'  
2017

### 3 - Shareholder register (above 2% holders)

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Shareholder	% holding
Railways Pension Scheme	15.3%
Liontrust Sustainable Investments	5.1%
Baillie Gifford	5.0%
Blackrock	4.1%
Lansdowne Partners	4.0%
Vanguard	3.9%
Imperial College	3.2%
Schroder Investment Management	3.1%
Odey Asset Management	2.8%
Invesco	2.6%
Legal & General Investment Management	2.5%
Telstra Super	2.3%
<b>Total</b>	<b>c. 54%</b>

# 4 - Approach to impact and ESG

## PURPOSE: IMPACT

- Impact measured against SDG framework
- Particular focus on transition to net zero, health, digitisation

## AS A PLC

- Materiality assessment
- Non-financial KPI
- New reporting frameworks (e.g. TCFD)

## AS A RESPONSIBLE INVESTOR

- Ethical Investment framework
- Ethics Committee established
- Focus on stewardship

### SUSTAINABLE DEVELOPMENT GOALS



MSCI ESG RATINGS



CCC B BB BBB A AA AAA



FTSE4Good

Corporate ESG Performance

RATED BY ISS ESG

Prime

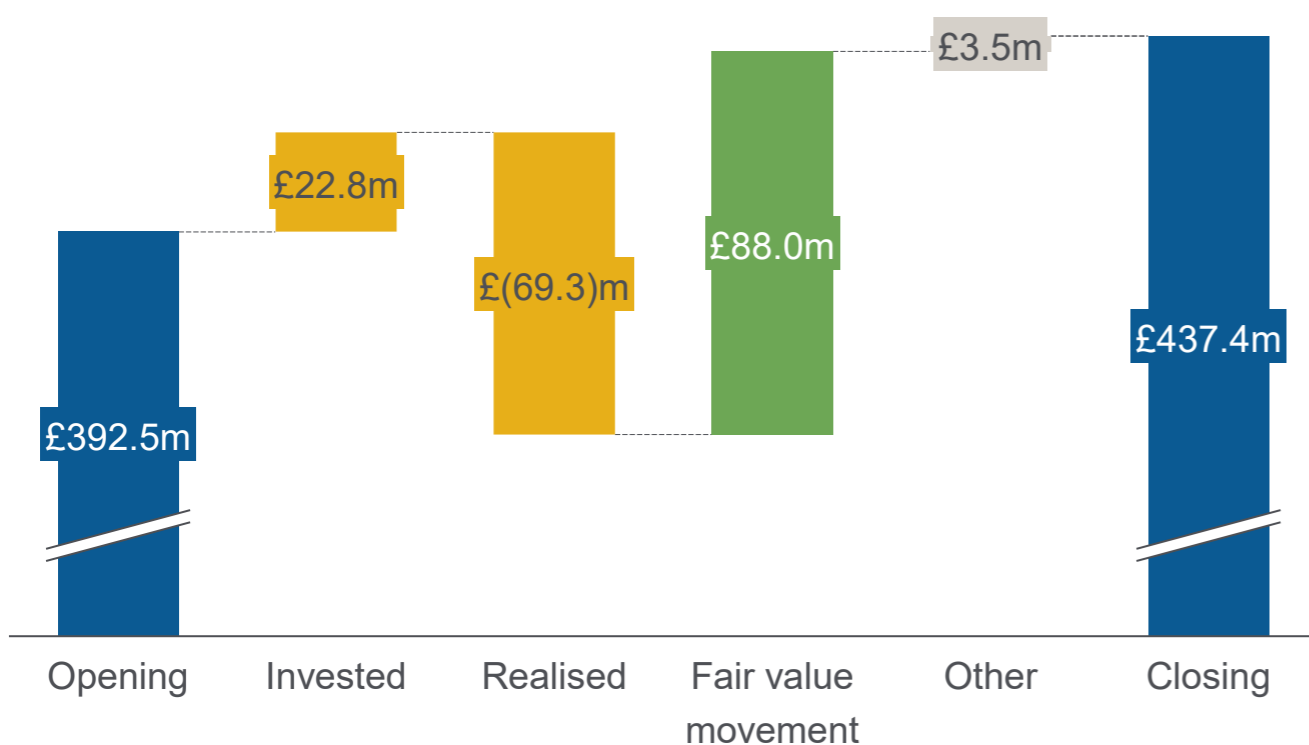


Signatory of:



