



ipgroup



IP GROUP PLC

Half-Yearly Report

for the six months ended
30 June 2022

Registration Number: 04204490
Stock Code: IPO



THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF THE UK VERSION OF THE MARKET ABUSE REGULATION (EU NO. 596/2014) WHICH FORMS PART OF ENGLISH LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018.

FOR RELEASE ON

03 August 2022

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

Significant progress in key portfolio companies, well financed, commitment to continued shareholder returns

IP Group plc (LSE: IPO), which develops world-changing science and technology businesses across life sciences, deeptech and cleantech, today announces its financial results for the six months ended 30 June 2022.

Half-year highlights

- Significant progress in key companies including fusion result at First Light Fusion, Istesso preparing to commence a Phase 2b trial for its lead drug MBS2320 in rheumatoid arthritis, and multiple upgrades to revenue projections at Oxford Nanopore
- Launch of dedicated cleantech platform Kiko Ventures to support transformative climate technology
- Strong balance sheet and liquidity to support follow-on investment in the portfolio with gross cash and deposits at 30 June 2022 of £235.7m (HY21: £308.9m; FY21: £321.9m)
- NAV¹ of £1,414.0m or 136.7 pence per share (HY21: £1,439.8m or 135.4 pence per share; FY21: £1,738.1m or 167.0pps)
- Loss of £309.8m (HY21: Profit of £116.5m; FY21: Profit of £449.3m), driven by reversal of gains on Oxford Nanopore reflecting public market declines for life science tools companies
- Profit of £35.6m excluding fair value movement on Oxford Nanopore (HY21: Profit of £116.5m; FY21: Profit of £152.3m)
- Our private portfolio company valuations remained robust with considerably more (92%) of our companies raising money in the current period at or above previous funding round valuations
- Interim dividend of 0.50p per share (HY21: 0.48pps; final dividend: 0.72pps); completion of £35m share buyback

Portfolio highlights

- Investment into portfolio: £52.0m into 22 companies across all our key thematic areas (HY21 £69.5m; FY21: £103.7m) including significant allocations into Istesso Ltd (£10m) and Bramble Energy Ltd (£9.5m)
- Total portfolio: £1,265.5m (HY21: £1,263.5m; FY21: £1,507.5m)
- Net portfolio loss of £291.1m (HY21: £140.4m gain; FY21: £499.2m gain), with quoted portfolio losses of £395.4m and private portfolio gains of £104.3m. Oxford Nanopore contributed a loss of £345.5m (HY21: nil, FY21: £297.1m gain)
- Total funds raised by portfolio companies: approximately £330m (HY21: c.£1.0bn; FY21: c.£2.4bn) including Nexeon (£60m), Microbiotica (£40m), MoA Technology (£35m) and Bramble Energy Ltd (£32m)
- Realisations of £2.1m, reflecting market conditions (HY21: £111.9m; FY21 £213.9m)

Post period-end update

- Agreement to issue long maturity private loan notes to UK institutional investors, making an additional £105m available for future drawdown for ESG investment to support portfolio companies and new investments
- The fair value of the Group's holdings in listed companies experienced a net fair value increase of £30.2m in the period since 30th June
- Hysata, our novel electrolyser business, completes AUD\$43m round including AUD\$19m from IP Group, to fund pilot plant

Greg Smith, Chief Executive of IP Group, said: "I am pleased to report strong progress in the first half of the year in our leading private portfolio companies. First Light Fusion achieved a world-first fusion result which was externally validated by the UK Atomic Energy Authority and we anticipate that Istesso's Phase 2b study in rheumatoid arthritis for its lead drug MBS2320 will start shortly. Our deepening thematic focus was demonstrated by the launch of our dedicated cleantech platform, Kiko Ventures.

Having acted to ensure that the Group has a strong level of liquidity, IP Group ended the period with gross Cash of £235.7m. This financial strength enabled the Group to continue to invest into our leading companies over the period as well as continuing to return a proportion of all exits to shareholders via dividends and share buybacks. In addition, we have arranged a private market debt issue to provide additional funding flexibility in what may be difficult market conditions.

The Group, including Parkwalk, is one of the largest investors in university and other research-based companies in the world and has both a maturing portfolio and an exciting pipeline of opportunities. While the Group continues to plan for reduced realisations this year, given the current market backdrop which has resulted in a first half loss, we continue to believe that the prospects for our portfolio are compelling. Given our strong cash and credit facilities, maturing portfolio and deep sector expertise, IP Group is well placed to navigate the current economic and geopolitical conditions and generate significant returns to shareholders."

¹ NAV is defined as Total Equity, excluding Other Intangibles (see Note 11)

Webinar: IP Group will host a webinar for analysts and investors today, 10:00 GMT. For more details or to register as a participant please visit www.ipgroupplc.com/events.

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

Interim Management Report

Summary

The Group's purpose is one of evolving science and innovation into world-changing businesses. Our vision is to contribute to a better future through the impact of the science and technology-based businesses we have identified, backed, and grown together as long-term partners. An underlying theme in our strategy to achieve this is one of increasing focus; increasingly directing our capital, resources, and expertise on clear thematic areas contributing to a sustainable, healthier and tech-enriched future. IP Group's international footprint provides valuable insight and resource to support our portfolio companies as they scale and grow. In five years' time, IP Group aspires to address global unmet needs, building significant portfolio companies, presence, and influence in these areas. Our ambition is to grow and support another five businesses to values in excess of \$1bn and at least one worth more than \$10bn.

In the first half of the year, while public market conditions were difficult, the Group's portfolio made excellent progress with First Light Fusion completing a £33m Series C round and confirming it had achieved fusion while a number of other companies closed notable funding rounds. Since 30 June 2022, one of our leading portfolio companies, Istesso, is preparing to commence a Phase 2b trial for its rheumatoid arthritis drug MBS2320, which we expect to begin soon. Having acted to ensure that the Group has a strong level of liquidity, IP Group ended the period with gross Cash of £235.7m and added further capacity through agreeing a private note placement shortly after the half year. This financial strength will enable the Group to continue to direct investment into leading companies over the coming periods without recourse to shareholders. The Group, including Parkwalk, is one of the largest investors in university and other research-based companies in the world and IP Group has both a maturing portfolio as well as a compelling pipeline of opportunities.

As part of our strategy of deeper thematic focus, IP Group launched its wholly-owned platform dedicated to supporting transformative climate technology in the first half of the year called 'Kiko Ventures'. Kiko Ventures is fully owned and funded by the Group and will build on IP Group's strong track record and existing cleantech portfolio, which is valued at more than £190m. In line with previous guidance, the Group plans to invest approximately £200m over five years from its balance sheet capital into existing and new companies within the cleantech space.

There continues to be a high level of macro uncertainty with rising inflation and interest rates, fears of recession and ongoing geopolitical concerns, greatly exacerbated by Russia's invasion of Ukraine. Like others, the Group is not immune to geopolitical events and the resultant volatile equity markets. Our public portfolio has been impacted by the reaction of global stock markets to rising interest rates and elevated uncertainty, particularly evidenced by the rotation out of growth and technology stocks, with fewer funding rounds and limited opportunities for cash realisations as compared to the previous year.

As yet, we have seen little direct evidence of the public market correction impacting valuations in our private portfolio. However, we are mindful of the higher level of uncertainty around private valuations. We have responded by obtaining independent external valuations for five of our largest private companies and have reduced the valuation of a small number of our later stage holdings where appropriate. See further details of our approach in the financial review section.

IP Group remains well financed and is well placed to support its portfolio companies. Increased interest in our main thematic areas makes us confident that appetite for and valuation of growth companies in our areas of expertise will get stronger. As a result, we believe that prospects for our portfolio remain positive. However, in the short term we are planning lower capital allocations to the portfolio than originally envisaged for 2022 on the basis of likely lower levels of cash realisations given the current market backdrop.

Delivering returns for shareholders, alongside impact, is a core principle of the Group and narrowing the discount to our NAV per share remains a key focus of the Board. Our shareholder value proposition comprises primarily capital growth over the medium and long term, alongside the return of a proportion of cash realisations through dividends and other mechanisms such as share buybacks.

Financial performance; strong cash balance

As at 30 June 2022, IP Group had gross cash and deposits of £235.7m (HY21: £308.9m, FY21: 321.9m), having deployed £52.0m of capital in the period including notable investments into portfolio companies Istesso Ltd (£10m) and Bramble Ltd (£9.5m) as well as a number of smaller size investments into current and new opportunities across all three of our thematic areas. Since 30 June 2022, the Group has invested £19m.

As at 30 June, the Group's Net Asset Value was £1,414.0m, or 136.7 pence per share, compared with £1,439.7m, or 135.4 pence per share a year before and a reduction of 19% from £1,738.1m, or 167pence per share, at 31 December 2021. The decline over the last six months is largely attributable to the reduction in value of the Group's public portfolio which has been impacted by the rotation out of growth and technology stocks as well as the broader public market backdrop.

IP Group's public portfolio recorded a fair value reduction of £395m in the period to 30 June 2022 (HY21: gain £55.9m, FY21: £288.6m), of which £345m related to the fall in the share price of Oxford Nanopore Technologies plc (HY21: £nil, FY21: £297.1m). In the private portfolio, the Group has seen a fair value gain of £104m, over half of which is attributable to an initial uplift in the fair value of portfolio company First Light Fusion Ltd after it confirmed it had achieved fusion in April. The Group therefore recorded a net loss of £309.8m in the period (HY21: Profit of £116.5m; FY21: Profit of £449.3m).

Overview of business performance including thematic focus & holdings

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

All £m unless stated	Invested	Realisations	Net Portfolio Gain/(loss)	Fair Value at 30 June 2022	Simple return on capital (%)
Oxford Nanopore Technologies plc	-	-	(345.5)	226.5	(60%)
Healthier future: Life Sciences	31.1	1.8	(39.8)	403.6	(10%)
Tech-enriched future: Deeptech	4.1	0.1	3.9	219.7	2%
Sustainable future: Cleantech (Kiko Ventures)	13.1	-	69.2	196.2	67%
North America	2.1	-	11.8	94.0	14%
Australia and New Zealand	0.8	-	10.7	36.8	43%
Platform investments	0.8	0.2	(3.2)	43.5	(8%)
Organic and <i>De minimis</i>	-	-	3.0	16.2	29%
Total Net Portfolio	52.0	2.1	(289.9)	1,236.5	(20%)
<i>Attributable to third parties</i>	-	-	(1.2)	29.0	(7%)
Gross Portfolio	52.0	2.1	(291.1)	1,265.5	(19%)

It is pleasing to report solid progress in the highlighted companies in each of our thematic areas as outlined in the following table:

Theme and company	Key metrics ¹	Milestones achieved to date	Value creation milestones
Tech-enriched future: Featurespace Limited <i>Leading predictive analytics for fraud and cybercrime prevention</i>	19.5% ownership £65m IP Group value £342m company value	Completion of \$45m Series C 2020 revenues: £21m 5-year compound annual growth rate in recurring revenue of 74% 68 customers (Dec 2021)	Customer acquisition and revenue growth Faster growth rate than projected market growth of 30%
Healthier future: Istesso Limited <i>Reprogramming metabolism to treat autoimmune disease</i>	56.4% ownership £96m IP Group value £150m company value	Positive Phase 2a data in patients with Rheumatoid Arthritis Preparations for Phase 2b assessment are ongoing	MBS2320 Phase 2b data H1 2024 Second product into clinic MBS2320 Phase 3 trial
Sustainable future: First Light Fusion <i>Solving fusion power with the simplest machine possible</i>	27.5% ownership £115m IP Group value £417m company value	Commissioning of hyper-velocity gas gun reactor Validated fusion reaction	Series D fundraising High impact scientific publication Specify gain reactor (Machine 4)

¹ Ownership % and company value both on an undiluted basis

Shareholder returns, interim dividend

The Board continues to recognise that share price volatility and the discount to NAV per share remains a major issue for shareholders and remains focussed on shareholder value creation, having introduced a share buyback programme and dividends last year. The Board has declared an interim dividend of 0.50 pence per share (HY21: 0.48 pence per share), with the Directors offering shareholders the opportunity to elect to receive dividends in the form of fully paid shares in IP Group plc in lieu of cash under the Scrip Dividend Scheme. Total dividend payments during 2021 were 1.48 pence per share, with a final 2021 dividend of 0.72 pence per share paid in the current period.

