FOR RELEASE ON 25 March 2025

("IP Group" or "the Group" or "the Company")
IP Group plc 2024 Annual Results Release

IP Group plc (LSE: IPO), which invests in breakthrough science and innovation companies with the potential to create a better future for all, today announces its annual financial results for the year ended 31 December 2024.

Highlights

Outperformed on exits, despite reduction in NAV per share:

- **Total cash proceeds from exits of £183.4m (+ 375%)** including:
  - **£134m:** Sale of Featurespace Ltd to Visa (£119m cash received in the year) – largest ever exit
  - **£30m:** Sale of Garrison Technology Ltd to Everfox
  - **£9.2m:** Sale of Kynos Therapeutics Ltd to Dr Falk Pharma GmbH
  - **up to £15m:** Secondary sale of minority holdings in six portfolio companies at small premium to NAV
- **Strong balance sheet and liquidity** with gross cash of £285.6m, up 26% from £226.9m in 2023
- **NAV/share down 15% to 97.7p with closing NAV of £952.5m**, driven by decrease in market value of Oxford Nanopore (ONT) and valuation reductions for First Light Fusion and Istesso in challenging market conditions
- **Raised further £95m of third-party funds** (Hostplus & Parkwalk) - third-party AUM now £678m, up from £650m in 2023
- **Total net overheads run rate reduced by 23% by year end,** a 12% reduction for the year

Accelerated buybacks:

- **Since January 2024, announced buybacks of up to £80m** representing 19% of current market capitalisation
- **Completed £30m of share buyback programme during year**, with £50m balance ongoing
- 10% of share capital retired to date, increased shareholder authority now sought in order to complete ongoing programme

Significant portfolio and pipeline opportunity:

- **£784m of capital raised (up 17%)** with £63m invested across 38 companies, reflecting maintained discipline
- **Istesso:** Phase 2b study of leramistat in rheumatoid arthritis demonstrated novel mechanism of action and effectiveness in bone repair in secondary endpoints despite not meeting primary endpoint
- **Enterprise Therapeutics and Genomics:** Significant investment rounds closed, to fund next development stage
- **4 companies (Storm, Mission, Kynos and Abliva):** reported positive clinical trial data
- **Hysata**: Completed oversubscribed $111m Series B funding round, the largest Series B in Australian cleantech history
- **First Light Fusion**: Sets pressure record at Sandia National Laboratories and refocuses business model on revenues
- Strong interest in companies developing faster, more efficient computing hardware for AI including Instrisic and Lumai

Post period-end update:

- Intention to extend buyback programme by a further £10m, announced today
- Intention to allocate 50% of 2025 exits to buyback programme, announced today
- Cash and deposits of £277m as at 21 March following additional cash proceeds of £24.7m since 31 Dec
- Fair value of Group's holdings in listed companies decreased by £14.7m in the period since 31 Dec, including £13.8m from ONT
- Hinge Health files for a New York initial public offering
- Istesso notifies shareholders of outcome of Phase 2b trial which completed in 2024

Summary financials

	FY 2024	FY 2023
Net Asset Value (NAV)	**£952.5m**	£1,190.3m
NAV per share (i)	**97.7pps**	114.8pps
% change in NAV per share	**(15%)**	(14%)
Loss for the year	**(£207.0m)**	(£174.4m)
Total portfolio (i)	**£837.4m**	£1,164.9m
Gross cash and deposits (i)	**£285.6m**	£226.9m
Cash proceeds(i)	**£183.4m**	£38.6m
Portfolio investment (i)	**£63.0m**	£73.2m

(i) Note 27 details the Alternative Performance Measures ("APM")

Greg Smith, Chief Executive of IP Group, said: *"The Group prioritised profitable exits during 2024, outperforming a relative lack of liquidity across the venture capital market, despite our negative NAV per share performance. These exits included our largest ever cash realisation with the sale of Featurespace to Visa, alongside a number of other holdings, at or above carrying values. The £183m of cash proceeds strengthened our liquidity position and enabled us to significantly increase our share buyback programme while continuing to invest for growth.*

We have already completed a number of exits in the current year with a promising pipeline of further realisations, giving us confidence in delivering more than £250m of exits from private company holdings by the end of 2027. We also noted Hinge Health's recent *announcement that it intends to list on the New York Stock Exchange. Given our share price continues to reflect a significant discount to NAV per share, during 2025 we intend to increase the proportion of exits allocated to buybacks to 50%.*

As the UK's most active investor in university spin-outs, IP Group has an exciting and compelling portfolio of companies which is attracting strong interest from third parties. While the current macro environment remains challenging, the Board has ensured the Group is appropriately sized and well financed and continues to focus on delivering returns for shareholders."

Webinar
IP Group will host a webinar for analysts and investors today, 25 March, at 10:00am. For more details or to register as a participant please visit https://www.investormeetcompany.com/ip-group-plc/register-investor.

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Further information on IP Group is available on our website: www.ipgroupplc.com

Notes

(i) Nature of announcement

This Annual Results Release was approved by the Directors on 24 March 2025.

The financial information set out in this Annual Results Release does not constitute the Company's statutory accounts for 2024 or 2023. Statutory accounts for the years ended 31 December 2024 and 31 December 2023 have been reported on by the Independent Auditor. The Independent Auditor's Reports on the Annual Report and Financial Statements for 2024 and 2023 were unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006. Statutory accounts for the year ended 31 December 2023 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 December 2024 will be delivered to the Registrar following the Company's Annual General Meeting.

The 2024 Annual Report and Accounts will be published in April 2025 and a copy will be posted on the Group's website (www.ipgroupplc.com). In accordance with Listing Rule 9.6.1 a copy of the Annual Report and Accounts will also be submitted to the National Storage Mechanism on or around this date and will be available for inspection at: www.Hemscott.com/nsm.do from that time.

Throughout this Annual Results Release the Group's holdings in portfolio companies reflect the undiluted beneficial equity interest excluding debt, unless otherwise explicitly stated.

(ii) Forward-looking statements

This Annual Report and Accounts 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 companies within the Group's portfolio.

STRATEGIC REPORT

CHAIRMAN'S SUMMARY

As we entered 2024, we recognised that appetite for higher risk and early-stage assets was likely to remain cautious, given the number and significance of the elections that were to take place during the year as well as the disruptions to historic trade and investment flows that were evident from the major geopolitical tensions and military conflicts that had escalated. We adjusted our investment plans accordingly, concentrating capital allocation in our highest potential portfolio companies, in particular those with good prospects to deliver a cash return in the near to medium term.

Recognising the stubbornness of the gap between our reported Net Asset Value ('NAV') per share and our share price, the Board set management a number of priorities in 2024 to address this disparity. These included prioritising realisations to demonstrate value creation from our investment activity; pursuing third party co-investment transactions to validate our valuation discipline; attracting third party funds to add capacity to our investing activity; seeking fresh investors to the plc and improving operational gearing through better cost performance.