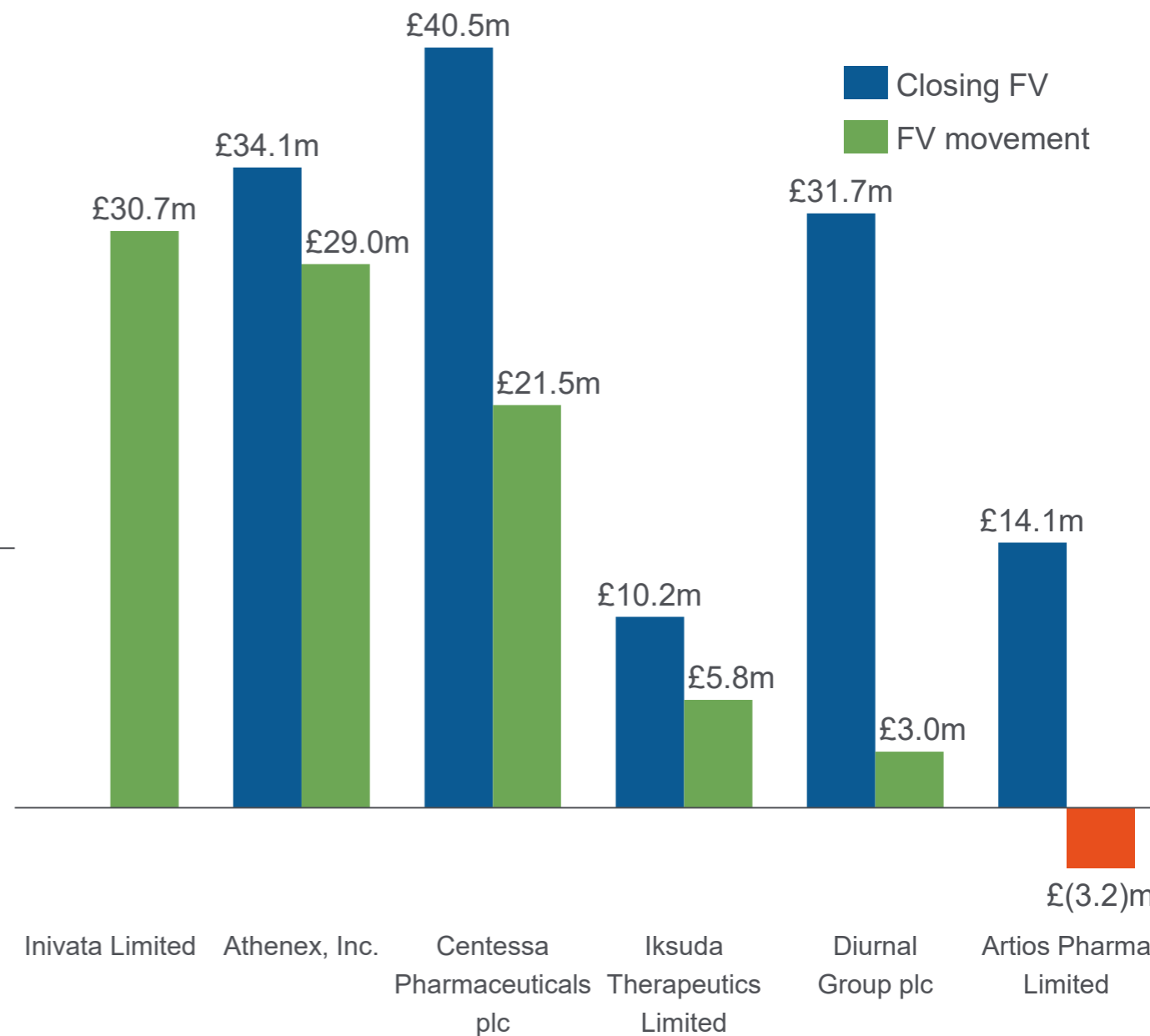


# 5 - Life Sciences Portfolio



## 2021 Key Events

- **Centessa Pharmaceuticals** acquired ApcinteX, IPO'd in June 2021, and raised \$630m during H1 2021
- **Athenex** acquired Kur Therapeutics for up to \$185m, with \$70m upfront in Athenex stock
- **Inivata** was bought by Neogenomics, who paid \$390m to the other shareholders, resulting in a £64.6m cash receipt for IP Group