The Board continues to consider that shareholder returns will be driven primarily by long-term capital appreciation. The Board remains committed to delivering a regular dividend income, which is intended to comprise a relatively small component of total shareholder return. We will also continue to consider share buyback programmes and other capital return tools as we generate realisations from our portfolio.

Capital and third party funds

The Group manages or advises over £603m in third party capital across our Parkwalk, UK and Australian business units. Parkwalk, the Group's specialist EIS fund management subsidiary, now has assets under management of £450m (HY21: £403m; FY21: £388m) including alumni funds managed in conjunction with the universities of Oxford, Cambridge, Bristol, and Imperial College London. In Australia, the IP Group HostPlus Innovation Fund totals A\$224m (c.£127m) and has invested in several of IP Group's portfolio companies around the world. The Group intends to continue growing the level of funds under management in the coming years, including the first close of our China Everbright fund in the second half of 2022. Including Parkwalk, the Group invested a combined total of £90m into research-based companies (HY21 £89.9m; FY21: £155.9m).

Capital structure and financing arrangements

The Board has been considering the Group's capital structure and has concluded that it would be appropriate to add additional capacity to support portfolio investment given current volatility in capital markets' appetite for science-based investment companies. Following the regular repayment of our European Investment Bank facilities over the past four years, debt has fallen from over £100m at December 2017 to £44.1m at 30 June 2022, whilst the portfolio grew from £1.1bn to £1.3bn over that period.

Accordingly, we have recently agreed terms to issue £120m of long maturity private loan notes to London-based institutional investors. Half of these notes will be drawn down in December 2022 and the balance in June 2023, with three equal maturities in December in 2027, 2028 and 2029. The interest rate is fixed, at an average of 5.25%. Concurrent with the private placement of the loan notes, we have agreed to the early repayment of approximately £15m of the shorter-dated of our EIB debt, leaving £22m of EIB debt to be progressively repaid between now and January 2026, resulting in an additional £105m net additional funding overall.

This modest level of gearing will give the Group additional flexibility to make investments in accordance with our strategy, in ESG compliant investments, give greater flexibility in managing the timing of realisations and exits, and further enhance liquidity.

Outlook

IP Group remains well financed and is well placed to support its portfolio companies. Maintaining a strong level of liquidity continues to be extremely important in the current environment. The Group is committed to further growing its NAV per share as well as to closing the current share price discount to NAV and to creating further value for stakeholders. We continue to see increased interest in our main thematic areas and are confident that investor appetite for growth companies will return.

PORTFOLIO REVIEW

Overview

As at 30 June 2022, the value of the Group's portfolio, including LP fund investments, was £1,265.5m (HY21: £1,263.5m, FY21: £1,507.5m) reflecting a net portfolio loss of £291.1m (HY21: gain £140.4m, FY21: gain £499.2m) and net cash invested of £49.9m (HY21: net realisation £40.8m, FY21: net realisation £107.1m). The portfolio consists of interests in 52 'focus' investments, representing 87% of the portfolio value, and 51 other investments (HY21: 43, 86%, 60, FY21: 44, 90%, 56).

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 2022 £m	Six months ended 30 June 2021 £m	Year ended 31 December 2021 £m
Unrealised gain on revaluation of investments	113.2	106.9	474.4
Unrealised loss on revaluation of investments	(432.7)	(19.1)	(63.1)
Effects of movement in exchange rates	15.4	(2.1)	4.6
Change in fair value of equity and debt investments	(304.1)	85.7	415.9
Gain on disposals of equity investments	4.2	57.4	81.5
Movement in value of interests in Limited Partnerships	8.8	(2.7)	1.8
Net portfolio (loss)/gain	(291.1)	140.4	499.2

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

Gains	£m	Losses	£m
First Light Fusion Limited	57.3	Oxford Nanopore Technologies plc	(345.5)
Featurespace Limited	13.4	Diurnal Group plc	(22.2)
Interest in Cayman Fund L.P.	11.0	Centessa Pharmaceuticals plc	(10.9)
Hysata Pty Ltd	8.6	Athenex, Inc.	(5.6)
Nexeon Limited	8.5	Ultraleap Holdings Limited	(4.2)
Other quoted	-	Other quoted	(7.0)
Other private	34.0	Other private	(28.5)
Total	132.8	Total	(423.9)

Investments and realisations

The Group deployed a total of £52.0m across 22 new and existing investments during the period (HY21: £71.1m, 42, FY21: £106.8m, 67), versus realisations in the period of £2.1m (HY21: £111.9m; FY21: £213.9m), resulting in net investment of £49.9m (HY21: net realisations of £40.8m, FY21: net realisations of £107.1m).

An analysis of amounts invested by company focus is as follows:

	Six months ended 30 June 2022 £m	Six months ended 30 June 2021 £m	Year ended 31 December 2021 £m
Cash investment analysis by company focus			
Top 20	26.2	37.5	51.4
Focus	10.9	8.8	14.1
Other (including companies exited during the period)	12.0	6.6	11.8
Total United Kingdom	49.1	52.9	77.3
North America	2.1	14.3	19.1
Australia & New Zealand	0.8	3.9	10.4
Total purchase of investments	52.0	71.1	106.8
Less cash proceeds from sales of investments	(2.1)	(111.9)	(213.9)
Net investment / (realisations)	49.9	(40.8)	(107.1)

Largest investments by portfolio company:

Investments	£m
Istesso Limited	10.0
Bramble Energy Limited	9.5
Microbiotica Limited	4.0
Gripable Limited	3.5
MoA Technology Limited	2.8
Other	22.2
Total	52.0

Deferred consideration of £44.3m (on a discounted and risk-weighted basis) was outstanding at 30 June (HY21: £36.9m, FY21: £42.3m), predominantly relating to the Group's realisation of WaveOptics (£26.4m, exited in 2021), Enterprise Therapeutics (£12.7m, exited in 2020) and Kuur Therapeutics (£5.1m, company acquired by Athenex in 2021).

Number of Investments (including holdings in LP funds)

	United Kingdom	North America	Australia & New Zealand	Total
1 January 2022	88	1	14	103
Additions	6	-	1	7
Closed/liquidated	(2)	-	-	(2)
Reclassified to <i>de minimis</i>	(4)	-	(1)	(5)
30 June 2022	88	1	14	103

Co-investment analysis

Including the £51.6m of primary capital invested by the Group (the Group also invested £0.3m via secondary purchases), the Group's portfolio raised approximately £350m during the half year to 30 June 2022 (HY21: £1.0bn; FY21: £2.4bn). Co-investment from parties or funds with a greater than 1% shareholding in IP Group plc totalled £9.5m, all of which was invested in MoA Technology Limited. An analysis of this co-investment by source is as follows:

Portfolio capital raised	Six months ended 30 June 2022		Year ended 30 June 2021	
	£m	%	£m	%
IP Group ¹	51.6	14%	68.5	7%
Funds managed by Parkwalk Advisors	19.6	5%	-	0%
IP Group plc shareholders (>1% holdings)	9.5	3%	53.2	5%
Institutional investors	90.3	25%	311.4	29%
Corporate, other EIS, individuals, universities and other	186.7	52%	615.4	59%
Capital into multi-sector platforms	-	0%	-	0%
Total	357.8	100%	1,048.5	100%

¹ Reflects primary investment only; in the six months to June 2022 the Group invested £0.3m via secondary purchase of shares (HY21: £1.0m, FY21: £1.1m).

Portfolio analysis by focus

At 30 June 2022, the Group's portfolio fair value of £1,265.5m was distributed across the portfolio as follows:

Fair value analysis by company focus	As at 30 June 2022				As at 31 December 2021			
	Fair value		Number		Fair value		Number	
	£m	%		%	£m	%		%
Top 20 by value	858.0	70%	20	19%	1,129.5	77%	20	19%
Focus	201.3	17%	32	31%	194.9	13%	25	24%
Other	161.0	13%	51	50%	143.6	10%	58	57%
Total	1,220.3	100%	103	100%	1,468.0	100%	103	100%
<i>De minimis</i> and organic holdings	16.2				10.4			
Total Portfolio	1,236.5				1,478.4			
Attributable to third parties ¹	29.0				29.1			
Gross Portfolio	1,265.5				1,507.5			

¹ In the above table, the amount attributable to third parties consists of £14.9m attributable to minority interests represented by third party limited partners in the consolidated fund, IP Venture Fund II, £12.6m attributable to Imperial College London and £1.5m attributable to other third parties (HY21: £18.8m, £10.8m, £2.7m, FY21: £16.0m, £11.7m and £1.4m).

Top 20 investments consist of the 20 most valuable holdings in the Group's portfolio by the period-end value. Focus investments are those investments that are not within the 20 most valuable, but on which the investment teams focus a significant proportion of their resources and capital. Outside of these companies, the portfolio contains a broad selection of 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 that 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 because of its technology transfer relationship with Imperial College London, but in which it has not actively invested.

The total value of the Group's portfolio companies (excluding OSE and CIC, organic investments and *de minimis* holdings) is approximately £15bn (HY21: £9bn, FY21: £20bn).

Portfolio analysis by sector

The Group funds spin-out companies based on a wide variety of scientific research emerging from leading research-intensive institutions, which broadly fall across our three thematic areas. 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 'Platform investments', which includes our holdings in companies which invest into other companies, such as Oxford Sciences Enterprises plc, and our holdings in Limited Partnerships, such as the UCL Technology Fund.

	As at 30 June 2022				As at 31 December 2021			
	Fair value		Number		Fair value		Number	
Fair value analysis by sector	£m	%		%	£m	%		%
Oxford Nanopore Technologies plc	226.5	19%	1	1%	572.0	40%	1	1%
Life Sciences	403.6	33%	35	34%	414.9	28%	36	35%
DeepTech	219.7	18%	32	31%	226.3	15%	34	33%
Cleantech	196.2	16%	16	16%	103.3	7%	12	12%
North America	94.0	7%	1	1%	80.1	5%	1	1%
Australia and New Zealand	36.8	3%	14	13%	25.2	2%	14	14%
Platform investments	43.5	4%	4	4%	46.2	3%	5	4%
Total	1,220.3	100%	103	100%	1,468.0	100%	103	100%
<i>De minimis</i> and organic holdings	16.2				10.4			
Total Portfolio	1,236.5				1,478.4			
Attributable to third parties ¹	29.0				29.1			
Gross Portfolio	1,265.5				1,507.5			

¹ In the above table, the amount attributable to third parties consists of £14.9m attributable to minority interests represented by third party limited partners in the consolidated fund, IP Venture Fund II, £12.6m attributable to Imperial College London and £1.5m attributable to other third parties (HY21: £18.8m, £10.8m, £2.7m, FY21: £16.0m, £11.7m and £1.4m).