This low appetite for (public market) investments in early-stage assets was reflected in delayed funding rounds, and where funding rounds did take place, we witnessed a decline in valuation. As a consequence, we reported a loss for the year of £207m driven by a £52m decline in the value of our stakes in listed companies (primarily Oxford Nanopore) and valuation adjustments and write-offs in the private portfolio of £228m. It is worth noting that in the latter case, the 3 largest write-downs reflected a £94m reversal of previous uplifts. In terms of cash flow, we increased our cash and deposits by £59m in 2024 after investing £63m in the portfolio and applying £30m to the repurchase of our own shares.

In order to achieve this outcome, we had some significant successes. We delivered the highest value cash realisation in our history from the sale of our stake in Featurespace, generating disposal proceeds of £134m of which £119m was received in cash before the end of the year. Total proceeds of £183.4m were five times that achieved in 2023. Gross cash at 31st December stood at £285.6m against our market capitalisation at that date of £525.7m.

We structured and executed a partial secondary sale of shareholdings in six of our portfolio companies realising up to £15m in cash, at an aggregate value modestly ahead of our book carrying value thereby evidencing the integrity of our valuation processes. We also secured a further A$125m co-investment commitment from Hostplus, our principal partner through our Australian business. And we completed a restructuring and reorganisation of our business that will reduce ongoing costs within the business by £5m, or some 23%. Greg discusses these events in more detail in his report.

There were inevitably a number of disappointments. Our largest portfolio investment, Oxford Nanopore fluctuated in value significantly during the year losing over half its value in the first half and although recovering a decent portion of this in the second half, was still down by 38% over the year. Management, with the Board's strong endorsement, and given our position as one of its largest shareholders, has spent considerable time supporting Oxford Nanopore on ways to address this volatility and drive a recovery in its value for all their shareholders.

Although widely anticipated, we were frustrated that Istesso (our second largest portfolio holding), was not in a position to release any data from its phase2b Rheumatoid Arthritis (RA) study with its drug leramistat during 2024. However, on 11th February this year Istesso did provide an update which was both disappointing, yet at the same time, encouraging. The trial results reinforced leramistat's novel mechanism of action and its effectiveness in bone protection in people living with RA. Significant improvements were seen in the key secondary endpoint of bone erosions as well as improvements in disability and fatigue in patients treated with leramistat, despite it not meeting the primary endpoint of improvement in ACR20 versus placebo. We are nevertheless pleased to report that Istesso is sufficiently funded to conduct the additional studies which the Phase2b results justified. This study will undertake further evaluation of leramistat's potential to promote tissue repair in RA, as well as other chronic conditions. Greg discusses this in more detail in his review.

We spent considerable time in 2024 seeking to attract private capital for a scale up fund to build on the commitments that many pension funds and others have made pursuant to the Mansion House compact and other government sponsored initiatives to support growing innovative UK businesses; while this was not finalised in 2024 we are optimistic that the work done and discussions in train will lead to the creation of such a fund in 2025.

Public capital markets in 2024 were not helpful to IP Group, nor indeed to most of our peer group, as investor appetite for small cap companies was muted - indeed many funds dedicated to this sector wound down during the year. We applaud the efforts of the London Stock Exchange to attempt to revitalise this sector as we believe it is vital to the growth economy the government seeks to establish. It is incredibly dispiriting that in spite of the ambition of the Mansion House reforms launched in the previous parliament and the priority commitment given to the growth agenda by the current government, that there is little evidence of such change in UK investment markets for our sector.

We enter 2025 with key funding rounds underway for a number of our significant portfolio companies. Encouragingly, after prolonged gestation periods, there is evidence that investors are prepared to commit, albeit at discounts to previous rounds in many cases, a factor which has been reflected in our year-end valuations. Again, it is worth noting that much of this renewed interest originates from outside the UK. These funding rounds and any potential IPOs are encouraging early indications that confidence may be returning to our sector.

Notwithstanding the significant success in realisations in 2024, our share price ended the year substantially where it started the year (53.9p versus 58.1p) with the discount to NAV remaining elevated at 45%. Adjusting for net cash and listed stakes, the discount to the remaining portfolio value was some 81%. We understand and share shareholder frustration and disappointment with this position, which we recognise has deteriorated further since the year end following the release of Istesso's trial results. While reducing this gap will largely come from success in our investment activities, thereby demonstrating the value within the portfolio, we can and have taken steps to address the discount by buying back shares. During 2024 we completed a buyback programme of £30m and we currently intend to supplement this by adding a further £50m.

Outlook

As we enter 2025, the need remains for scientific innovation to address many of society's urgent challenges, from ageing populations to climate change, to harnessing the power, while controlling the misuse of AI and understanding what the unprecedented power of quantum computing will offer. The government in the UK embraces the ambition to place UK science and technological excellence at the heart of its growth agenda, yet public markets remain slow to support this ambition in terms of providing the long-term venture and scale-up capital needed.

The Board is confident that there is substantial unrecognised value within the portfolio. Our principal objective in the coming year is to harness what we believe is a strong desire amongst UK institutions to support this segment of the UK growth story and configure our business in whatever way is needed to be successful. If we are mistaken in our belief that there is support in UK public markets for contributing to the financing of great ideas founded in UK scientific discovery through to world changing businesses, we shall look again, with our advisers, at the other options already considered by the Board, to optimise value for shareholders over the medium term. I look forward to updating you on progress as the year develops.

Sir Douglas Flint
Chairman
24 March 2025

CHIEF EXECUTIVE'S OPERATIONAL REVIEW

Overview

While the operating environment continued to remain challenging in 2024, the Group prioritised generating profitable cash realisations and made excellent progress in this regard. This performance meant the Group finished the year with a strong liquidity position, having recorded total cash proceeds of £183.4m, nearly five times the level achieved in 2023, with gross cash and deposits of £286m at year-end up from £227m. This enabled the Group to increase its buyback, as well as reinvesting for future growth. Having delivered a further £25m in realisations to date during 2025, the Group is today increasing its buyback programme by a further £10m, to a total of up to £80m.

The continued weaker market environment for early-stage investing did, however, weigh on private company valuations and quoted portfolio company share prices, which impacted our NAV per share, down 15% to 97.7pps at the end of the year (2023: 114.8pps). Accordingly, the Group took decisive action to adjust our delivery strategy, which enabled us to reduce our operating costs and ensure the Group remains appropriately sized and well positioned. Further information is set out in the financial review.

IP Group, including through its market-leading Parkwalk brand, is the UK's leading science and technology investor, having formed more than 500 science-based businesses. By starting and growing businesses driving improved health outcomes, the energy transition and the digital transformation, the Group aims to have a significant impact on some of society's biggest needs and deliver compelling financial returns for our shareholders.

Combining university relationships with deep sector experience and networks provides highly differentiated dealflow and the Directors believe the Group has a compelling portfolio, evidenced by strong commercial progress in many of our companies. In addition, the Directors are encouraged by the signs of improvement in the private technology sector following increased interest and M&A activity in the portfolio.

The Directors believe the Group, one of the largest and most experienced investors in university IP in the world, is well placed to benefit from a recovery in the market environment, given its strong liquidity position, reduced cost base and promising portfolio, with many of our portfolio companies having the potential for billion-dollar exit valuations.