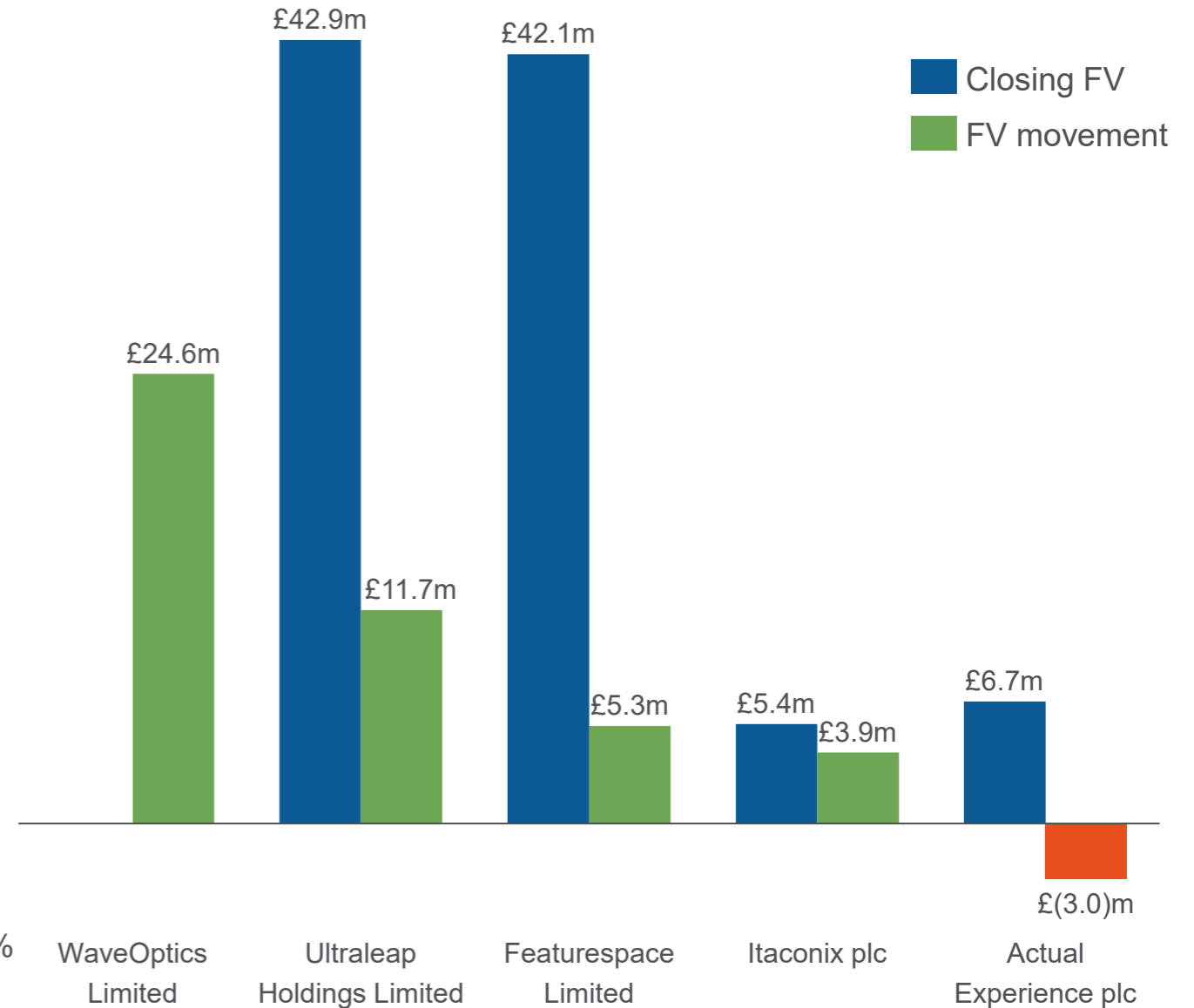


# 6 - Deeptech portfolio

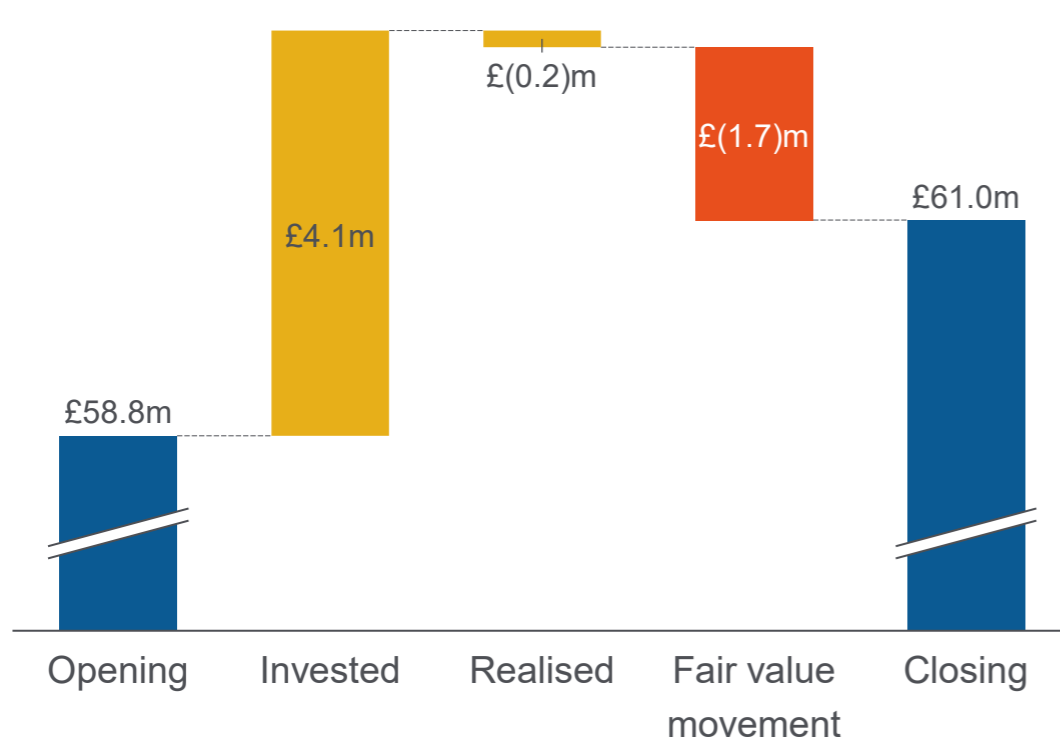


## 2021 Key Events

- **Wave Optics Limited** was sold to Snap, Inc. for in excess of \$0.5bn, believed to be one of the UK's largest ever venture-backed Deeptech exits
- **Ultraleap Holdings Limited** raised £35m in a round led by new investor Tencent
- **Garrison Technology Limited** announced sales growth of over 150% in the year to May 2021
- **Inflowmatix Limited** was acquired by Suez