Portfolio review: Oxford Nanopore

While the IPO in October 2021 and after-market performance for the remainder of the year was a great success, providing fair value gains of £297m at 31 December 2021, shares in Oxford Nanopore have performed less well in the six months to 30 June, trading down from 697p to the current 318p², a decline of 54%, and pricing the stock 25% below its IPO price of 425p. This decline in price reflects the general malaise in global stock markets and, in particular, the life science tools sector. However, the company's fundamentals remain strong, reporting Life Sciences Research Tools (LSRT) revenue of £127m in 2021, representing a 94% increase over 2020, and increasing LSRT revenue guidance for 2022 to £145-160m from the previous £135-145m. At the upper end of the range, this would represent 26% year-on-year growth. Oxford Nanopore remains a core, strategic holding for the Group with significant potential upside as the Company fulfils its growth and profitability ambitions over the coming years.

Company name	Description	Group Stake at 30 June 2022 ¹ %	Net investment/ (divestment) £m	Unrealised + realised fair value movement £m	Fair value of Group holding at 30 June 2022 £m
Oxford Nanopore Technologies plc	Enabling the analysis of any living thing, by any person, in any environment	10.0%	-	(345.5)	226.5

Portfolio review: Life sciences

IP Group's Life Sciences portfolio comprises holdings in 35 companies valued at £404m at 30 June 2022.

During the first half of 2022, the other life sciences portfolio (excluding Oxford Nanopore) lost £39.7m in fair value, or 10%. This was driven largely by declines in the publicly listed part of the portfolio (Diurnal (£22.2m), Centessa (£10.9m), Athenex (£5.6m), DeepMatter (£0.6m), Intelligent Ultrasound (£0.6m), Tissue Regenix (£0.5m)), which was down an aggregate £42.2m. While much of this decline reflected the broader turmoil in global stock markets and, in particular, the sell-off in the biotechnology/life-sciences sector, there were some company-specific issues which contributed to the falls. Thus, in the case of Diurnal, reimbursement and pricing constraints relating to its endocrine drug franchise led the company to announce that it will require further financing to reach profitability, while Centessa took the decision to discontinue development of its Phase 3 drug lixivaptan.

Company name	Description	Group Stake at 30 June 2022 ¹ %	Net investment/ (divestment) £m	Unrealised + realised fair value movement £m	Fair value of Group holding at 30 June 2022 £m
Istesso Limited	Reprogramming metabolism to treat autoimmune disease	56.4%	10.0	-	95.6
Hinge Health, Inc.	The World's First Digital Clinic for Back and Joint Pain	1.8%	-	0.8	64.3
Ieso Digital Health Limited	Digital therapeutics for psychiatry	32.2%	-	-	21.8
Crescendo Biologics Limited	Biologic therapeutics eliciting the immune system against solid tumours	15.1%	-	-	18.7
Artios Pharma Limited	Novel oncology therapies	7.6%	-	0.4	18.2

² As of 29 July 2022

Company name	Description	Group Stake at 30 June 2022ⁱ %	Net investment/ (divestment) £m	Unrealised + realised fair value movement £m	Fair value of Group holding at 30 June 2022 £m
Mission Therapeutics Limited	Targeting deubiquitylating enzymes for the treatment of CNS and mitochondrial disorders	19.0%	2.7	-	18.1
Microbiotica Limited	Gut-microbiome based therapeutics and diagnostics	18.4%	4.0	1.7	16.1
PsiOxus Therapeutics Limited	Gene and viral therapies for cancer	25.0%	-	-	15.4
Oxular Limited	Treatments and delivery technology for sight-threatening diseases	27.2%	-	-	14.6
Other companies (26 companies)			14.2	(42.6)	120.8
Total			30.9	(39.7)	403.6

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

Hinge Health continues to significantly grow revenues and expand its customer base. The company raised a \$400m Series E round in October 2021 at a \$6bn company valuation, led by Coatue Management and Tiger Global. However, considering public market performance in the first half of 2022 we engaged a third-party valuation specialist to assess the company's current value. We have valued our holding to the mid-point of their suggested valuation range, a 10% reduction to the Series E price, which equates to a £6m reduction in the value of the Group's holding. This was more than offset by FX gains, resulting in a net £0.8m increase in the carrying value of our investment.

There have been some significant developments at several of our key portfolio names, including Microbiotica's £50m Series B financing and Crescendo Biologics' \$750m collaboration with BioNTech, which is designed to combine Crescendo's Humabody technology with BioNTech's mRNA platform in the creation of novel therapeutic agents.

Istesso, the Group's third largest holding, continues to progress towards the start of its Phase 2b study for MBS2320, its lead drug, in rheumatoid arthritis. To this end, the Group invested £10m in the company towards the cost of the study by way of a convertible loan note in the first half.

We are pleased to have made several new investments during the half-year, including £3.5m into a Series A financing for GripAble, an Imperial College-originated company developing digitally-enabled rehabilitation programmes and devices for people with neurological and musculoskeletal conditions, and Kynos, an Edinburgh University spinout developing novel drugs against kynurenine 3-monooxygenase (KMO), a pivotal enzyme in the mediation of autoimmunity and cancer. In addition, the Group invested £2.4m into Abliva AB, a Stockholm-listed biotech company developing novel agents for the treatment of rare mitochondrial diseases. Abliva's lead drug, KL1333, has been approved by the FDA to enter a potentially pivotal study in primary mitochondrial disease (PMD) and the company's recent c.£16m financing round, in which the Group participated, is designed to enable the company to reach a key inflexion point in this study.

Portfolio review: Technology

IP Group's Technology portfolio consists of our Deeptech and Cleantech portfolios and comprises holdings in 48 companies valued at £416m at 30 June 2022. The portfolio experienced market headwinds in the period but overall delivered a satisfactory performance with the Deeptech portfolio recording a fair value increase of £3.9m, largely driven by the uplift in value of Featurespace, and the Cleantech portfolio recording a fair value increase of £69.2m, driven by First Light Fusion and Nexeon.

In the first half of the year, the Group also launched 'Kiko Ventures', our platform to deepen our support for transformative climate technology. Kiko is fully owned and funded by the Group and will build on our strong track record and existing cleantech portfolio. The Group plans to invest approximately £200m over five years from its balance sheet capital into existing and new companies with the Group's cleantech team, led by partners Robert Trezona, Jamie Vollbracht and Arne Morteani, continuing to support and build category-leading companies, under the Kiko Ventures brand.

Deeptech portfolio

Company name	Description	Group Stake at 30 June 2022 ⁱ %	Net investment/ (divestment) £m	Unrealised + realised fair value movement at 30 June 2022 £m	Fair value of Group holding £m
Featurespace Limited	Leading predictive analytics company	19.5	-	13.4	65.0
Ultraleap Holdings Limited	Contactless haptic technology "feeling without touching"	17.4	-	(3.4)	32.1
Garrison Technology Limited	Anti-malware solutions for enterprise cyber defences	23.4	-	-	25.7
Salt Pay Co. Limited	Mobile payments with integrated loyalty schemes	Not disclosed	-	(4.0)	20.6
Other companies (28 companies)			4.1	(2.1)	76.3
Total			4.1	3.9	219.7

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

The Deeptech portfolio comprises holdings in 32 companies valued at £220m at 30 June 2022.

Overall, the Deeptech portfolio fared well in the first half of 2022 given the very significant cooling of the technology market witnessed over the period. The most valuable asset in the portfolio, Artificial Intelligence fraud prevention company Featurespace, continues to go from strength-to-strength in terms of revenue growth and securing new blue-chip customers. The company, which is well-funded and delivering in line with growth targets, is at a scale now where it is having a substantial positive impact on society, protecting millions of consumers from experiencing the catastrophic effects of fraud and defending our global banking systems. The value of our 19.5% holding in Featurespace increased by £13.4m, as a result of commercial progress over the period, and we have very high hopes for further growth in this asset as it expands its customer base.

Our second largest holding, world-leading hand tracking and haptics company Ultraleap continues to make good progress following its £60m series D funding round last year. The company, which is enabling intuitive, touchless gesture control in AR/VR, interactive kiosks, digital out-of-home and automotive, delivered healthy revenue growth over the period and continues to gain traction with enterprise customers that have the potential to deliver significant royalty revenue through integration of the Ultraleap technology into consumer products. We did, however, reflect a £3.4m reduction in our carrying value to reflect potential public-market impacts on the value of this company (see financial review section below for further details).

Our third largest holding, Garrison Technology, which powers enterprise-wide protection from phishing attacks and malware, had a strong first half with healthy revenue growth powered in particular by strong traction with US and UK governmental customers.

University College London spin-out company Re:infer, which uses machine learning technology to understand massive amounts of conversational data in real time, has been growing rapidly and attracting attention for its unique technological capabilities, which are in high demand in the Robotic Process Automation sector. In August, leading enterprise automation software company UiPath announced that it had acquired Re:infer for an undisclosed amount.

We were also pleased to see many examples of positive progress in the earlier-stage portfolio in the first half of the year. Accelercomm, which is developing a patented and secure wireless communications architecture that offers a 10x improvement on data rate, doubles network capacity and is required to deliver the full spectrum of 5G (and beyond) services across the wireless communications marketplace, won 'Best Digital Tech Breakthrough' at the GLOMO (Global Mobile) Awards at Mobile World Congress in Barcelona, having been selected by a worldwide panel of hundreds of industry leaders.

University of Oxford spin-out Oxford Quantum Motion made exciting technical progress with its scalable silicon-based qubit technology that we believe puts it at the front of the field of promising approaches to constructing the building blocks of a quantum computer.

On the less positive side, some of our lower value holdings did feel the effects of stock market headwinds and, in some cases, commercial setbacks. Mirriad, which uses AI to place advertising naturally into video content, saw its share price fall despite announcing an 800% increase in US campaign revenues for the 2021 holiday season compared to 2020, with data from Nielsen showing that Mirriad's audience reach was up to 39% higher than in the equivalent TV spot breaks in the same content. The company also announced an important partnership with Magnite, Inc., the world's largest independent sell-side advertising platform, to bring scale and automation to the in-content advertising format. Another of our listed assets, Actual Experience, suffered some commercial setbacks and fell 98% in the period, following a previous sale, IP Group has already recovered its cost on this investment.

Company name	Description	Group Stake at 30 June 2022 ⁱ %	Net investment/ (divestment) £m	Unrealised + realised fair value movement £m	Fair value of Group holding at 30 June 2022 ⁱ £m
First Light Fusion Limited	Solving fusion with the simplest possible machine	27.5	-	57.3	114.6
Bramble Energy Limited	The fuel cell company with Gigafactories	31.5	9.5	3.9	20.7
Nexeon Limited	Silicon anodes for next generation lithium-ion batteries	7.8	-	8.4	19.8
Oxbotica Limited	Software to enable every vehicle to become autonomous	14.3	-	-	16.3
Other companies (12 companies)			3.6	(0.4)	24.8
Total			13.1	69.2	196.2

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

The Kiko Ventures portfolio comprises holdings in 16 companies valued at £196m at 30 June 2022.