Delivery against strategic priorities

As noted in the Chairman's Summary, against a challenging backdrop, the Group made good progress on achieving many of our main strategic priorities in 2024 which comprised delivering cash exits, accessing further capital for the portfolio and our managed funds and accelerating our share buyback programme.

The challenging environment impacted valuations and share prices in the period, resulting in a negative return on NAV of 17% or £207.0m (2023: negative return of 13%, £172.2m). This was driven by substantial write-downs in a number of our portfolio companies, the largest of which was a £66m fall in the value of our holding in Oxford Nanopore Technologies plc, followed by a £40m reduction in the value of our holding in First Light Fusion and a £33.8m reduction in the value of our holding in Istesso Ltd to reflect the outcome of its Phase 2b study of leramistat in rheumatoid arthritis (RA). Although the study did not meet the primary endpoint of improvements in ACR20 versus placebo, leramistat did demonstrate statistically significant reductions in the key secondary endpoint of bone erosions, as well as improvements in disability and fatigue. The performance of the Group's business units is summarised below with further detail in the Portfolio Review.

All £m unless stated	Invested	Cash proceeds	**Net portfolio gain/(loss)**	Fair value at 31 December 2024	Simple return on capital (%)
Healthier future: Life Sciences (ex ONT)	35.3	28.8	**(52.2)**	348.5	(14%)
Healthier future: ONT	1.0	1.6	**(66.3)**	106.6	(38%)
Tech-enriched future: Deeptech	8.5	148.9	**10.5**	89.4	4%
Regenerative future: Cleantech (Kiko Ventures)	15.7	0.0	**(75.1)**	215.9	(27%)
Platform investments	2.5	4.1	**(11.9)**	77.0	(13%)
Total Portfolio	**63.0**	**183.4**	**(195.0)**	**837.4**	**(17%)**

Our strategy of 'increased focus' meant that over 55% of our portfolio value is concentrated in 10 companies, and 83% in 40 companies, across the three main thematic areas where the Group has deep expertise and experience. The Group invested in 38 opportunities in 2024 comprising 18 in life sciences, 9 in deeptech and 8 in cleantech. 95% of our capital was invested into the existing portfolio, with 5% being invested into new opportunities.

Our portfolio also continues to be well-funded with over 82**%** by value of the portfolio currently funded into 2026 or beyond. In 2024, our portfolio companies successfully raised a total of £784m of which IP Group contributed £63.0m (FY23: £667m, £73.2m). Notable transactions announced in 2024 included the oversubscribed US$111m fundraise by Hysata, the largest Series B in Australian cleantech history (which was reflected in our 2023 year end valuation), the £35m raise by Genomics to accelerate the adoption of polygenetic risk scores, the £26m raise by Enterprise Therapeutics to fund its P2a clinical proof of concept trial in cystic fibrosis and the £25m Series D raise by Mission Therapeutics to progress its clinical candidates in the area of mitophagy.

Cash exits

IP Group performed strongly on cash realisations, generating £183.4m (FY23: £38.6m), the majority of which came from the sale of portfolio company Featurespace Ltd to Visa, generating £134m of cash for the Group, a return of 5.9x on the £22.9m invested. The Group received an initial £119m cash in December 2024 with the balance of £15m expected in 2025 and 2026. This transaction, which was executed at a 70% premium to our holding value at the start of the year, represents IP Group's largest ever exit. Having been the first institutional investor in Featurespace, IP Group invested a total of £22.9m over seven financing rounds, supporting the company's growth into a leader in enterprise technology for fraud and financial crime prevention.

Another key exit in the period also came from our deeptech sector with the sale of Garrison Technology Ltd, a pioneer in hardware-based cybersecurity solutions, to Everfox, a global leader in high-assurance cybersecurity, which completed in August, delivering £30m of cash. Garrison develops innovative "hardsec" technology that protects users from cyber threats such as ransomware and phishing by creating an electronic barrier between the internet and devices. IP Group supported Garrison's growth from startup to trusted provider for ultra-secure government clients, including the UK and US governments, and commercial organisations like Lloyds Banking Group and Vodafone.

Both of these transactions further validate IP Group's model and our expertise in identifying and supporting science and technology businesses to successful exits.

In life sciences, the Group sold Kynos Therapeutics Ltd to Dr. Falk Pharma GmbH, generating £9.2m of cash at a 2.4x multiple, while two quoted companies received cash offers. Intelligent Ultrasound Group plc, in which the Group has a 20.8% holding, received a cash offer from Surgical Science Sweden AB which valued the business at approximately £45.2m. As a result, IP Group received £8.8m of cash for its holding in 2025, which represented an uplift of £4.4m (100%) from the last-reported NAV at 30 June 2024.

Abliva AB, which discovers and develops medicines for the treatment of mitochondrial disease and in which the Group has a 9.5% stake, received a cash offer from Pharming Technologies BV which valued that business at approximately SEK725.3m. Following the completion of the sale in February 2025, IP Group received £5.1m total cash, representing a multiple of 1.6 times cost and an uplift in carrying value of £3.8m (292%) since the last-reported NAV at 30 June 2024.

The Group also announced in December that it had agreed the sale of minority holdings in nine portfolio companies across its balance sheet and managed funds to a new fund managed by Lexham Partners for up to approximately £15m of cash from the 6 balance sheet holdings included in the transaction. These sales are expected to be at a small overall premium to the FY23 balance sheet value.

All of these transactions have been at or above current carrying levels, validating the balanced valuation approach which underpins our reported NAV.

Accessing further capital under management

IP Group continued to focus on increasing its funds under management and we are pleased to report that the Group raised £95m of third party managed funds in 2024 and now manages or advises £678m (FY23: £650m). Approximately three-quarters of that figure, or £481m, is managed by Parkwalk, the Group's specialist EIS fund management subsidiary (FY23: £469m), including funds managed in conjunction with the universities of Oxford, Cambridge, Bristol, and Imperial College London.

Parkwalk invested £47.2m in 2024 (FY23: £45.1m) in the university spin-out sector across 38 companies (FY23: 27 companies). Again, a report from market data provider Beauhurst shows that IP Group and Parkwalk are by far the UK's leading investor in the sector. Twenty-two new companies joined the Parkwalk portfolio, one positive exit closed and a further one was announced, and two escrow releases from previous exits were distributed to underlying investors. Fourteen portfolio companies closed funding rounds at uplifts in valuation, five unchanged and ten at lower valuations than the previously held value. These companies raised c.£140m in funding this year.

Through Parkwalk, we liaised closely with UK Government including HMRC on the financial ecosystem for knowledge-intensive spin-out companies and across political parties to ensure science and innovation is at the heart of the UK Government's growth mission.

Most of our remaining funds are managed by our Australian team and we are also pleased to report that Hostplus, a top ten Australian Superannuation fund, allocated a further A$125m to the IP Group Hostplus Innovation Fund in the period, bringing the total committed to A$435m. This fund has invested in several of the Group's portfolio companies including Oxford Nanopore, Genomics, First Light Fusion, Oxa and Hysata, providing additive growth capital for companies as they scale. TelstraSuper is also investing alongside IP Group through a co-investment mandate.