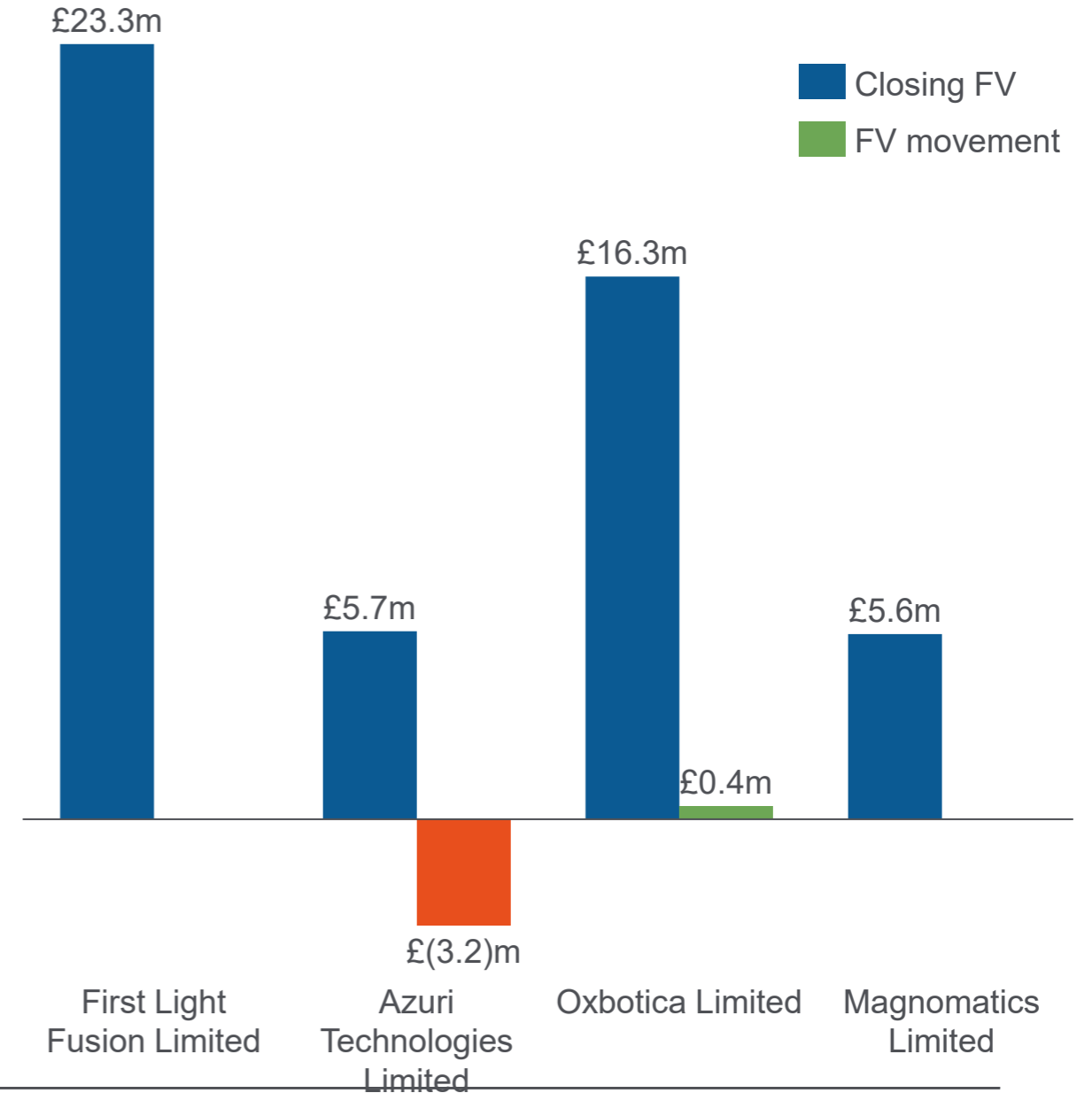


# 7 - Cleantech Portfolio

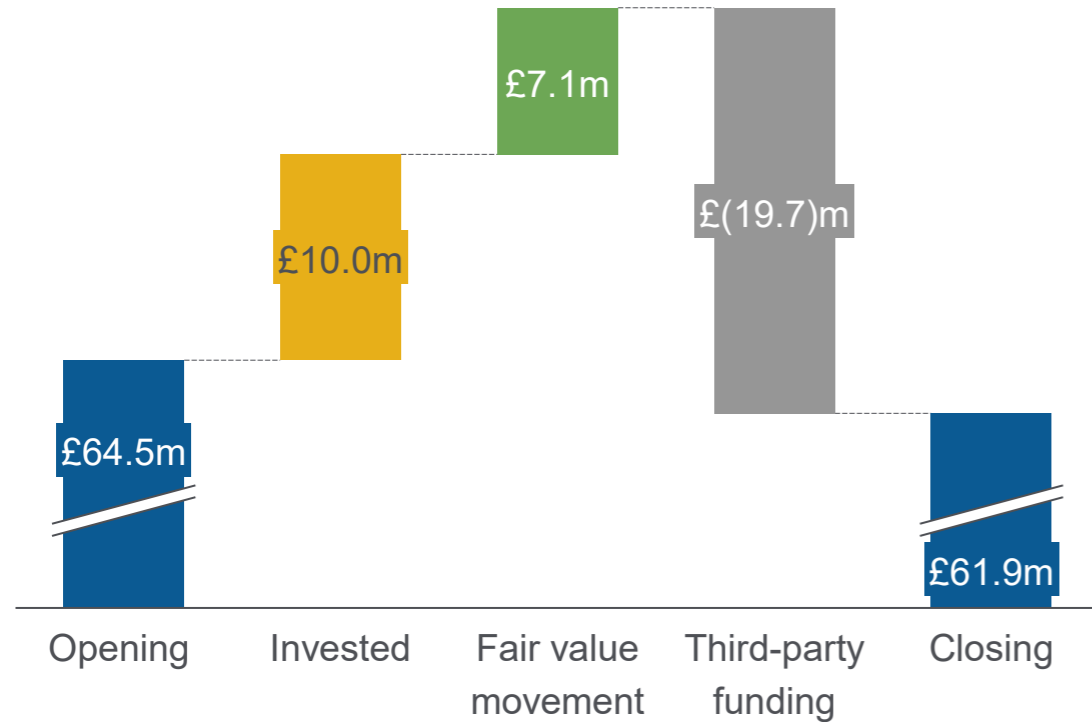


## 2021 Key Events

- **Oxbotica** raised a \$47m Series B round and signed commercial collaboration agreement with Ocado
- **C-Capture** completed a £8m funding round, the money will be used to optimise the company's carbon capture technology
- **First Light Fusion** announced in May that it has commissioned the UK's largest 2-stage gas gun and has successfully fired test shots
- **Azuri Technologies** had a difficult year in 2021 and was hard hit by the coronavirus pandemic, leading to a £3.2m write-down