The first half of 2022 has been positive for the cleantech portfolio, with an overall fair value increase of £69.2m. First Light Fusion, the largest asset in the cleantech portfolio, completed a \$45m (£33m) Series C fundraising from both existing and new investors to accelerate the development of its gain experiment and to perform preliminary design and engineering work on a first-of-a-kind fusion energy power plant based on its technology. In April, First Light also announced it had achieved fusion with its approach, a result which has been independently validated by the UK Atomic Energy Authority (UKAEA) and the first time that fusion has been demonstrated using a projectile-based approach. First Light achieved fusion having spent less than £45m, and with a rate of performance improvement faster than any other fusion scheme in history. We believe that achieving this world-first will result in at least a doubling of the value of the company, based on recent comparatives and third-party valuation work and, combined with the funding round, the Group has recorded a net fair value gain of £57.3m. First Light is working with UBS Investment Bank to explore strategic options for the next phase of its scientific and commercial development.

Despite macro-economic headwinds, large deals are still happening in the cleantech ecosystem, and there have been other significant funding rounds in our portfolio. In February, Bramble Energy completed a £35m Series B with IP Group committing approximately £10m, one of our largest investments in cleantech to date. Bramble, a joint spin-out from Imperial College of London and University College of London, has developed a unique, printed circuit board (PCB) fuel cell that utilises existing and cost-effective production methods and materials from the PCB industry, reducing cost and complexity in manufacturing hydrogen fuel cells. Nexeon, an Imperial College spin-out developing materials for lithium-ion battery anodes, also raised significant funding in this period. Nexeon entered into a strategic partnership with SKC, a battery and semiconductor materials company, headquartered in Korea. The deal saw a consortium led by SKC invest \$80m (£67m) in the company, which led to an £8.4m increase in the fair value of our holding. We also made two investments in new companies in the period: one in heat pump technology and the other in circular economy plastics.

Portfolio review: North America

The North American market remains an important part of the Group's overall strategy to develop world-changing science and technology businesses. This is supported by its relative contribution to global scientific research and its deep commercial and capital markets. More than eight years ago, we decided to begin building a strategic presence in North America, backing a locally based team, and establishing relationships with top-tier US Universities and Federal Laboratories. The business we established in the US, IP Group, Inc., has grown its team, network, and portfolio significantly since that time while also attracting co-investment from a growing roster of high-quality co-investors. We believe the platform is poised for significant growth over the next 3-5 years and will continue to provide crucial strategic reach and support for the Group in this geography.

In the first half of 2022, the US portfolio continued to make excellent progress, achieving significant developmental and financial milestones. Carisma Therapeutics, a company focussed on developing novel cancer immunotherapies, signed a collaboration agreement with Moderna, which included an investment of \$45 million in cash and a \$35 million convertible note. Aptatek BioSciences, a developer of in-home health monitoring solutions for patients with chronic disease, completed a round of funding with Canterbury Scientific Ltd., which includes an option to manufacture. Nano sensor company Instrumems announced its formal entry into the \$7.5 billion flow sensor market with a breakthrough solution that offers multi-sense capabilities. Additive manufacturing company Uniformity Labs has signed several partnership agreements with major 3D printing companies to produce products using their revolutionary ultra-high density metal powders. These include industry leaders Desktop Metal and Michelin's AddUp Group.

Company name	Description	Fair value of Group holding at 30 June 2022 ⁱ £m
MOBILion Systems, Inc.	A platform technology for conducting ion mobility separations with lossless ion transfer and manipulation	23.6
Uniformity Labs, Inc.	Equipment, materials and software for additive manufacturing	16.4
Carisma Therapeutics, Inc.	Cancer immunotherapy treatments	15.1
Exyn Technologies, Inc.	Unmanned aerial systems	12.9
Other companies (25 companies)		26.0
Total		94.0

- i. Represents the Group's undiluted beneficial economic equity interest (excluding debt), including only the Group's interest in IPG Cayman LP, which is no longer consolidated. Voting interest is below 50%.

Portfolio review: Australia and New Zealand

In Australia and New Zealand, the Group continued to make significant progress. The portfolio now stands at 14 companies in total.

Through the period, a number of companies in the portfolio achieved milestones and demonstrated significant operational progress.

Hysata continue to make strong progress with the development of its novel capillary-fed electrolyser, announcing in March the publication of a paper in leading journal Nature Communications demonstrating performance at 98% energy efficiency. This performance exceeds the 2050 IRENA target, representing a significant step change. Following the announcement, the company has received significant inbound interest from potential customers. In July, Hysata also completed an oversubscribed series A funding round of A\$43m.

Alimetry announced in June that it has received FDA clearance for Gastric Alimetry, a pioneering non-invasive medical device for aiding the diagnosis of gastric disorders, and the launch of Alimetry Inc., a US-based subsidiary based in Minneapolis, MN, that will market and distribute Gastric Alimetry in the US.

In June we also announced the launch of ElectraLith, a spin-out from Monash University that is commercialising breakthrough technology for efficient and sustainable lithium production, investing alongside Rio Tinto and Monash Investment Holdings. ElectraLith's technology has the potential to significantly shift the economics of lithium production from brine, ore and recycling sources, reducing costs substantially while dramatically lowering its environmental footprint.

In the period (and as reported in the 2021 Annual Report), Hostplus committed a further A\$75m to the IP Group Hostplus Innovation Fund. The IP Group HostPlus Innovation Fund has invested in a number of IP Group's portfolio companies in Australia and around the world, providing additive growth capital for companies as they scale.

Portfolio review: Platform Investments

IP Group's Platform Investments portfolio comprises holdings in two companies and two interests in Limited Partnerships, valued at £44m at 30 June 2022.

The Platform Investments portfolio is a cross-country and cross-sector portfolio, containing holdings in multi-sector platform companies that operate in a similar way to IP Group, but focus on a specific university, such as OSE and CIC, and the UCL Technology Fund ('UCL'). As at 30 June 2022, IP Group has a 2.3% holding in OSE valued at £20.6m and a 1.0% holding in CIC valued at £4.0m (HY21: 2.3%, £23.3m, 1.0%, £3.1m, FY21: 2.3%, £23.3m, 0.9%, £2.7m).

Company name	Description	Group Stake at 30 June 2022 ⁱ %	Net investment/ (divestment) £m	Unrealised + realised fair value movement £m	Fair value of Group holding at 30 June 2022 £m
Oxford Science Enterprises plc	University of Oxford preferred IP partner under 15-year framework agreement	2.3	-	(2.7)	20.6
Interest in UCL Technology Fund L.P.	Commercialising world class research from UCL	46.7	0.8	(2.3)	16.2
Other companies (2 companies/LPs)			-	1.7	6.7
Total			0.8	(3.3)	43.5

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

Third party fund management: Parkwalk Advisors

Parkwalk, the Group's specialist EIS fund management subsidiary, now has assets under management of £450m (HY21: £403m; FY21: £388m) including funds managed in conjunction with the universities of Oxford, Cambridge, Bristol and Imperial College London. In March 2022 Parkwalk closed their second HMRC-approved Knowledge Intensive EIS Fund, and the first Fund was fully invested by May 2022.

Despite the macro-economic climate, Parkwalk invested £38.0m in the first six months of 2022 (HY21: £20.4m; FY21: £52.2m) in the university spin-out sector across 19 companies (HY21: 20 investments). Beahurst named Parkwalk as the most active investor in the sector.

Eight new companies joined the Parkwalk portfolio, and one exit was achieved at a modest uplift in value. Nine portfolio companies closed funding rounds at uplifts in valuation, one unchanged and two at lower valuations than previously held value. These companies raised c.£195m in funding in H1 this year. We expect some further uplifts and some write-downs in the second half of the year.

In the first half of the year three new employees joined the team taking Parkwalk to 21 full time employees.

Parkwalk liaised closely with BEIS, HMT and HMRC on the financial ecosystem for knowledge-intensive spinout companies and the UK Government's 'science superpower' agenda.

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

Financial Review

- Loss for the period of (£309.9m) (HY21: profit of £116.5m; FY21: profit of £449.3 m);
- Net assets were £1,414.0m (HY21: £1,439.7m; FY21: £1,738.1m);
- Net assets per share were 136.7p (HY21: 135.4p; FY21: 167p)

Consolidated statement of comprehensive income

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

	Six months ended 30 June 2022 £m	Six months ended 30 June 2021 £m	Year ended 31 December 2021 £m
Net portfolio (loss)/gain	(291.1)	140.4	499.2
Net overheads	(11.1)	(9.6)	(19.5)
Administrative expenses – consolidated portfolio companies	-	(0.1)	(0.1)
Loss on disposal of subsidiary	-	-	(3.8)
Administrative expenses –share-based payments charge	(1.4)	(1.3)	(2.6)
Carried interest plan provision charge	(6.0)	(12.2)	(17.2)
Net finance expense	(0.2)	(0.7)	(1.4)
Taxation	-	-	(5.3)
(Loss)/profit for the period	(309.8)	116.5	449.3
Other comprehensive income	(0.1)	0.1	0.3
Total comprehensive (loss)/profit for the period	(309.9)	116.6	449.6
<i>Exclude:</i>			
Share-based payment charge	1.4	1.3	2.6
Return on NAV	(308.5)	117.9	452.2

Net portfolio gains/(losses) consist primarily of realised and unrealised fair value gains and losses from the Group's equity and debt holdings in spin-out businesses, which are analysed in detail in the portfolio analysis above.

Net overheads

	Six months ended 30 June 2022 £m	Six months ended 30 June 2021 £m	Year ended 31 December 2021 £m
Other income	3.1	5.1	13.6
Administrative expenses – all other expenses	(12.5)	(12.1)	(28.3)
Administrative expenses – annual incentive scheme	(1.7)	(2.6)	(4.8)
Net overheads	(11.1)	(9.6)	(19.5)

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 £3.1m (HY21: £5.1m; FY21: £13.6m); the decrease from the previous half year was largely as a result of a reduction in performance fees payable in respect of our managed funds, which have been impacted by the reduction in portfolio values.

Other central administrative expenses, excluding performance-based staff incentives and share-based payments charges, have remained essentially unchanged relative to HY21 at £12.5m (HY21: £12.1m; FY21: £28.3m).

The charge of £1.7m in respect of the Group's Annual Incentive Scheme, reflects a provisional assessment of performance against 2022 AIS targets which include Group, Team and Individual performance elements (HY21: £2.6m; FY21: £4.8m).

Other income statement items

The share-based payments charge of £1.4m (HY21: £1.3m; FY21: £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 £6.0m (HY21: £12.2m charge; FY21: £17.2m charge) relates to the recalculation of liabilities under the Group's carry schemes, which include a scheme for the UK and Australian investment teams, as well as historic IP Group and Touchstone schemes.

Consolidated statement of financial position

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

	30 June 2022 £m	30 June 2021 £m	31 December 2021 £m
Portfolio	1,265.5	1,246.4	1,507.5
Other non-current assets	9.2	29.1	32.0
Cash and deposits	235.7	308.9	321.9
EIB debt facility	(44.1)	(59.5)	(51.8)
Other net current liabilities	24.8	19.1	(6.4)
Other non-current liabilities	(77.1)	(104.3)	(65.1)
Total Equity or Net Assets ("NAV")	1,414.0	1,439.7	1,738.1
NAV per share	136.7	135.4p	167.0p

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

Portfolio Valuations

Given public market valuation reductions in the period and the resulting higher level of uncertainty around private portfolio valuations, we have carried out an enhanced valuation process in the period, including obtaining external valuations for five of our largest private assets (First Light Fusion, Featurespace, Hinge Health, SaltPay, and Ultraleap). In the case of First Light Fusion and Featurespace, our valuation consultants concluded on an increase in valuation in the period. In the case of Hinge Health, SaltPay and Ultraleap, they recommended a modest reduction in our carrying values, reflecting the impact of reduced public market valuations. In all cases, our carrying values reflect the mid-point or lower of the valuation ranges we received from our external valuation consultants.