The Group continues to focus on increasing funds under management and believes there is scope to further increase private capital under management this year.

Accelerated buybacks

Delivering returns for shareholders remains paramount including focusing on narrowing the discount to our NAV per share, which the Directors continue to believe significantly undervalues the potential within the Group's portfolio. We are therefore announcing today that we intend to allocate 50% of the Group's 2025 exits to our ongoing buyback programme and a further extension of this programme by £10m.

The Group aims to deliver returns to shareholders primarily in the form of long-term capital appreciation. Pursuant to the Group's capital allocation policy, a proportion of cash proceeds is reinvested and a proportion is used to deliver a cash return to shareholders. The Directors regularly consider the mechanism to be used for such cash returns and have determined that this will typically be in the form of share buybacks while the share price discount to NAV exceeds 20%. Since the introduction of this approach in 2021, the Group has delivered more than £110m of cash returns to our shareholders via dividends and share buybacks.

Since launching the £20m share buyback programme in December 2023, IP Group has extended the programme by up to an additional £60m including using 100% of the proceeds from the secondary sale noted above, and the £10m announced today, increasing the total to up to £80m.

During 2024, the Group purchased 66,110,008 shares for £29.4m and a further 19,325,177 shares for £9.2m have been purchased so far in 2025. The level of shares purchased is now approaching the level of authority approved by shareholders at the Group's 2024 AGM. As a result, the Directors are seeking a further shareholder buyback authority to ensure the Group retains sufficient flexibility to execute its current buyback programme between now and the AGM in June 2025. This authority will be sought at a General Meeting, convened for 24 April 2025, with the Notice of General Meeting being posted to shareholders today.

Optimising strategy for growth

The Group has many strengths that differentiate it from traditional venture capital firms, enabling it to deliver long-term value to investors and the companies it supports. By focusing on breakthrough innovations that are serving demand driven by global megatrends, the Group is well positioned to address some of the world's most pressing challenges. With a proven track record of nurturing transformative technologies and a mission to foster meaningful impact, our approach combines strategic investment with operational support to help early-stage businesses succeed.

As referenced in the Chairman's Summary, the Group completed a restructuring in 2024, reducing ongoing costs by £5m, or some 23%, to ensure the business is appropriately sized and well positioned. As part of this process, the Group consolidated its balance sheet investment activities under a single investment committee, led by Dr Mark Reilly, Managing Partner. The portfolios Dr Reilly has managed for the past six years have delivered strong growth and cash realisations and, in his expanded role, he will oversee the Group's balance sheet portfolio with a focus on further improving our track record.

A key differentiator for the Group is our deep partnerships with leading research institutions, predominantly through our subsidiary, Parkwalk, providing access to a pipeline of pioneering scientific research and high-potential intellectual property from institutions including the University of Oxford, the University of Cambridge, and Imperial College London. The EIS funds that are managed by Parkwalk provide a complimentary source of funding for the earliest stage opportunities and a pipeline of future investment opportunities for the Group's balance sheet. This, coupled with IP Group's access to private scale-up capital, particularly that managed for Hostplus and other Australian superannuation funds, provides a flexible approach to funding across all stages of company maturity, ensuring we can support our portfolio companies from inception through growth and scaling.

Outlook

The Directors continue to believe the Group has a compelling portfolio, evidenced by strong commercial progress in many portfolio companies. In addition, the Directors are encouraged by some signs of improvement in the private technology sector following increased interest and M&A activity in the portfolio during 2024 and signs that appetite for IPOs is starting to return. So far in 2025 we have delivered £25m of realisations and believe we have the potential to deliver over £250m of exits by the end of 2027.

IP Group also remains well positioned to benefit from government support for a number of fiscal and regulatory reforms which support our operating environment, and we believe there is scope to further increase our funds under management this year.

While the current macro environment remains challenging, the Group is appropriately sized, well financed and continues to believe it is well positioned for an improved appetite for high growth investments while remaining focused on delivering returns for shareholders.

Greg Smith
Chief Executive Officer
24 March 2025

MANAGING PARTNER'S PORTFOLIO REVIEW

Overview

IP Group invests in innovative breakthrough technologies that address the profound societal and economic shifts shaping our future. We invest across three broad themes into companies that contribute to a healthier future (life sciences), a tech-enriched future (deeptech) and a regenerative future (cleantech, through our Kiko Ventures platform). In addition, a small number of investments are categorised as platform investments, which are funds or portfolio companies that invest in other opportunities.

	As at 31 December 2024		As at 31 December 2023	
Sector	**£m**	**%**	**£m**	**%**
Healthier future: Life sciences (ex-ONT)	**348.5**	**41%**	**393.8**	**33%**
Healthier future: Life sciences (ONT)	**106.6**	**13%**	**173.6**	**15%**
Tech-enriched future: Deeptech	**89.4**	**11%**	**231.4**	**20%**
Regenerative future: Cleantech (Kiko Ventures)	**215.9**	**26%**	**275.3**	**24%**
Platform investments	**77.0**	**9%**	**90.8**	**8%**
Total portfolio	**837.4**	**100%**	**1,164.9**	**100%**

In 2024, the Group's balance sheet investment activities were consolidated with the investment team retaining exceptional expertise including the investment partners who delivered the Group's top portfolio achievements over the past several years such as Ceres Power, WaveOptics, Featurespace and Hinge Health. Combining deep scientific knowledge with commercial acumen, the team is well-positioned to deliver growth in our existing portfolio, identify transformative technologies and capitalise on emerging opportunities.

By targeting opportunities arising from the world's most significant socioeconomic megatrends such as the transition to intelligent computing, climate change, and advancements in healthcare for growing and aging populations, we aim to support the development of transformative solutions with global impact. Our portfolio companies are at the forefront of these changes, leveraging cutting-edge innovations to solve critical challenges and create sustainable value for society and investors alike.

Performance of key holdings

As detailed in the Chief Executive's Review, the Group's portfolio performed strongly in terms of cash generation from full and partial exits, the bulk of which came from the sale of two companies, Featurespace Ltd and Garrison Technology Ltd, from our deeptech portfolio with the balance from life sciences.

Despite this success on realisations, 2024 was a poor year overall for NAV performance with the portfolio recording a fair value reduction of 17%. This was driven by substantial value reductions in a handful of our most valuable holdings, the largest of which was a £66m fall in the value of our holding in Oxford Nanopore Technologies plc. Shares in Oxford Nanopore ended the year 38% lower than they started, albeit having made an appreciable recovery from the low point around mid-year.