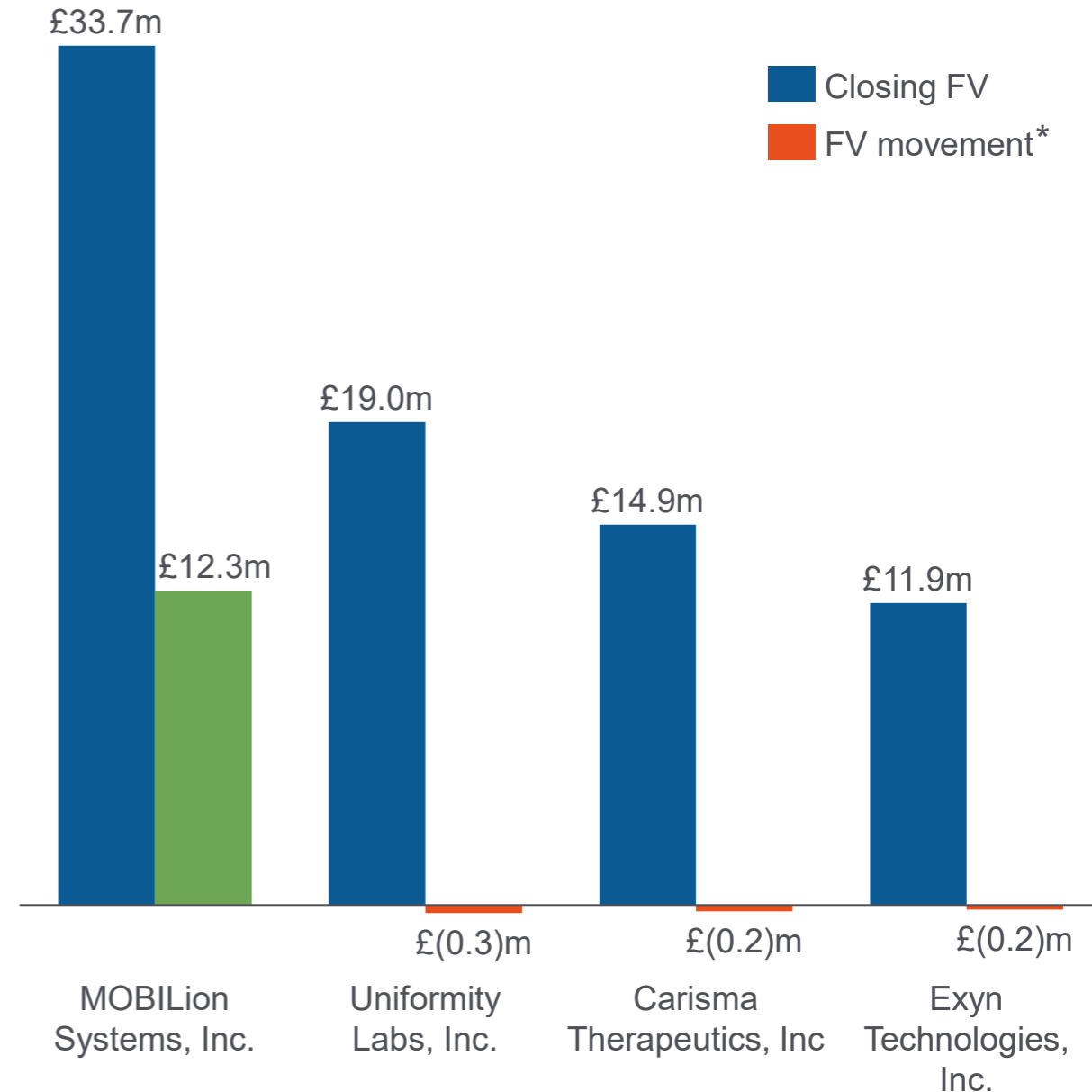


# 8 - North America Portfolio



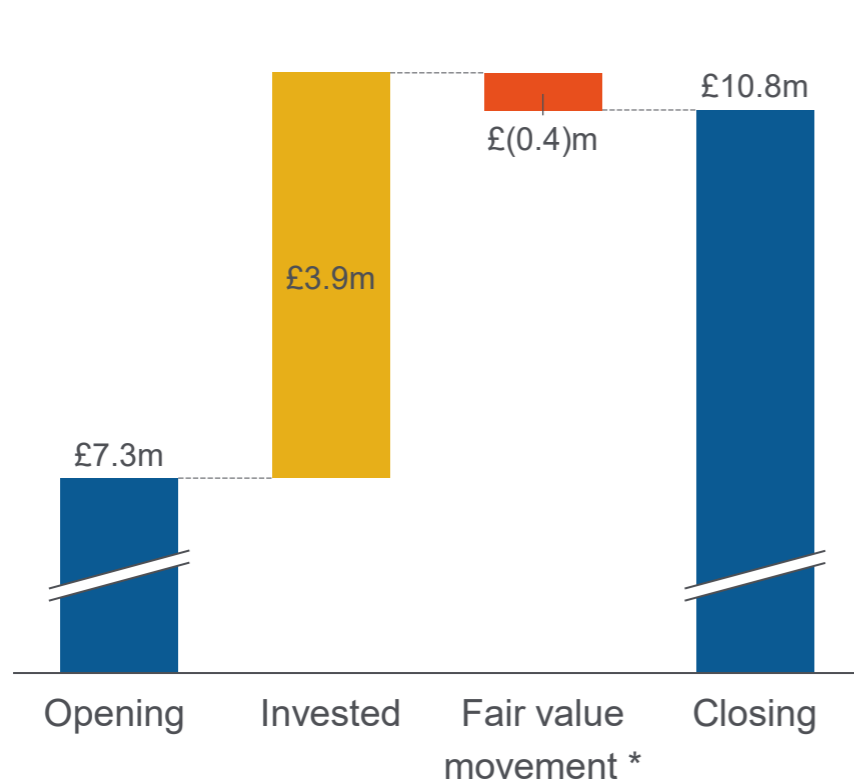
## 2021 Key Events

- **MOBILion** closed a \$60m Series C financing round in June, led by D1 Capital Partners
- **Carisma Therapeutics** announced its first patient dosed in a landmark clinical study evaluating engineered macrophages in humans
- **Uniformity Labs** announced a breakthrough aluminium powder for binder jetting development in partnership with leading 3D Printing company Desktop Metal