More broadly, to date we have seen little evidence of the public market correction impacting private valuations in our portfolio. While funding activity in the period was weaker than the first half of 2021, our portfolio continued to raise significant amounts of capital in funding rounds, the majority of which happened at higher valuations than the previous funding round:

	Six months ended 30 June 2022		Six months ended 30 June 2021	
	No.	%	No.	%
Up round	7	59%	8	53%
Flat round	4	33%	6	40%
Down round	1	8%	1	7%
	12	100%	15	100%

The majority of our portfolio remains well funded, with many of our more mature companies evidencing commercial progress or anticipating technical or funding milestones in the next 12-18 months, therefore we remain confident around the resilience of our portfolio.

The 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 2021 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.

	Unaudited Six months ended 30 June 2022 £m	Unaudited Six months ended 30 June 2021 £m	Audited Year ended 31 December 2021 £m
Quoted	269.2	162.9	662.7
Recent financing (<12 months) (2021 HY: <9 months)	273.2	674.1	383.4
Recent financing (>12 months) (2021 HY: >9 months)	106.3	131.8	65.6
Other: Future market/commercial events	35.8	12.1	37.8
Other: Adjusted recent financing price based on past performance	249.0	79.5	142.3
Other: DCF/Revenue Multiple	189.9	159.1	100.0
Debt	37.5	26.9	22.8
Total equity and debt investments (excludes LP interests)	1,160.9	1,246.4	1,414.6

Top 20 Portfolio Companies by holding value

The following table lists information on the 20 most valuable portfolio company investments, which represent 70% of the total portfolio value (HY21: 71%, FY21: 75%). Detail on the performance of these companies is included in the Life Sciences, DeepTech and Cleantech portfolio reviews.

The Group engages third party valuation specialists to provide valuation support where required; during the period we commissioned third party valuations on five out of the top 20 holdings (HY21: two; FY21: three).

Company name	Significant named co-investors	Primary valuation basis	Fair value of Group holding at 30 Jun 2022 £m
Oxford Nanopore Technologies plc	LSE quoted	Quoted bid price	226.5
First Light Fusion Limited	OSI, Hostplus, Tencent, Braavos	*Adjusted financing	114.5
Istesso Limited	Puhua Capital	DCF	95.6
Featurespace Limited	Highland Europe, Insight, Invoke, MissionOG, TTV Capital, Robert Sansom, Chrysalis	*Revenue multiple	65.0
Hinge Health, Inc.	Atomico Advisors, Bessemer, Coatue, Insight, Lead Edge, Tiger Global	*Adjusted financing	64.3
Ultraleap Holdings Limited	Comes, Dolby Ventures, Hostplus, Mayfair Partners	*Adjusted financing	32.1
Garrison Technology Limited	BGF, Dawn Capital, NM Capital	Revenue multiple	25.7
Ieso Digital Health Limited	Morningside, Molten Ventures	Recent financing (< 12 months)	21.8
Bramble Energy Limited	Hydrogen One Capital, BGF Investments, Parkwalk Advisors	Recent financing (< 12 months)	20.7
Oxford Science Enterprises plc	Blue Pool, Fosun Pharma, Invesco, Lansdowne, Redmine, Sequoia, Temasek, Tencent	Future market/commercial events	20.6
Salt Pay Co. Limited	Scottish Mortgage, Tiger Global, Social Capital Hedosophia	*Adjusted financing	20.5
Nexxon Limited	Invesco, Nortrust, SKC, Wacker Chemie	Recent financing (< 12 months)	19.8
Crescendo Biologics Limited	Sofinnova Capital, BioDiscovery 5, Millennium Pharmaceuticals, Quan Venture Funds	Recent financing (< 12 months)	18.7
Artios Pharma Limited	Arix Bioscience, BioDiscovery 5, SV Life Sciences, Pfizer, Merck Ventures	Recent financing (< 12 months)	18.2
Mission Therapeutics Limited	Pfizer, Roche, Sofinnova Partners, SR one	Recent financing (> 12 months)	18.1
Oxbotica Limited	Fundamental Insurance Investments, BT Technology Ventures, BGF, bp venture, Ocado	Recent financing (> 12 months)	16.3
Microbiotica Limited	Tencent, Fleurie Invest AB, British Patient Capital, Cambridge Innovation Capital	Recent financing (< 12 months)	16.1
PsiOxus Therapeutics Limited	SR One, Lundbeckfond Ventures, Invesco, Sedgwick Yard	*Adjusted funding	15.5
Oxular Limited	Forbion, NeoMed, V-Bio Ventures	Recent financing (> 12 months)	14.7
Hysata Pty Ltd	Clean Energy Finance Corporation	Future market/commercial events	13.3
Total			858.0

* Third party valuation specialists used for 30 June 2022 valuation

Other portfolio

Our portfolio also including holdings in LP funds, namely IPG Cayman LP, UCL Technology Fund LP, 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.

EIB debt facility

The Group has debt facilities with the European Investment Bank ("EIB"), total borrowings under which totalled £44.1m at the period end (HY21: £59.5m, FY21: £51.8m). Of these facilities, £15.4m was due to be repaid within twelve months of the period end (HY21: £15.4m, FY21: £15.4m) at 30 June 2021.

On 2 August 2022, the Group signed a Note Placing Agreement to issue a £120m debt private placement to London-based institutional investors. Half of this will be drawn down in December 2022 and the balance in June 2023, with three equal maturities in December in 2027, 2028 and 2029. The interest rate is fixed, at an average of 5.25%. Approximately £15m of the proceeds will be used to repay early the shorter-dated portion of our EIB debt, leaving £22m of EIB debt to be progressively repaid between now and January 2026.

Cash and deposits

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

	Six months ended 30 June 2022 £m	Six months ended 30 June 2021 £m	Year ended 31 December 2021 £m
Net cash (used)/generated in operating activities	(12.4)	16.0	10.0
Realisations	2.1	111.4	213.4
Other investing	(0.5)	(1.1)	0.3
Cash disposed via disposal of subsidiary undertaking	-	-	(7.1)
Investments	(52.0)	(69.5)	(106.7)
Dividends paid	(7.1)	(10.1)	(14.9)
Purchase of treasury shares	(8.5)	-	(27.2)
Repayment of debt facility	(7.7)	(7.7)	(15.4)
Other financing activities	-	(0.4)	(0.8)
Effect of foreign exchange rate changes	(0.1)	-	0.1
Movement during period	(86.2)	38.6	51.7

At 30 June 2022, the Group's cash and deposits totalled £235.7m, a decrease of £86.2m from a total of £321.9m at 31 December 2021, predominantly due to outflows of investing activities of £50.6m, a £13.6m cash outflow from operations and a £7.7m cash outflow from the repayment of debt and a £7.1m dividend payment.

Under the terms of its term loans with the EIB, the Group is required to maintain a minimum cash balance of £13m. 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 2022 (HY21: £8.5m; FY21: £9.4m).

Dividend

The Board has declared an interim dividend in respect of the period from 1 January 2022 to 30 June 2022 of 0.50p per ordinary share (the "Interim Dividend").

The Interim Dividend will be payable on or around 19 September 2022. The ex-dividend date will be 11 August 2022 with a record date of 12 August 2022.

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 18 August 2022, in accordance with the terms and conditions of the Scrip Dividend Scheme, which are available to view and download on the Company's website at: www.ipgroupplc.com/investor-relations/shareholder-information/scripdividend (the "Terms and Conditions").

Any shareholders wishing to take up the Scrip Dividend Alternative will have until 5pm on 26 August 2022, 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 are available to view and download on the Company's website at: www.ipgroupplc.com/investor-relations/shareholder-information/scripdividend

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 NAV and Return on NAV, in this half-yearly report. The Directors believe that these APMs assist in providing additional useful information on the underlying trends, performance and position of the Group. Further information on APMs utilised in the Group including their definition and purpose is set out in note 11.

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 2021 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 2022

	Note	Unaudited six months ended 30 June 2022 £m	Unaudited six months ended 30 June 2021 £m	Audited year ended 31 December 2021 £m
Portfolio return and revenue				
Change in fair value of equity and debt investments	3	(304.1)	85.7	415.9
Gain on disposal of equity investments	5	4.2	57.4	81.5
Loss on disposal of subsidiary		-	-	(3.8)
Change in fair value of limited and limited liability partnership interests	4	8.8	(2.7)	1.8
Revenue from services and other income		3.1	5.1	13.6
		(288.0)	145.5	509.0
Administrative expenses				
Carried interest plan charge	9	(6.0)	(12.2)	(17.2)
Share-based payment charge		(1.4)	(1.3)	(2.6)
Other administrative expenses		(14.2)	(14.8)	(33.2)
		(21.6)	(28.3)	(53.0)
Operating (loss)/profit		(309.6)	117.2	456.0
Finance income		0.6	0.2	0.4
Finance costs		(0.8)	(0.9)	(1.8)
(Loss)/profit before taxation		(309.8)	116.5	454.6
Taxation		-	-	(5.3)
(Loss)/profit for the period		(309.8)	116.5	449.3
Other comprehensive income				
Exchange differences on translating foreign operations		(0.1)	0.1	0.3
Total comprehensive (loss)/profit for the period		(309.9)	116.6	449.6
Attributable to:				
Equity holders of the parent		(308.7)	111.4	448.5
Non-controlling interest		(1.2)	5.2	1.1
		(309.9)	116.6	449.6
Earnings per share				
Basic (p)	2	(29.85)	10.49	42.33
Diluted (p)	2	(29.85)	10.40	41.68

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	Unaudited six months ended 30 June 2022 £m	Unaudited six months ended 30 June 2021 £m	Audited year ended 31 December 2021 £m
ASSETS				
Non-current assets				
Intangible assets:				
Goodwill		0.4	0.4	0.4
Property, plant, and equipment		0.5	0.7	0.3
Portfolio:				
Equity investments	3	1,123.4	1,219.5	1,391.8
Debt investments	3	37.5	26.9	22.8
Limited and limited liability partnership interests	4	104.6	17.1	92.9
Receivable from sale of equity investments	6	8.3	11.3	31.3
Total non-current assets		1,274.7	1,275.9	1,539.5
Current assets				
Trade and other receivables		5.7	4.3	6.9
Receivable from sale of equity investments	6	36.0	25.6	11.0
Deposits		141.3	101.2	216.2
Cash and cash equivalents		94.4	207.7	105.7
Total current assets		277.4	338.8	339.8
Total assets		1,552.1	1,614.7	1,879.3
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Called up share capital	8	21.3	21.3	21.3
Share premium account		102.4	102.1	102.4
Retained earnings		1,294.6	1,310.6	1,617.5
Total equity attributable to equity holders		1,418.3	1,434.0	1,741.2
Non-controlling interest		(4.3)	5.7	(3.1)
Total equity		1,414.0	1,439.7	1,738.1
Current liabilities				
Trade and other payables		16.9	11.2	18.7
EIB debt facility		15.4	15.4	15.4
Total current liabilities		32.3	26.6	34.1
Non-current liabilities				
EIB debt facility		28.7	44.1	36.4
Carried interest plan liability	9	38.1	31.6	33.1
Deferred tax liability		5.8	-	5.8
Loans from limited partners of consolidated funds		19.1	59.1	18.7
Revenue share liability		14.1	13.6	13.1
Total non-current liabilities		105.8	148.4	107.1
Total liabilities		138.1	175.0	141.2
Total equity and liabilities		1,552.1	1,614.7	1,879.3