The following table outlines the performance of the Top 10 constituents of our portfolio:

Company Name	Group Stake at 31 December 2024	Net investment/ (divestment)	Net Unrealised + Realised Fair value movement	Fair value at 31 December 2024
	%	£m	£m	£m
Oxford Nanopore Technologies plc	8.7%	(0.7)	(66.3)	106.6
Istesso Limited	56.5%[1]	10.0	(31.9)	91.9
Hysata Pty Ltd	37.0%	11.7	(4.9)[2]	76.8
Oxa Autonomy Limited	11.8%	-	(22.9)	42.7
Hinge Health, Inc.	1.7%	-	2.5	36.6
First Light Fusion Limited	27.5%	-	(39.9)	25.0
Pulmocide Limited	11.8%	3.7	0.2	23.1
Mission Therapeutics Limited	21.2%	3.7	3.0	22.5
Nexeon Limited	5.1%	-	7.5	19.4
Artios Pharma Limited	7.3%	-	0.1	17.4
Other portfolio	n/a	(149.2)	(42.4)	375.4
Total Portfolio		**(120.8)**	**(195.0)**	**837.4**

[1] Represents undiluted economic interest. Voting interest is below 50%
[2] Relates to unrealised FX loss

Despite its share price performance, Oxford Nanopore's underlying performance has remained strong with the company recently reporting underlying revenue growth of 23% for the year to £179.2m, excluding the impacts of COVID-19 sequencing and the Emirati Genome Program. Gross margin increased by 420 basis points to 57.5% (FY23: 53.3%), slightly above guidance, driven by margin improvements across the product portfolio, particularly across both PromethION Flow Cells and devices. Oxford Nanopore remains well capitalised with £403.8m in cash, cash equivalents and other liquid investments as at 31 December 2024 (FY23: £472.1m). During the second half of the year, Oxford Nanopore raised gross proceeds of £80m, which included a new £50m strategic investment from Novo Holdings A/S, a prominent international life sciences investor. This strategic partnership is expected to bolster Oxford Nanopore's position in the biopharmaceutical sector, potentially enhancing its value.

In early 2025, Istesso provided its shareholders with the outcome of its Phase 2b study of leramistat in rheumatoid arthritis (RA) which was completed in 2024. The leramistat Phase 2b study was a 12-week randomised, double-blind, placebo-controlled trial in adults with moderate-severe RA and an inadequate response to treatment with methotrexate. Although the study did not meet the primary endpoint of improvements in ACR20 versus placebo, leramistat did demonstrate statistically significant reductions in the key secondary endpoint of bone erosions, as well as improvements in disability and fatigue. Following the results and reflecting input from our external valuation adviser, we have taken the decision to reduce the carrying value by £31.9m. Further information on the valuation approach including sensitivity analysis is provided in Note 13 within the financial statements.

Istesso highlighted that these findings demonstrate leramistat's unique mechanism of action (MOA) and support further evaluation of its potential to promote adaptive tissue repair in combination with existing disease-modifying anti-rheumatic drugs (DMARDs) in RA, as well as in other chronic conditions.

Istesso also drew attention to the fact that treatment with leramistat significantly reduced or stopped the progression of bone erosions. Bone erosions are a central feature of RA and appear early in the course of the disease. Progression of bone erosions leads to bone damage and is a major driver of disability and increased mortality in people living with RA.

Istesso will publish full study results in due course and plans further Phase 2 studies to evaluate leramistat's unique potential to promote adaptive tissue repair in RA, as well as other chronic conditions. Istesso is sufficiently funded to conduct these studies.

Hysata is continuing to develop its high-efficiency electrolyser for green hydrogen production with an efficiency of 95%, significantly higher than existing commercial systems. The company announced in May 2024 that it had secured a record-breaking $111m Series B funding round, co-led by bp Ventures and Templewater, with participation from IP Group. This investment is intended to expand production capacity at Hysata's manufacturing facility in Wollongong, New South Wales, and to advance their technology towards gigawatt-scale manufacturing. In December, Hysata entered into Joint Development Agreements with POSCO Holdings and POSCO E&C to collaboratively enhance electrolyser development through material research and engineering, aiming to accelerate the commercialisation of Hysata's next-generation technology.

While Oxa had a strong year with a number of significant commercial successes, we have reduced the carrying value to reflect the contraction in comparator valuations since their last funding round in 2022 and the relative scarcity of capital compared to that period.

Our innovative nuclear energy company First Light Fusion has not yet succeeded in raising new capital but has now pivoted its business model to focus on becoming an IP-rich technology provider, leveraging its amplifier technologies for inertial confinement fusion (ICF) schemes. This approach has been supported by successful validation experiments at the Sandia National Laboratories, breaking performance records and showcasing significant potential for commercialisation. We expect the company to secure its first revenues imminently. While the company continues to pursue alternative funding options and expect to announce developments soon on that front, we have revised the valuation of our holding to reflect current status.

Aside from Oxford Nanopore, Istesso and First Light, the next largest negative movement was contributed by a write down for our holding in Ultraleap (£26.5m) which experienced commercial headwinds due to slower than expected global uptake of Extended Reality (XR) technologies, though the company recently announced a partnership to exploit the value of its extensive foundational patents that has the potential to yield substantial future value for IP Group if it is successful.

Since the year-end, portfolio company Hinge Health, which we backed from inception, filed its IPO prospectus with the US Securities and Exchange Commission. As the founding investor in Hinge Health, IP Group has a 1.8% holding in the Company, valued by the Group at £36.6m as at 31 December 2024.

Upcoming milestones

Many of the Group's "up and coming" portfolio companies, particularly in life sciences, have key developmental milestones approaching that could have a material impact on their value in the next six to eighteen months.

In life sciences, key trial results are expected from Artios over the next 12 months. Artios has a pipeline of novel cancer therapies in development that target DNA Damage Response (DDR) pathways to specifically destroy certain cancers that are difficult to treat. Artios has built a platform for developing novel inhibitors of specific DNA repair enzymes. Its lead programme (*ATR inhibitor*) is in Phase 2 for a genetic subtype of cancers (ATM negative) that is found in several solid tumours including endometrial (uterus) cancer, colorectal cancer and ovarian cancer. Initial data was reported in late 2023 (several confirmed responses, and tumour marker reductions), and full data is expected later this year or early 2026. Artios also has a second programme (*PolQ*) in Phase 1/2a with data expected in late 2026.

Iksuda, which is developing next-generation Antibody Drug Conjugates (ADCs) for difficult-to-treat cancers, has two programmes in Phase 1 which are expected to read out in the second half of the year while Enterprise Therapeutics is expected to report data from its Phase 2a trial of ETD001 for cystic fibrosis in the second half. Enterprise Therapeutics is dedicated to the research and development of novel therapies that target the underlying mechanisms of mucus congestion in the lungs (one of the main causes of difficulty in breathing and increased risk of infection in respiratory diseases such as cystic fibrosis, asthma, and chronic obstructive pulmonary disease).

Microbiotica, which has a proprietary microbiome profiling platform that allows it to identify whether specific bacterial strains have clinical benefits, is also expected to issue data from trials of its most advanced programmes (MB097 – its Immuno-Oncology Programme, and MB310 – its Ulcerative Colitis Programme) toward the end of this year/early next year.

Pulmocide, which is developing inhaled medicines for the treatment of respiratory tract infections, is expected to report data from its Phase 3 study of its lead drug opelconazole for invasive pulmonary aspergillus (IPA), a life-threatening lung infection in 2026. Opelconazole is a potent inhaled antifungal agent for the treatment of aspergillus infections of the lung in patients with asthma, cystic fibrosis or following lung transplantation.