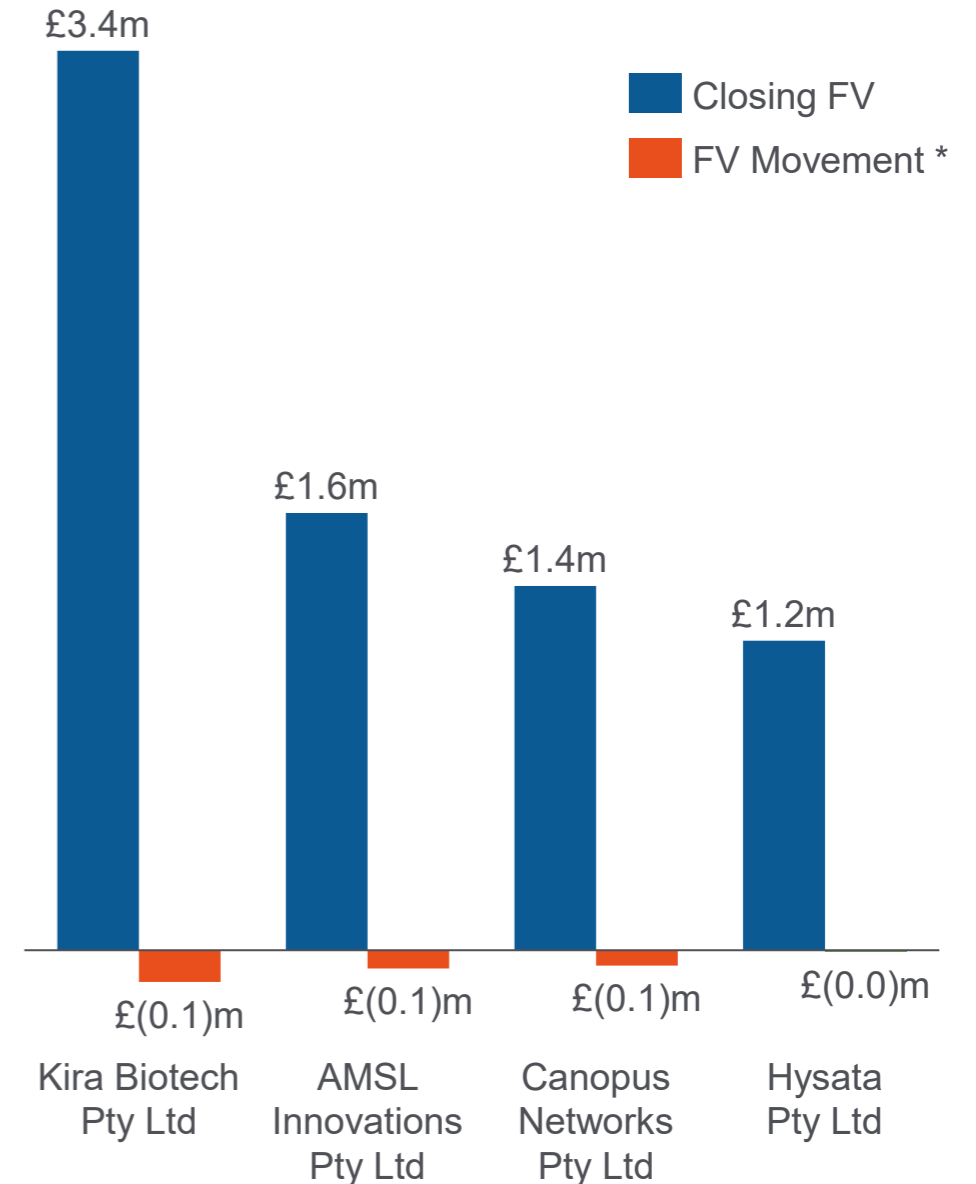
\* Fair value movement reflects FX movements only

# 9 - Australia & New Zealand Portfolio



## 2021 Key Events

- **Hysata** is our new hydrogen electrolyser spin-out from the University of Wollongong and has the potential to significantly shift the economics of green hydrogen production
- **Canopus Networks** welcomed Hakan Eriksson, former CTO of Telstra and Ericsson, to their board
- **Alimetry** 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 they announced the receipt of a CE mark and accreditation