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Note	Unaudited six months ended 30 June 2022 £m	Unaudited six months ended 30 June 2021 £m	Audited year ended 31 December 2021 £m
Operating activities				
Operating (loss)/profit for the period		(309.6)	117.2	456.0
Adjusted for:				
Change in fair value of equity and debt investments	3	304.1	(85.7)	(415.9)
(Loss)/Gain on disposal of equity investments	5	(4.2)	(57.4)	(81.5)
Change in fair value of limited and limited liability partnership interests	4	(8.8)	2.7	(1.8)
Loss on deconsolidation of subsidiary		-	-	3.8
Depreciation of property, plant and equipment		0.3	0.5	1.6
Long term incentive carry scheme charge	9	6.0	12.2	17.2
Fees settled in the form of equity		(0.4)	(0.3)	(0.5)
Share-based payment charge		1.4	1.3	2.6
Changes in working capital				
Decrease/(increase) in trade and other receivables		2.3	(0.3)	(3.0)
(Decrease)/increase in trade and other payables		(2.5)	0.4	8.7
Loans from limited partners of consolidated funds		0.4	26.2	27.7
Carry scheme payments		(1.0)	-	(3.4)
Other operating cash flows				
Net interest paid		(0.4)	(0.8)	(1.5)
Net cash (outflow)/ inflow from operating activities		(12.4)	16.0	10.0
Investing activities				
Purchase of equity and debt investments	3	(49.0)	(69.5)	(103.7)
Investment in limited and limited liability partnership funds	4	(3.0)	(1.1)	(3.0)
Purchase of property, plant and equipment		(0.1)	-	(0.2)
Distributions from limited partnership funds		-	-	0.5
Cash flow to deposits		(114.0)	(57.1)	(230.5)
Cash flow from deposits		188.9	98.6	156.9
Cash disposed via disposal of subsidiary		-	-	(7.1)
Proceeds from sale of equity investments	7	2.1	111.4	213.4
Net cash inflow from investing activities		24.9	82.3	26.3
Financing activities				
Dividends paid		(7.1)	(10.1)	(15.0)
Share Repurchases		(8.5)	-	(27.2)
Lease principal payment		(0.4)	(0.4)	(0.7)
Repayment of EIB facility		(7.7)	(7.7)	(15.4)
Net cash outflow from financing activities		(23.7)	(18.2)	(58.3)
Net (decrease)/increase in cash and cash equivalents		(11.2)	80.1	(22.0)
Cash and cash equivalents at the beginning of the year		105.7	127.6	127.6
Effect of foreign exchange rate changes		(0.1)	-	0.1
Cash and cash equivalents at the end of the year		94.4	207.7	105.7

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Attributable to equity holders of the parent					Non-controlling interest £m	Total equity £m
	Share capital	Share premium	Retained earnings	Total			
	£m	£m	£m	£m	£m		
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	
Currency translation	–	–	(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	
Comprehensive income	–	–	336.8	336.8	(4.1)	332.7	
Deconsolidation of subsidiary	–	–	0.9	0.9	(4.7)	(3.8)	
Issue of shares	–	0.3	–	0.3	–	0.3	
Purchase of treasury shares	–	–	(27.2)	(27.2)	–	(27.2)	
Equity-settled share-based payments	–	–	1.3	1.3	–	1.3	
Ordinary Dividends	–	–	(5.2)	(5.2)	–	(5.2)	
Currency translation	–	–	0.3	0.3	–	0.3	
At 31 December 2021 (audited)	21.3	102.4	1,617.5	1,741.2	(3.1)	1,738.1	
Comprehensive income	–	–	(308.6)	(308.6)	(1.2)	(309.8)	
Issue of equity	–	–	–	–	–	–	
Purchase of treasury shares	–	–	(8.2)	(8.2)	–	(8.2)	
Equity-settled share-based payments	–	–	1.4	1.4	–	1.4	
Ordinary Dividends	–	–	(7.4)	(7.4)	–	(7.4)	
Currency translation	–	–	(0.1)	(0.1)	–	(0.1)	
At 30 June 2022 (unaudited)	21.3	102.4	1,294.6	1,418.3	(4.3)	1,414.0	

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, Australia & New Zealand investment 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.

	University partnership business £m	Venture capital fund management £m	Consolidated £m
Six months ended 30 June 2022 (unaudited)			
STATEMENT OF COMPREHENSIVE INCOME			
Portfolio return and revenue			
Change in fair value of equity and debt investments	(304.1)	-	(304.1)
Gain on disposal of equity investments	4.2	-	4.2
Change in fair value of limited and limited liability partnership interests	8.8	-	8.8
Revenue from services and other income	(0.6)	3.7	3.1
	(291.7)	3.7	(288.0)
Administrative expenses			
Carried interest plan charge	(6.0)	-	(6.0)
Share-based payment charge	(1.4)	-	(1.4)
Other administrative expenses	(11.6)	(2.6)	(14.2)
	(19.0)	(2.6)	(21.6)
Operating (loss)/profit	(310.7)	1.1	(309.6)
Finance income	0.6	-	0.6
Finance costs	(0.8)	-	(0.8)
(loss)/Profit before taxation	(310.9)	1.1	(309.8)
Taxation	0.3	(0.3)	-
(loss)/Profit for the period	(310.6)	0.8	(309.8)
STATEMENT OF FINANCIAL POSITION			
Assets	1,535.3	16.8	1,552.1
Liabilities	(134.4)	(3.7)	(138.1)
Net Assets	1,400.9	13.1	1,414.0
Other segment items			
Capital expenditure	0.1	0.0	0.1
Depreciation	(0.3)	(0.0)	(0.3)

	University partnership business £m	Venture capital fund management £m	Consolidated £m
Six months ended 30 June 2021 (unaudited)			
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

	University partnership business £m	Venture capital fund management £m	Consolidated £m
Six months ended 30 June 2021 (unaudited)			
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)

	University partnership business £m	Venture capital fund management £m	Consolidated £m
Year ended 31 December 2021 (audited)			
STATEMENT OF COMPREHENSIVE INCOME			
Portfolio return and revenue			
Change in fair value of equity and debt investments	415.9	-	415.9
Gain on disposal of equity investments	81.5	-	81.5
Loss on deconsolidation of subsidiary	(3.8)	-	(3.8)
Change in fair value of limited and limited liability partnership interests	1.8	-	1.8
Revenue from services and other income	5.7	7.9	13.6
	501.1	7.9	509.0
Administrative expenses			
Carried interest plan charge	(17.2)	-	(17.2)
Share-based payment charge	(2.5)	(0.1)	(2.6)
Other administrative expenses	(28.7)	(4.5)	(33.2)
	(48.4)	(4.6)	(53.0)
Operating profit	452.7	3.3	456.0
Finance income	0.4	-	0.4
Finance costs	(1.8)	..	(1.8)
Profit before taxation	451.3	3.3	454.6
Taxation	(5.3)	-	(5.3)
Profit for the year	446.0	3.3	449.3
STATEMENT OF FINANCIAL POSITION			
Assets	1,862.1	17.2	1,879.3
Liabilities	(137.4)	(3.8)	(141.2)
Net assets	1,724.7	13.4	1,738.1
Other segment items			
Capital expenditure	0.2	-	0.2
Depreciation	(1.6)	-	(1.6)

2. EARNINGS PER SHARE

	Unaudited six months ended 30 June 2022 £m	Unaudited six months ended 30 June 2021 £m	Audited year ended 31 December 2021 £m
Earnings			
Earnings for the purposes of basic and dilutive earnings per share	(308.7)	111.4	448.5

	Unaudited six months ended 30 June 2022 Number of shares	Unaudited six months ended 30 June 2021 Number of shares	Audited year ended 31 December 2021 Number of shares
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,034,323,153	1,062,384,933	1,059,547,189
Effect of dilutive potential ordinary shares:			
Options or contingently issuable shares	-	8,957,138	16,431,907
Weighted average number of ordinary shares for the purposes of diluted earnings per share	1,034,323,153	1,071,342,071	1,075,979,096

No adjustment has been made to the basic loss per share in the period ended 30 June 2022, as the exercise of share options would have the effect of reducing the loss per ordinary share, and therefore is not dilutive.

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

	Unaudited six months ended 30 June 2022 £m	Unaudited six months ended 30 June 2021 £m	Audited year ended 31 December 2021 £m
Earnings per share			
Basic (p)	(29.85)	10.49	42.33
Diluted (p)	(29.85)	10.40	41.68

3. INVESTMENT PORTFOLIO

	Level 1 Equity investments in quoted companies £m	Level 3 Equity investments in unquoted spin-out companies £m	Unquoted debt investments in spin-out companies £m	Total £m
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	-	19.3	(19.3)	-
Transfers from investment in LPs	-	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 during the period	-	0.6	-	0.6
Change in fair value during the period	56.6	24.1	5.0	85.7
At 30 June 2021 (unaudited)	162.9	1,056.6	26.9	1,246.4
Investments during the period	0.5	28.6	5.1	34.2
Transaction-based reclassifications during the period	-	4.5	(4.5)	-
Deconsolidation of United States portfolio	-	(109.4)	(3.3)	(112.7)
Other transfers between hierarchy levels during the period	359.0	(359.0)	-	-
Disposals during the period	(75.2)	(8.3)	-	(83.5)
Fees settled via equity during the period	-	0.5	-	0.5
Change in revenue share during the period	-	(0.5)	-	(0.5)
Change in fair value during the period	215.5	116.1	(1.4)	330.2

	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 2021 (audited)	662.7	729.1	22.8	1,414.6
Investments during the period	2.7	30.5	15.8	49.0
Transaction-based reclassifications during the period	-	5.9	(5.9)	-
Fees settled via equity during the period	-	0.4	-	0.4
Change in revenue share during the period	-	1.0	-	1.0
Change in fair value during the period ⁱ	(396.2)	87.3	4.8	(304.1)
At 30 June 2022 (unaudited)	269.2	854.2	37.5	1,160.9

i The change in fair value in the period includes a gain of £15.4m (HY21: loss of £2.1m; FY21: gain 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 £92.1m (HY21: gain of £29.1m; FY21: gain of £143.8m).

Unquoted equity and debt investment are measured in accordance with IPEV guidelines with reference to the most appropriate information available at the time of measurement. Where relevant, several valuation approaches are used in arriving at an estimate of fair value for an individual asset.

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. Note that in light of the onset of the COVID-19 pandemic in early 2020, we amended our analysis of recent financing transactions in 2020 to show transactions within 9 months. At 2021 year-end we reverted to using 12 months.