In cleantech, portfolio company Hysata remains on course to demonstrate a 100kW hydrogen system this year which would be a key validation point in proving the capability to scale their breakthrough technology.

Investment focus areas and opportunities

Our investment team has extensive expertise across science, technology, and finance, bridging the gap between academic innovation and commercial success, creating a thriving ecosystem for high-impact businesses. The Group is also committed to impact-driven investment, with a focus on global challenges like climate change, healthcare innovation, and resource efficiency.

The team continually assesses new opportunities that have the potential to have a positive impact and deliver exceptional returns and continues to develop an exciting portfolio of companies across the three sectors we are active in.

Digital Transformation: The global "digital transformation", characterised by the comprehensive integration and relentless increase in sophistication of digital technologies in every aspect of society and business, is the most profound and pervasive megatrend shaping the future of our world. Global spending in this area is forecast to reach $3.4 trillion by 2026.

IP Group has been investing for many years in the fundamental technologies enabling this transition including artificial intelligence, future computing hardware, human-machine interfaces and next generation communication innovations. We are particularly interested in the opportunities for innovation in the compute stack presented by the changing demands of processing and storage power required for artificial intelligence to operate at the edge of the network. A good example of a rising star in this field is our portfolio company Lumai that is pioneering the use of all-optical neural networks to dramatically accelerate AI computations while reducing energy consumption, leveraging photonics technology to overcome the limitations of traditional electronic circuits. Another portfolio company, Intrinsic, is developing advanced semiconductor memory solutions that could enable faster, more efficient data processing, critical for AI applications at the network edge.

The transition to a sustainable, low-carbon economy: In the domain of reducing humanity's future reliance on fossil fuels, our cleantech investment vehicle Kiko Ventures is backing breakthrough technologies driving the transition to a sustainable, low-carbon economy. Its key focus areas include green hydrogen, energy storage, carbon capture and utilisation, resource efficiency, and decarbonisation technologies across energy, transportation, and industry. Kiko has backed up-and-coming start-ups including University of Oxford spin-outs OxCCU, which is producing sustainable fuels and chemicals by converting carbon dioxide and hydrogen into high-value products, and Mixergy, which develops smart hot water tanks.

Healthcare and digital health: Finally, in the healthcare domain we are continuing to support our therapeutics assets as they mature through clinical trial phases whilst also seeking new opportunities at the boundaries between technology and healthcare in the digital health domain, a market that is already worth $347bn worldwide. A good example in this domain is our portfolio company Oxehealth, another University of Oxford spin-out, that uses advanced video analytics to remotely measure human vital signs and activity.

Platform Investments
IP Group's Platform Investments portfolio comprises holdings in funds and companies that operate in a similar way to IP Group, most significantly our interest in our US platform, managed by Longview Innovation, Oxford Science Enterprises Limited, Cambridge Innovation Capital Limited, and the UCL Technology Fund in all of which IP Group was a founding investor. This portfolio was valued at £77.0m at 31 December 2024 (2023: £90.8m).

Having been unable to secure additional significant funding from third parties other than $0.9m which the Group invested in 2024, Longview Innovation has significantly reduced its cost base and is focused on a number of its most promising portfolio companies, resulting in a corresponding portfolio fair value reduction of £9.1m in the year (2023: £42.1m reduction).

Dr Mark Reilly
Managing Partner
24 March 2025

Other portfolio disclosures

Number of investments by sector

	As at 31 December 2024		As at 31 December 2023	
Sector	**Number**	**%**	Number	%
Healthier future: Life sciences (ex-ONT)	**29**	**36%**	32	37%
Healthier future: Life sciences (ONT)	**1**	**1%**	1	1%
Tech-enriched future: Deeptech	**27**	**33%**	32	37%
Regenerative future: Cleantech (Kiko Ventures)	**20**	**24%**	16	19%
Platform investments	**5**	**6%**	5	6%
Total number of portfolio investments [1]	**82**	**100%**	86	100%

[1] Excludes *de minimis* holdings, which have a small value to the Group and are not actively managed to the same extent as core holdings

Portfolio funding position

The following table lists information on the latest possible funding dates for portfolio companies where IP Group's investment holding value is greater than £4m, with the dates reflecting the funding position as at the date of publication.

Company name	**Fair value of Group holding at 31 December 2024 £m**	**%**
Funded to breakeven	207.6	30%
2025 H1	106.0	15%
2025 H2	23.6	3%
2026	315.5	47%
2027	34.3	5%
Total companies > £4m value	**687.0**	**100%**

Company name	Fair value of Group holding at 31 December 2024 £m	%
Companies < £4m value	76.0	
Interest in Limited Partnerships and Platforms	74.4	
Total portfolio	837.4	

FINANCIAL REVIEW

- Loss for the period of £207.0m (2023: loss of £174.4m)
- Net assets £952.5m (2023: £1,190.3m)
- Net assets per share 97.7p (2023: 114.8p)

Consolidated statement of comprehensive income

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

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Net portfolio (loss)[1]	**(195.0)**	(160.5)
Net overheads[2]	**(19.8)**	(22.5)
Foreign exchange	**2.7**	0.4
Restructuring costs - labour	**(2.4)**	–
Restructuring costs – professional	**(0.3)**	–
Administrative expenses –share-based payments charge	**(1.9)**	(2.6)
Carried interest plan and other deal incentives credit	**7.9**	4.7
Net finance income	**2.1**	4.2
Taxation	**(0.3)**	1.9
Loss for the year	**(207.0)**	(174.4)
Other comprehensive (expense) (fx on retranslation of foreign subsidiaries)	**(3.0)**	(0.4)
Total comprehensive loss for the year	**(210.0)**	(174.8)
Exclude:		
Share-based payment charge	**1.9**	2.6
Return on NAV[1]	**(208.1)**	(172.2)

[1] Defined in note 27 Alternative Performance Measures.
[2] See net overheads table below and definition in note 27 Alternative Performance Measures.

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

Fair value movements

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

	2024 £m	2023 £m
Quoted equity & debt investments	**(52.0)**	(31.8)
Private equity & debt investments	**(123.5)**	(83.8)
Investments in Limited Partnerships	**(13.1)**	(36.5)
Foreign exchange movements	**(6.4)**	(8.4)
Net portfolio losses	**(195.0)**	(160.5)

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

Gains	£m	Losses	£m
Featurespace Limited (realised gain)	56.9	Oxford Nanopore Technologies plc	(66.3)
Centessa Pharmaceuticals plc (partial realised gain)	10.3	First Light Fusion Limited	(39.9)
Nexeon Limited	7.5	Istesso Limited	(31.9)
Kynos Therapeutics Limited (realised gain)	5.7	Ultraleap Holdings Limited	(26.5)
Zihipp Limited (realised gain)	4.6	Oxa Autonomy Limited	(23.0)

Other quoted (4 companies)	5.5	Other quoted (3 companies)	(1.5)
Other private (31 companies)	22.1	Other private (39 companies)	(112.0)
Foreign exchange	1.5	Foreign exchange	(8.0)
Total	**114.1**	**Total**	**(309.1)**

Realised fair value gains

Gains on disposal of equity investments represents the difference between the fair value of consideration received and the carrying value at the start of the accounting period for the investment in question. The net portfolio loss figure above includes £63.7m realised gains, the largest of which relates to the gain on disposal of Featurespace, along with several other realised gains marked in the table above.