\* Fair value movement reflects FX movements only

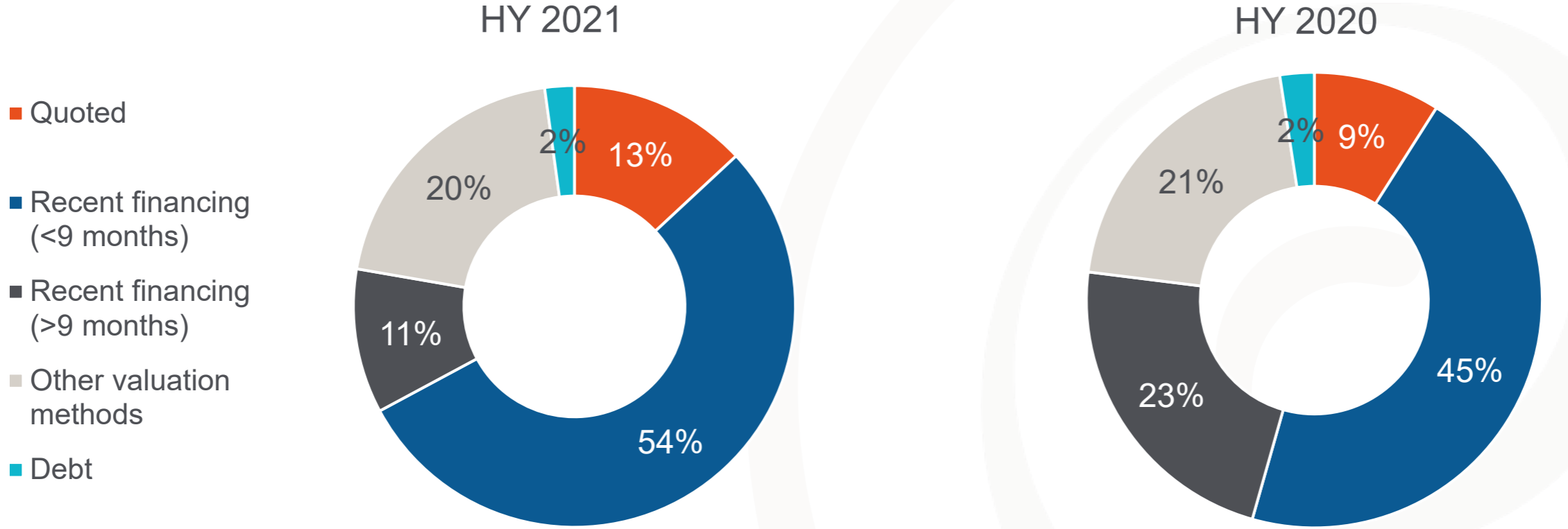


# 10 – Summary income statement

	2021 HY (£m)	2020 HY (£m)
<b>Net portfolio gains</b>	<b>143.1</b>	<b>34.9</b>
Carry accrual	(12.2)	(6.0)
Change in fair value of limited and limited liability partnership interests	(2.7)	(3.7)
Income	5.1	3.0
Overhead (incl. incentives)	(14.7)	(13.3)
<b>Net overheads</b>	<b>(9.6)</b>	<b>(10.3)</b>
Share-based payment charge	(1.3)	(1.3)
IFRS3 charge in respect of acquisition of subsidiary	-	(1.2)
Other expenses <sup>1</sup>	(0.8)	(0.7)
<b>Profit for the period</b>	<b>116.5</b>	<b>11.7</b>
Other comprehensive income	0.1	-
Exclude:		
Share-based payment charge	1.3	1.3
IFRS3 charge in respect of acquisition of subsidiary	-	1.2
<b>Return on Hard NAV</b>	<b>117.9</b>	<b>14.2</b>

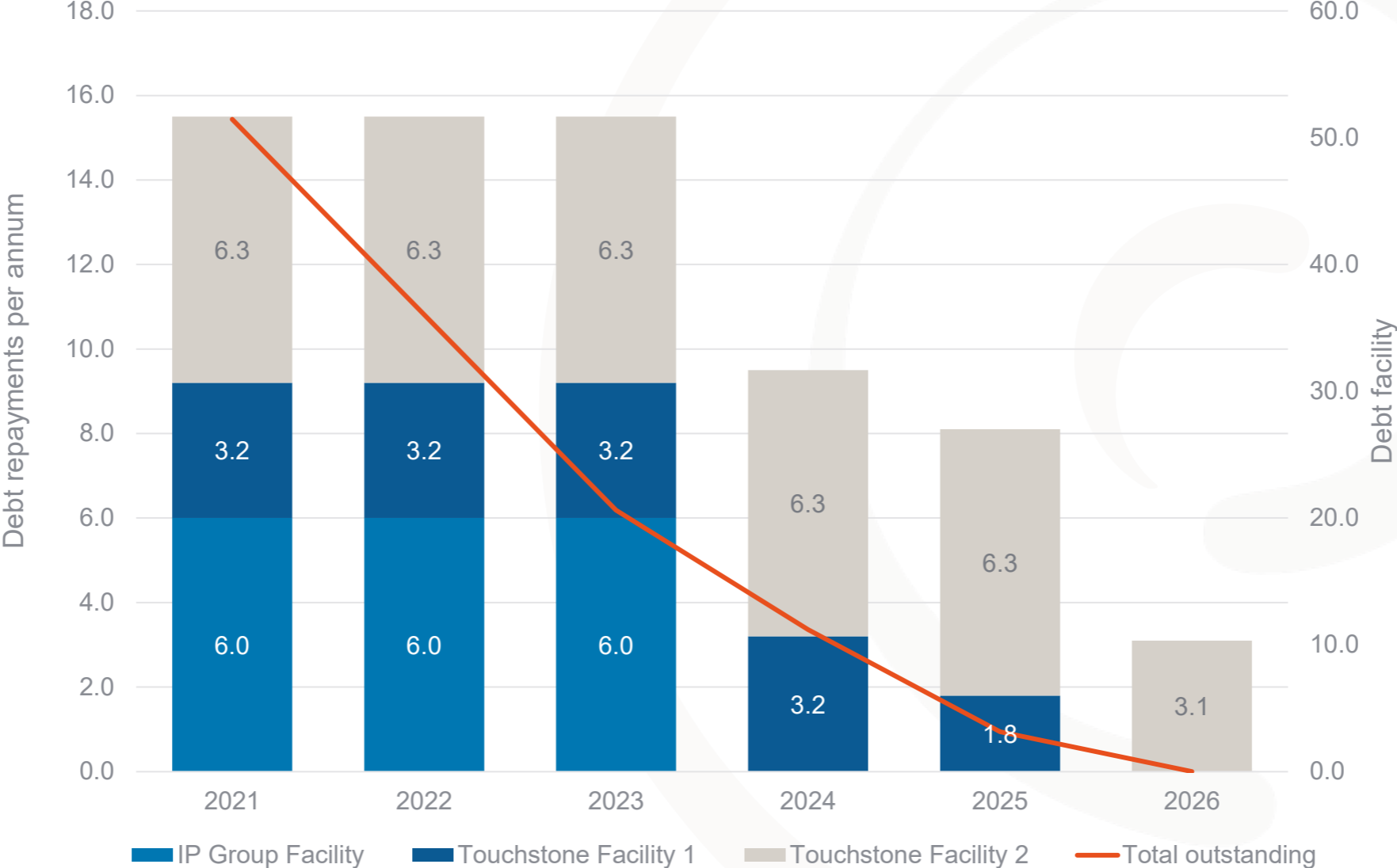
<sup>1</sup> Includes consolidated portfolio company costs, net finance expense and taxation

# 11 – Portfolio valuation approach



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





# 12 – EIB debt repayment profile








## 13 – Portfolio Reconciliation: Gross to net

	Number	IPG FV (£m)
Life sciences	39	437.4
Deeptech	33	193.2
Cleantech	11	61.0
Strategic	4	395.9
<i>De minimis &amp; organic</i>	n/a	10.6
<b>Total UK</b>	<b>87</b>	<b>1,098.1</b>
North America	29	61.9
Australia & New Zealand	13	10.8
<b>Net portfolio</b>	<b>129</b>	<b>1,170.8</b>
Attributable to third parties/revenue share	n/a	75.6
<b>Total gross portfolio</b>	<b>129</b>	<b>1,246.4</b>