	Unaudited Six months ended 30 June 2021 £m	Unaudited Six months ended 31 December 2021 £m
	Unaudited Six months ended 30 June 2022 £m	Audited Year ended 31 December 2021 £m
Quoted	269.2	662.7
Recent funding < 12 months (2021 HY: < 9 months)	273.2	383.4
Recent funding > 12 months (2021 HY: > 9 months)	106.3	65.6
Other: Future market/commercial events	35.8	37.8
Other: Adjusted recent financing price based on past performance	249.0	142.3
Other: DCF/Revenue Multiple	189.9	100.0
Debt	37.5	22.8
Investment portfolio	1,160.9	1,414.6

In addition to recent financing transactions, significant unobservable inputs used in the fair value measurement include:

For valuations based primarily Future market/commercial events

- Financing & sale transactions, other market input or commercial events occurring after the valuation date but which are judged to be wholly or partially indicative of facts and circumstances in existence at the balance sheet date
- Scenario probabilities

For valuations based primarily on adjusted recent financing price based on past performance

- Portfolio-company specific milestone analysis

For valuations based primarily on DCF or Revenue Multiples

- Estimated clinical trial success rates
- Estimated pharmaceutical collaboration milestone and royalty payments
- Discount factors
- Range of appropriate revenue multiples

Unobservable inputs are typically portfolio-company specific, and based on a materiality assessment are not considered significant either at an individual company level or in aggregate, where relevant for common factors such as discount rates.

The Group has considered the impact of ESG and climate change issues on its portfolio, including performing a materiality assessment (see TCFD disclosures on page 24 of the Group's 2021 Annual Report) which suggested the Group's portfolio has a relatively low level of climate change risk, and clear areas of opportunity via the Group's cleantech investments. We believe our current valuation approach, based largely on quoted valuations and recent financing transactions reflect market participant assessment of the ESG and climate risks and opportunities of our portfolio.

Valuation sensitivities

The largest individual asset within the 'DCF / Revenue multiple' category above is Istesso Limited, whose equity is valued at £81m as at 30 June 2022 (HY21: £82m, FY21: £81m). The primary valuation basis for this company is a DCF model, whose key inputs include: clinical trial & drug approval success rates, the estimated value and structure of a potential pharmaceutical partnership post successful Ph2b clinical trial data including quantum and timing of milestone payments, an estimate of addressable Rheumatoid Arthritis market for Istesso's drug and associated market share and royalty rates, and relevant discount rates. Our estimated range for the value of the Group's equity investment in Istesso based on this DCF model is £75m to £112m (FY21: £66m to £102m).

Within the 'Adjusted valuation' category above is First Light Fusion Limited, whose equity is valued at £115m as at 30 June 2022 (HY21: £21m), FY21: £57m). The valuation of this company involves an assessment against comparable companies and involves certain key assumptions around their comparability and First Light's assumed maturity value. Our estimated range for the value of the Group's equity investment in First Light Fusion based on this model is £84m to £203m.

Other than as noted above for Istesso and First Light Fusion, for assets valued on 'other' methods in the table above, due to the large number of inputs used in the valuation of these assets, any range of reasonably possible alternative assumptions does not significantly impact the fair value and hence does not require disclosure.

The table below summarises the impact of a 10% 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 2022	Unaudited Six months ended 30 June 2021	Audited Year ended 31 December 2021
	£m	£m	£m
Recent funding < 12 months (2021 HY: < 9 months)	27.3	67.4	38.3
Recent funding > 12 months (2021 HY: > 9 months)	10.6	13.2	6.6
Other: Future market/commercial events	3.6	1.2	3.8
Other: Adjusted recent financing price based on past performance	24.9	7.9	14.2
Other: DCF/Revenue Multiple	19.0	15.9	10.0
Debt	3.8	2.7	2.3
Investment portfolio	89.2	108.3	75.2

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Transfers between levels are then made as if the transfer took place on the first day of the period in question, except in the cases of transfers between tiers based on an initial public offering ("IPO") of an investment wherein the changes in value prior to the IPO are calculated and reported in level 3, and those changes post are attributed to level 1.

Transfers between level 3 and level 1 occur when a previously unquoted investment undertakes an initial public offering, resulting in its equity becoming quoted on an active market. In the current period, there have been no transfers of this nature (HY21: £24.2m, FY21: £380.2m). 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 instances in the current period (HY21: no such instances, FY21: no such instances).

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

	Unaudited Six months ended 30 June 2022	Unaudited Six months ended 30 June 2021	Audited Year ended 31 December 2021
	£m	£m	£m
Change in fair value in the year			
Fair value gain	118.2	106.9	479.0
Fair value loss	(422.3)	(21.2)	(63.1)
	(304.1)	85.7	415.9

The Company's interests in subsidiary undertakings are listed in note 10 to the Company's financial statements.

4. LIMITED AND LIMITED LIABILITY PARTNERSHIP INTERESTS

	Unaudited Six months ended 30 June 2022 £m
At 1st January 2021	22.2
Investments during the year	1.6
Distribution from limited partnership funds	(0.5)
Transfer to equity investments	(3.5)
Change in fair value during the year	(2.7)
At 30th June 2021	17.1
Investments during the year	1.5
Recognition of interest in IPG Cayman LP following deconsolidation	69.8
Change in fair value during the year	4.5
At 1 January 2022	92.9
Investments during the year	3.0
Distribution from limited partnership funds	(0.1)
Change in fair value during the year	8.8
At 30th June 2022	104.6

5. GAIN ON DISPOSAL OF EQUITY

	Unaudited Six months ended 30 June 2022 £m	Unaudited Six months ended 30 June 2021 £m	Audited Year ended 31 December 2021 £m
Disposal proceeds	2.1	111.4	213.4
Movement in amounts receivable on sale of equity investments	2.1	21.6	27.2
Carrying value of investments disposed	-	(75.6)	(159.1)
Profit on disposal	4.2	57.4	81.5

Profit on disposal of investments is calculated as disposal proceeds plus deferred and contingent consideration receivable in respect of the sale, less the carrying value of the investment at the point of disposal.

The subsequent receipt of deferred and contingent consideration amounts is reflected in the above table as a positive amount of disposal proceeds and a negative movement in amounts receivable on sale of debt and equity investments, resulting in no overall movement in profit on disposal.

6. RECEIVABLE ON SALE OF DEBT AND EQUITY INVESTMENTS

	Unaudited Six months ended 30 June 2022 £m	Unaudited Six months ended 30 June 2021 £m	Audited Year ended 31 December 2021 £m
Current	36.0	25.6	31.3
Non-current	8.3	11.3	11.0
	44.3	36.9	42.3

Deferred & contingent consideration consists of £26.4m in relation to the sale of the Group's holding in WaveOptics Limited, £12.7m in relation to the sale of the Enterprise Investment, £5.1m in relation to the sale of Athenex and £0.2m in relation to the sale of Perpetuum Limited.

7. DIVIDENDS

Declared and paid during the year	Unaudited Six months ended 30 June 2022		Unaudited Six months ended 30 June 2021		Audited Year ended 31 December 2021	
	Pence per share	£m	Pence per share	£m	Pence per share	£m
Ordinary shares						
Interim dividend	-	-	-	-	0.48	5.2
Prior financial year final dividend	0.72	7.4	1.0	10.6	1.0	10.6
Dividends paid to equity owners in the financial year	0.72	7.4	1.0	10.6	1.48	15.8

Of the £7.4m dividend paid in 2022, £7.1m was settled in cash and £0.3m was settled via the transfer of existing treasury shares from the share buyback to satisfy valid scrip elections received under the Group's Scrip Dividend Scheme.

The proposed 0.50p per share interim dividend for FY22 has not been included as a liability as at 30 June 2022, in accordance with IAS 10 'Events after the reporting period'. It will be paid on or around 19th September 2022.

8. SHARE CAPITAL

Issued and fully paid:	Unaudited Six months ended 30 June 2022		Unaudited Months ended 30 June 2021		Audited Year ended 31 December 2021	
	Number	£m	Number	£m	Number	£m
At 1 January 2022	1,040,754,160	21.3	1,062,353,734	21.3	1,062,353,734	21.3
Issued in respect of scrip dividend	-	-	434,380	-	679,553	-
Share capital at 31 December	1,040,754,160	21.3	1,062,788,114	21.3	1,063,033,287	21.3
Existing Treasury shares at 1 January 2021	(22,279,127)	-	-	-	-	-
Purchase of treasury shares	(7,429,494)	-	-	-	(22,279,127)	-
Settlement of employee share-based payments	770,148	-	-	-	-	-
Settlement of Scrip dividend	330,851	-	-	-	-	-
	1,034,425,665	21.3	1,062,788,114	21.3	1,040,754,160	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.

9. LONG-TERM INCENTIVE CARRY SCHEME – CARRIED INTEREST PLAN LIABILITY

	Unaudited 30 June 2022 £m	Unaudited 30 June 2021 £m	Audited 31 December 2021 £m
Opening liability	33.1	19.4	19.3
Charge for the year	6.0	12.2	17.2
Payments made in the year	(1.0)	-	(3.4)
Closing liability	38.1	31.6	33.1

	Unaudited 30 June 2022 £m	Unaudited 30 June 2021 £m	Audited 31 December 2021 £m
IP Group historic scheme	22.8	13.5	16.6
IP Group current scheme	7.2	9.8	6.8
Touchstone scheme	8.1	8.3	9.7
Closing liability	38.1	31.6	33.1

The IP Group historic carry scheme was in place between the creation of the scheme in 2011 and January 2018. Portfolio companies were allocated to carry vintages based on the date of IP Group's first investment into each company, and follow-on investments into companies all fell within the same carry vintage. Within this scheme there were vintages for year 2011-2013, 2014-2015 and 2016-2017.

The IP Group current carry scheme started from February 2018 and is the scheme still in place at reporting date. Under the scheme, the individual investments made by IP Group are allocated to carry vintages based on the date of each investment, and so investments within one portfolio company can fall within several different vintages. Within this scheme there are vintages 2018-2020 and 2021-2023.

The Touchstone carry scheme was operated by Touchstone Innovations plc prior to its acquisition by IP Group plc in October 2017. Investments within this scheme related to the former Touchstone companies, several of which fall within the IP group current scheme as well.