Net overheads

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Other income	5.5	5.9
Administrative expenses – all other expenses	(22.5)	(25.8)
Administrative expenses – annual incentive scheme	(2.2)	(2.6)
Net overheads	(19.2)	(22.5)

Other income

Other income comprises fund management fees and licensing and patent income. In 2024 other income totalled £5.5m (2023: £5.9m), a decrease from 2023 primarily due a reduction in licensing and patent income partially offset by a £0.4m increase in fund management fees on third party funds.

Other central administrative expenses including restructuring costs

Other central administrative expenses, excluding performance-based staff incentives and share-based payments charges, have decreased by £2.7m from the prior year to £22.5m (2023: £25.8m) because of reductions in non-staff cost across several expense categories following a sustained focus on cost reduction.

In the second half of the year, we completed a restructuring and reorganisation of our business, which will reduce our ongoing costs by around £5m per annum or 23% on an ongoing basis. This resulted in £2.7m restructuring charge, reflecting the costs of redundancies made and other restructuring actions taken including the closure of our Hong Kong operations.

The charge of £2.2m (2023: £2.6m) in respect of the Group's Annual Incentive Scheme, reflects a provisional assessment of performance against 2024 AIS targets which include Group, Team, and Individual performance elements as described in the Directors Remuneration Report.

Other income statement items

The share-based payments charge of £1.9m (2023: £2.6m) reflects the accounting charge for the Group's Restricted Share Plan, Long-Term Incentive Plan and Deferred Bonus Share Plan. This non-cash charge reflects the fair value of services received from employees, measured by reference to the fair value of the share-based payments at the date of award, but has no net impact on the Group's total equity or net assets.

Carried interest plan credit

The carried interest plan credit of £7.9m (2023: £4.7m credit) relates to the recalculation of liabilities under the Group's carry schemes, with the credit in the year reflecting this year's reduction in value of assets within the scheme. As at 31 December 2024, 65% by value of the Group's equity & debt investments were included within carry scheme arrangements (2023: 70%). The liabilities are calculated based upon any excess of current fair value above cost and hurdle rate of return within each scheme or vintage. Any payments will only be made following the full achievement of cost and hurdle via cash realisations and are only paid on the event of a cash realisation.

Consolidated statement of financial position

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

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Portfolio	**837.4**	1,164.9
Other non-current assets	**20.4**	10.2
Other net current assets/(liabilities)	**(4.7)**	(7.5)
Cash and deposits	**285.6**	226.9

Borrowings	**(129.1)**	(135.2)
Other non-current liabilities	**(57.1)**	(69.0)
Total Equity or Net Assets ("NAV")	**952.5**	1,190.3
NAV per share	**97.7p**	114.8p

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

Portfolio valuations

2024 saw an increase in the level of capital raised by the portfolio compared to 2023, with £784m raised (2023: £667m), with our life sciences portfolio seeing a particularly active fundraise period. Across 19 fundraises within our portfolio, 10 were "up" financing rounds (i.e. raised at a higher valuation than the previous financing rounds), 3 were "flat" rounds and 6 were "down" rounds. All 6 down rounds had already been reflected in our 2023 valuations, either reflecting our assessment of setbacks within the businesses in question leading to valuation adjustments, or due to visibility of the terms of a forthcoming early-2024 financing. The proportion of down rounds was higher than has been seen in previous years, reflecting challenging market conditions. In addition, we have reflected valuation reductions in a number of cases where valuation rounds have been delayed and which are therefore not included in the statistics below.

	Year ended 31 December 2024		**Year ended 31 December 2023**	
Analysis of priced funding rounds in private portfolio	**Number of companies**	**%**	**Number of companies**	**%**
Up round	**10**	**52%**	13	62%
Flat round	**3**	**16%**	3	14%
Down round	**6**	**32%**	5	24%
Total	**19**	**100%**	21	100%

The above table reflects priced funding rounds in the private portfolio (excluding organic and de minimis companies) and excludes debt funding and funding transactions where a subsequent tranche is drawn based on pre-agreed pricing.

The table below summarises the valuation basis for the Group's portfolio. Further details on the Group's valuation policy and approach can be found in notes 13 and 14.

	Year ended 31 December 2024 £m	**Audited Year ended 31 December 2023 £m**
Quoted	133.1	203.8
Financing transaction (<12 months)	217.8	187.9
Financing transaction (>12 months)	54.9	162.7
Other: Future market/commercial events	60.7	25.0
Other: Adjusted financing price based on past performance – upwards	35.9	99.9
Other: Adjusted financing price based on past performance – downwards	152.7	203.9
Other: Discounted cash flow ("DCF")	97.2	126.6
Other: Revenue multiple	13.1	85.4
Fair Value of Investments	**765.4**	1,095.2
Statements from LP	58.1	69.7
Assets Held for Sale	13.9	-
Total Portfolio	**837.4**	1,164.9

Within the 'other: DCF' category above, the largest individual amount relates to the Group's investment in Istesso Limited. Details of the critical estimates and valuation sensitivities in respect of this investment are included in Note 13 within the Group's accounts.

Other assets and liabilities

The majority of other long-term assets relate to amounts receivable on sale of equity and debt investments, representing deferred and contingent consideration amounts to be received in more than one year.

Other long-term liabilities relate principally to carried interest (described above), and loans from LPs of consolidated funds. The Group consolidates the assets of a fund in which it has a significant economic interest, IP Venture Fund II LP. Loans from third parties of consolidated funds represent third-party loans into this partnership. These loans are repayable only upon these funds generating sufficient realisations to repay the Limited Partners.

Borrowings

On 2 August 2022, the Group signed a Note Placing Agreement ("NPA") to issue a £120m debt private placement, primarily with Phoenix Group. The notes are repaid in £40m tranches in December in 2027, 2028 and 2029. The interest rate is fixed at an average of 5.25%.

The Group also has a £9.4m EIB debt facility which is being repaid between now and January 2026 (£6.3m of the EIB debt will be repaid within twelve months of the period end).

Under the terms of the NPA, the Group is required to maintain a minimum cash balance of £25m at any time, equity must be at least £500m and gross debt less restricted cash must not exceed 25% of total equity as at the Group's 30 June and 31 December reporting dates. The NPA also includes 'Cash Trap' provisions which stipulate that the Group is required to maintain cash and cash equivalents of no less than £50m at any time, equity must be at least £750m, and gross debt less restricted cash must not exceed 20% of total equity as at the Group's 30 June and 31 December reporting dates. In the event of the Cash Trap being triggered, the Group is not permitted to pay or declare a dividend or purchase any of its shares. In addition, investments are restricted to £2.5m per calendar quarter other than those legally committed to. The Group is also required to place the net proceeds of all cash proceeds (over a threshold of £1m) into a blocked bank account. Entering a Cash Trap does not constitute a default under the NPA.