# 14 – News from the top ten companies

Company	Group fair value/ shareholding	Recent news flow
	<b>£359.0m</b> 14.5%	<ul style="list-style-type: none"> <li>• Strengthens board with appointment of CFO and 2 new NEDs.</li> <li>• Genomics England to sequence thousands of human genomes on PromethION 48.</li> <li>• NIH purchases PromethION devices to support research into Alzheimer's and related dementias.</li> <li>• Raises £202m in new capital including £125m from new investors.</li> <li>• Announces it is preparing for an IPO in H2, expected to be in London.</li> </ul>
	<b>£85.6m</b> 56.4%	<ul style="list-style-type: none"> <li>• Raised £6m funding from Future Fund + IP Group.</li> <li>• Announces headline results of Phase 2a study of its investigational drug, MBS2320, in rheumatoid arthritis to assess safety and tolerability. Primary objective achieved, and drug met with no drug-related adverse events.</li> <li>• Second close of funding in Feb 2019, adding £4m to the £6m raised in Dec 2018 and bringing the total to £10m.</li> </ul>
<b>FEATURE SPACE</b>	<b>£42.1m</b> 19.7%	<ul style="list-style-type: none"> <li>• Files patents to enable new levels of customer protection in financial services.</li> <li>• Named 'innovation company of the year' by Tech Association of Georgia.</li> <li>• Ranked 36 on the 2020 Sunday Times Tech Track 100 list.</li> <li>• Completes £30m funding round led by Merian Chrysalis with IPG, Highland Europe, MissionOG, TTV Capital and Invoke</li> <li>• Ranked in 2019 Tech Track 100 of fastest growing private tech firms by sales.</li> </ul>
	<b>£41.4m</b> 2.4%	<ul style="list-style-type: none"> <li>• Launches HingeConnect to set a new standard in personalized care via seamless electronic medical record integration.</li> <li>• Third-party validates Hinge Health as only digital MSK solution to reduce medical claims for multiple employers.</li> <li>• Appoints 3 technology and digital health industry leaders to its executive team including a COO and CFO.</li> <li>• Completes a \$300m (£225m*) Series D investment round valuing the company at approximately \$3bn (£2.2bn*). Jointly led by Coatue Management and Tiger Global.</li> <li>• In 2020, the customer base tripled, revenue quadrupled, and customer retention held at 100%.</li> </ul>
	<b>£40.6m</b> 2.8%	<ul style="list-style-type: none"> <li>• Announces closing of IPO and full exercise of underwriters' option to purchase additional ADSs.</li> <li>• Appoints Gregory Weinhoff as CFO while Mary Lynne Hedley, Robert M. Califf, &amp; Samarth Kulkarni join Board.</li> <li>• Appoints Antoine Yver as Chief Medical Officer, one of the world's leading drug developers.</li> <li>• Launches with \$250m series A financing.</li> </ul>

# 14 – News from the top ten companies (cont.)

Company	Group fair value/ shareholding	Recent news flow
	<p>£34.9m 17.2%</p>	<ul style="list-style-type: none"> <li>• Closes £35m Series D funding round led by new investor Tencent</li> <li>• Signs development agreement with Hosiden to integrate into automotive.</li> <li>• Ultraleap &amp; Simply NUC launch TouchFree Bundle to bring hygiene touchless interaction to market.</li> <li>• Selected for 2021 of Tech Nation's Future Fifty</li> <li>• Ultraleap technology integrated in systems by Varjo Technologies and Pimax (consumer VR).</li> <li>• Joins The Khronos Group, an open consortium of leading hardware &amp; software companies creating advanced acceleration standards, started participating in the OpenXR™ Working Group.</li> </ul>
	<p>£34.2m 11.0%</p>	<ul style="list-style-type: none"> <li>• Announces that investigators from Texas Children's Cancer Center and the Center for Cell and Gene Therapy at Baylor College of Medicine presented new clinical data from the ongoing GINAKIT2 phase 1 study of Athenex's cell therapy candidate KUR-501 targeting GD2 in neuroblastoma. Observed responses to date in 11 evaluable, heavily pretreated patients with neuroblastoma, include one complete response (CR) and one partial response (PR). Four additional patients have exhibited stable disease</li> <li>• Q1 2021 corporate and financial update, showing product revenue increased to \$20.4m vs \$18.5m.</li> <li>• Announces acquisition of Kuur Therapeutics.</li> </ul>
	<p>£31.7m 29.7%</p>	<ul style="list-style-type: none"> <li>• US FDA has agreed a Special Protocol Assessment (SPA) for Chronocort.</li> <li>• Receives Marketing Authorisation for Efmody® in Great Britain from the MHRA.</li> <li>• Triggers \$1.25m in milestone payments from Citrine Medicine.</li> <li>• Receives European Commission approval for Efmody.</li> </ul>
	<p>£23.6m 23.4%</p>	<ul style="list-style-type: none"> <li>• Forms govt advisory panel.</li> <li>• Delivers growth of over 150% in sales between April 2020 and May 2021.</li> <li>• David Wallick, a renowned federal government Cross Domain Solutions (CDS) expert, has joined the company's U.S. team.</li> <li>• Hires security veteran, Colin Mckinty to lead US operations.</li> <li>• Included in Tech Nation's Future Fifty 2019 programme.</li> </ul>
	<p>£23.3m 2.3%</p>	<ul style="list-style-type: none"> <li>• Portfolio value rose 46% to £425m in 2020, net assets of £876m vs £718m, Gross cash of £412m and post-tax profits of £158m vs £7.1m</li> <li>• OSI portfolio company Vaccitech floated in the US with a \$579m valuation</li> <li>• Alexis Dormandy appointed as CEO, Chris Chambers as Chair</li> </ul>

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