10. 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

Key management personnel held shares in the following spin-out companies as at 30 June 2022 as follows:

Director/ PDMR	Company name	Number of shares held at 1 January 2022	Number of shares acquired/ (disposed of) in the period	Number of shares held at 30 June 2022	%
Greg Smith	Alesi Surgical Limited	2	-	2	<0.1%
	Crysalin Limited ^I	149	-	149	<0.1%
	Diurnal Group plc	15,000	-	15,000	<0.1%
	EmDot Limited ^I	4	-	4	0.23%
	Istesso Limited	313,425	-	313,425	0.28%
	Itaconix plc	4,500	-	4,500	<0.1%
	Mirriad Advertising plc	16,667	-	16,667	<0.1%
	Oxbotica Limited	8	-	8	<0.1%
	Oxford Nanopore Technologies plc	27,008	-	27,008	<0.1%
	Rio AI Limited ^{III}	144,246	-	144,246	<0.1%
	Surrey Nanosystems Limited	88	-	88	<0.1%
	Tissue Regenix Group plc	50,000	-	50,000	<0.1%
Xeros Technology plc	13	-	13	<0.1%	
David Baynes	Alesi Surgical Limited	4	-	4	<0.1%
	Arkivum Limited	377	-	377	<0.1%
	Creavo Medical Technologies Limited ^I	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 plc	2,784	-	2,784	<0.1%
David Baynes	Ultraleap Holdings Limited	2,600	-	2,600	<0.1%
	Zeetta Networks Limited	424	-	424	0.11%
Mark Reilly	Actual Experience plc	28,000	-	28,000	<0.1%
Mark Reilly	Bramble Energy Limited	16	-	16	<0.1%
	Diffblue Limited ^{II}	8,038	-	8,038	<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%
Sam Williams	Accelercomm Limited	127	-	127	<0.1%
	Alesi Surgical Limited	1	-	1	<0.1%
	Centessa Pharmaceuticals plc	-	3,247	3,247	<0.1%
	Creavo Medical Technologies Limited ^I	23	-	23	<0.1%
	Diurnal Group plc	113,819	-	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%
	Oxbotica Limited	3	-	3	<0.1%
	Oxehealth Limited	33	-	33	<0.1%
	Oxford Nanopore Technologies plc	18,540	-	18,540	<0.1%
	Topivert Limited ^I	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 ^I	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%
Lisa Patel	Alesi Surgical Limited	1	-	1	<0.1%
	Creavo Medical Technologies Limited ^I	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 plc	9,453	-	9,453	<0.1%
Topivert Limited ^I	1,000	-	1,000	<0.1%	

Director/ PDMR	Company name	Number of shares held at 1 January 2022	Number of shares acquired/ (disposed of) in the period	Number of shares held at 30 June 2022	%
	Ultraleap Holdings Limited	1,317	-	1,317	<0.1%
Elizabeth Vaughan-Adams	Amaethon Limited ^I	939	-	939	<0.1%
	Bramble Energy Limited - A Ordinary Shares	-	2	2	<0.1%
	Creavo Medical Technologies Limited ^I	23	-	23	<0.1%
	Crysalin Limited ^I	100	-	100	<0.1%
	DeepMatter Group plc	82,393	1,655,440	1,737,833	<0.1%
	Diurnal Group plc	4,844	-	4,844	<0.1%
	Emdot Limited ^I	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 plc	4,500	-	4,500	<0.1%
	Rio AI Limited ^{III}	2,258,185	13,986,014	16,244,199	<0.1%
	Surrey Nanosystems Limited	53	-	53	<0.1%
	Tissue Regenix Group plc	75,599	-	75,599	<0.1%
	Ultraleap Holdings Limited	400	-	400	<0.1%
Moray Wright	Mirriad Advertising plc	73,664	-	73,664	<0.1%
	OxSyBio Limited ^I	20	-	20	<0.1%
Chris Glasson	8Power Limited	400	-	400	<0.1%
	Audioscenic Limited	967	-	967	<0.1%
	Creavo Medical Technologies Limited ^I	105	-	105	<0.1%
	Istesso Limited	9,009	-	9,009	<0.1%
	Mirriad Advertising plc	8,064	-	8,064	<0.1%
	Oxbotica Limited	34	-	34	<0.1%
	Oxehealth Limited	328	-	328	<0.1%
	Topivert Limited ^I	3,000	-	3,000	<0.1%
	Ultraleap Holdings Limited	1,585	-	1,585	<0.1%
Angela Leach	Amaethon Limited ^I	1,408	-	1,408	<0.1%
	Alesi Surgical Limited	2	-	2	<0.1%
	Barocal Limited	-	1,010	1,010	<0.1%
	Boxarr Limited	102	-	102	<0.1%
	Bramble Energy Limited - A Ordinary Shares	8	5	13	<0.1%
	Creavo Medical Technologies Limited ^I	23	-	23	<0.1%
	Crysalin Limited ^I	149	-	149	<0.1%
Angela Leach	Deep Matter Group plc	68,101	-	68,101	<0.1%
	Diffblue Limited	644	-	644	<0.1%
	Diurnal Group plc	11,500	-	11,500	<0.1%
	Emdot Limited ^I	4	-	4	0.23%
	First Light Fusion Limited	27	-	27	<0.1%
	Ieso Digital Health Limited - B2 Preferred Shares	29	-	29	<0.1%
	Istesso Limited - A Shares	322,923	-	322,923	0.29%
	Itaconix plc	4,500	-	4,500	<0.1%
	Mixergy Limited	206	-	206	0.00%
	Mirriad Advertising plc	16,667	-	16,667	<0.1%
	Oxbotica Limited	3	-	3	<0.1%
	Oxford Nanopore Technologies plc	37,880	29	37,909	<0.1%
	OxONN Limited	-	20,000	20,000	<0.1%
	Rio AI Limited ^{III}	180,308	-	180,308	<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>				

I Company being closed down

II. Restated opening position

III. Previously called Ditto AI Limited

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 2022 £m	Unaudited six months ended 30 June 2021 £m	Audited year ended 31 December 2021 £m
Statement of comprehensive income			
Revenue from services	0.1	0.3	0.3

	Unaudited six months ended 30 June 2022 £m	Unaudited six months ended 30 June 2021 £m	Audited year ended 31 December 2021 £m
Statement of financial position			
Trade receivables	0.1	0.2	0.2

II) INVESTMENTS

The Group makes investments in the equity and debt of unquoted and quoted investments where it does not have control but may be able to participate in the financial and operating policies of that company. It is presumed that it is possible to exert significant influence when the equity holding is greater than 20%. The Group has taken the Venture Capital Organisation exception as permitted by IAS 28 and not recognised these companies as associates, but they are related parties. The total amounts included for investments where the Group has significant influence but not control are as follows:

	Unaudited six months ended 30 June 2022 £m	Unaudited six months ended 30 June 2021 £m	Audited year ended 31 December 2021 £m
Statement of comprehensive income			
Net portfolio loss/(gains)	50.1	50.4	56.5

	Unaudited 30 June 2022 £m	Unaudited 30 June 2021 £m	Audited 31 December 2021 £m
Statement of financial position			
Equity and debt investments	522.6	539.4	444.6

C) SUBSIDIARY COMPANIES

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

	Unaudited 30 June 2022 £m	Unaudited 30 June 2021 £m	Audited 31 December 2021 £m
Intercompany balances with other Group companies	2.5	2.0	2.4

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

11. Alternative performance measures (“APM”)

IP Group management believes that the alternative performance measures included in this document provide valuable information to the readers of the financial statements as they enable the reader to identify a more consistent basis for comparing the business’ performance between financial periods and provide more detail concerning the elements of performance which the managers of the Group are most directly able to influence or are relevant for an assessment of the Group. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by the directors. These measures are not defined by IFRS and therefore may not be directly comparable with other companies’ APMs, including those in the Group’s industry. APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements.

The directors believe that these APMs assist in providing additional useful information on the underlying trends, performance and position of the Group. Consequently, APMs are used by the directors and management for performance analysis, planning, reporting and incentive-setting purposes.

APM	Reference for reconciliation	Definition and purpose		Calculation		
				Unaudited six months ended 30 June 2022 £m	Unaudited six months ended 30 June 2021 £m	Audited year ended 31 December 2021 £m
NAV per share	Primary statements	NAV per share is defined as net assets divided by the number of outstanding shares in issue. The measure shows net assets managed on behalf of shareholders by the Group per share in issue. It is a useful measure to compare to the Group’s share price.	NAV Shares in issue NAV per share	£1,414.0m 1,034,425,665 136.7p	£1,439.8m 1,062,788,114 135.4p	£1,738.1m 1,040,754,160 167.0p
Return on NAV	Primary statements,	Return on NAV is defined as the total comprehensive income or loss for the year excluding charges which do not impact on net assets, specifically amortisation of intangible assets and share-based payment charges. The measure shows a summary of the income statement gains and losses which directly impact NAV.	Total comprehensive income <i>Excluding:</i> Share-based payment charge Return on NAV	(309.9) 1.4 (308.5)	116.6 1.3 117.9	449.6 2.6 452.2
Net portfolio gain/(loss)	Primary statements	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 NAV which is a performance metric for directors’ and employees’ incentives. The definition has been updated in 2022 to include ‘Change in fair value of LP investments’, as following the deconsolidation of our US business, changes to the value of the US portfolio will be included within this income statement caption.	Change in fair value of equity and debt investments Gain on disposal of equity investments Change in fair value of LP investments Net portfolio gain/(loss)	(304.1) 4.2 8.8 (291.1)	85.7 57.4 (2.7) 140.4	415.9 81.5 1.8 499.2
Net realisations /(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	Purchase of equity and debt investments	(52.0)	(69.5)	(103.7)

APM	Reference for reconciliation	Definition and purpose	Calculation			
			Unaudited six months ended 30 June 2022 £m	Unaudited six months ended 30 June 2021 £m	Audited year ended 31 December 2021 £m	
		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.	Proceeds from sale of equity and debt investments	2.1	111.4	213.4
			Net realisations/(investment)	(49.9)	41.9	109.7
Total portfolio	Consolidated statement of financial position	Total portfolio is defined as equity and debt investments that we control and consolidate directly, our "Investment Portfolio", plus interests in LP funds, most significantly our holding in IPG Cayman LP, our US platform, which is now reflected within this category following its deconsolidation in November 2021.	Equity investments	1,123.4	1,219.5	1391.8
			Debt investments Limited and Limited Liability Partnership interests	37.5 104.6	26.9 17.1	22.8 92.9
			Total portfolio value	1,265.5	1,263.5	1,507.5
Net overheads	Financial review	Net overheads are defined as the Group's core overheads less operating income. The measure reflects the Group's controllable net operating "cash-equivalent" central cost base 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	3.1	5.1	13.6
			Other administrative expenses	(14.2)	(14.8)	(33.2)
			Excluding: Administrative expenses – consolidated portfolio companies	-	0.1	0.1
			FRS 3 charge in respect of acquisition of subsidiary	-	-	-
			Net overheads	(11.1)	(9.6)	(19.5)
Cash and deposits	Primary statements	Cash is defined as cash and cash equivalents plus deposits. The measures give a view of the Group's liquid resources on a short-term timeframe. The Group's Treasury Policy has a maximum maturity limit of 13 months for deposits	Cash and cash equivalents	94.4	207.7	105.7
			Deposits	141.3	101.2	216.2
			Cash	235.7	308.9	321.9

12. Post balance sheet events

Between 30 June 2022 and 29 July 2022 the fair value of the Group's holdings in listed companies experienced a net fair value increase of £30.2m.

On 2 August 2022, the Group signed a Note Placing Agreement to issue a £120m debt private placement to London-based institutional investors. Half of this will be drawn down in December 2022 and the balance in June 2023, with three equal maturities in December in 2027, 2028 and 2029. The interest rate is fixed, at an average of 5.25%. Approximately £15m of the proceeds will be used to repay early the shorter-dated portion of our EIB debt, leaving £22m of EIB debt to be progressively repaid between now and January 2026.

In July 2022, Hysata, the Group's novel electrolyser business, completed a AUD\$43m round including AUD\$19m from IP Group.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

GENERAL INFORMATION

The comparative financial information presented herein for the year ended 31 December 2021 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 2021 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 2022 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 2021.

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 2021.

GOING CONCERN

The Directors are required to satisfy themselves that it is reasonable to presume that the Group is a going concern. The Group had Net Cash of £235.7m as at 30 June 2022. In light of the Group's forecast net overhead costs, debt repayment obligations and other committed spend, the Directors are satisfied that in taking account of reasonably possible downsides including the potential impact of COVID-19 and other uncertainties, 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.

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 2021 and which will form the basis of the 2022 Annual Report and Accounts.

Additional guidance describing the components of portfolio fair value gains/losses which will be included in the Group's 2022 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

GREG SMITH
CHIEF EXECUTIVE OFFICER

02 August 2022

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 2022 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
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02 August 2021

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