All covenants have been met throughout the period. For further details of the Group's loans including covenant details see note 18.

Cash and deposits

At 31 December 2024, the Group's cash and deposits totalled £285.6m, an increase of £58.7m from a total of £226.9m at 31 December 2023, predominantly due to realisations of £183.4m.offset by outflows from portfolio investment of £63.0, a £25.1m net cash outflow from operations and £29.6m of share buybacks.

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

Investments and realisations

The Group invested a total of £63.0m across 38 portfolio companies during the year (2023: £73.2m; 33) and realised cash proceeds of £183.4m (2023: £38.6m).

Largest investments and realisations by portfolio company:

Investments	£m
Hysata Pty Ltd	11.7
Istesso Limited	10.0
Pulmocide Limited	3.7
Mission Therapeutics Limited	3.7
Genomics Limited	3.1
Other	30.8
Total	**63.0**

Cash realisations	£m
Featurespace Limited	118.8
Garrison Technology Limited	29.9
Centessa Pharmaceuticals plc	10.6
Kynos Therapeutics Limited	9.2
Zihipp Limited	4.4
Other	10.5
Total	**183.4**

Treasury policy

It remains the Group's policy to place cash that is surplus to near-term working capital requirements on short-term and overnight deposits with financial institutions that meet the Group's treasury policy criteria or in low-risk treasury funds rated prime or above. The Group's treasury policy is described in detail in note 3 to the Group financial statements alongside details of the credit ratings of the Group's cash and deposit counterparties.

Dividend and share buyback

In its 2023 results, the Group reiterated the Board's commitment to making regular cash returns to shareholders from realisations but announced that, in light of the prevailing discount between the Company's share price and its NAV per share, these regular cash returns will normally be made in the form of share buybacks when the share price discount to NAV exceeds 20%. As a result, no dividends were paid in the period (HY23: £7.7m, FY23: £13.0m), and instead the Group has been engaged in a buyback programme since late 2023.

During 2024, the Company purchased 45,280,605 ordinary shares (2023: 200,302 ordinary shares), with an aggregate value of £0.9m (2023: £0.2k) which were initially held in treasury prior to being cancelled in September 2024 along with a further 26,493,520 treasury shares held at the start of the year which were also cancelled at the same time. A further 20,609,101 shares with an aggregate value of £0.5m were purchased in the period September to December 2024 and immediately cancelled.

In January 2025 the Group launched a further extension by up to £40m of its buyback programme, which had been announced in December 2024. In March 2025, as part of the Group's preliminary results statement, the Group announced its intention to extend the buyback programme by a further £10m.

The Directors are seeking shareholder buyback authority at a General Meeting, convened for 24 April 2025 to ensure the Group retains sufficient flexibility to execute its current buyback programme in the intervening period leading up to the AGM in June 2025, with the Notice of General Meeting being posted to shareholders today.

Taxation

The Group's business model seeks to deliver long-term value to its stakeholders through the commercialisation of fundamental research carried out at its partner universities. To date, this has been largely achieved through the formation of, and provision of services and development capital to, spin-out companies formed around the output of such research. The Group primarily seeks to generate capital gains from its holdings in spin-out companies over the longer term but has historically made annual net operating losses from its operations from a UK tax perspective. Capital gains achieved by the Group would ordinarily be taxed upon realisation of such holdings; however, since the Group typically holds more than 10% in its portfolio companies and those companies are themselves trading, most of the portfolio will qualify for the Substantial Shareholdings Exemption ("SSE") on disposal.

This exemption provides that gains arising on the disposal of qualifying holdings are not chargeable to UK corporation tax and, as such, the Group has continued not to recognise a provision for deferred taxation in respect of uplifts in value on those equity holdings that meet the qualifying criteria. Gains arising on sales of holdings which do not qualify for SSE will ordinarily give rise to taxable profits for the Group, to the extent that these exceed the Group's ability to offset gains against current and brought forward tax losses (subject to the relevant restrictions on the use of brought-forward losses). In such cases, a deferred tax liability is recognised in respect of estimated tax amount payable.

The Group complies with relevant global initiatives including the US Foreign Account Tax Compliance Act ("FATCA") and the OECD Common Reporting Standard.

Alternative Performance Measures ("APMs")

The Group discloses alternative performance measures, such as NAV per share and Return on NAV, in this annual report. The Directors believe that these APMs assist in providing additional useful information on the underlying trends, performance, and position of the Group. Further information on APMs utilised by the Group is set out in note 27.

RISK MANAGEMENT

Managing risk: our framework for balancing risk and reward

Governance

Overall responsibility for the risk framework and definition of risk appetite rests with the Board who, through regular review of risks, ensure that risk exposure is balanced with an ability to achieve the Group's strategic objectives. The IP Group Risk Council is the executive body that operates to establish, recommend and maintain an appropriate risk management framework for the Group and to oversee the effective application of the framework across the business. The Risk Council is chaired by the CFOO, its members include the Company Secretary and Finance Director, and it has representation from operational business units as required during the year. Risk identification is carried out through a bottom-up process via operational risk registers maintained by individual teams, which are updated and reported to the Risk Council at least annually, with additional top-down input from Executive Management and with a non-executive review carried out by the Audit and Risk Committee at least annually.

Risk management process

Ranking of the Group's risks is carried out by combining a scoring of their impact and likelihood. Operational risks are aggregated into strategic risks, which identifies key themes, and ultimately informs our principal risks, which are described in the Principal Risk and Uncertainties section of this report. The operations of the Group, and the implementation of its objectives and strategy, are subject to a number of principal risks and uncertainties. Were more than one of the risks to occur together, the overall impact on the Group may be compounded.

The design and ongoing effectiveness of the key controls over the Group's principal risks are documented using a 'risk and control matrix', which includes an assessment of the design and operating effectiveness of the controls in question. The key controls over the Group's identified principal risks are reviewed as part of the Group's risk management process, by management, the Audit and Risk Committee and the Board during the year. However, the Group's risk management programme can only provide reasonable, not absolute, assurance that principal risks are managed to an acceptable level.

Risk management activity in 2024 included updating the Group's existing operational, strategic and principal risk registers, updating and testing the key controls over principal risks and conducting an assessment of the strategic risks and the appropriateness of our principal risks and discussion of emerging risks via a Board risk workshop.

Risk Council activity

During 2024, the Risk Council continued to oversee the Group's existing risk management framework, enhancing risk management and internal control processes and, in doing so, supported the Board in exercising its responsibility surrounding risk management.

During the year, one area of focus for the Risk Council was developing an implementation plan for the revised UK Corporate Governance Code, released in January 2024, which confirmed changes to UK companies' requirements in respect of the review and reporting requirements for material controls 'Provision 29 requirements', which will apply to financial years beginning on or after 1 January 2026. This included workshop sessions facilitated by PwC to agree a controls governance framework and identification of a sub-set of the Group's risks which would be considered to be material. In 2025 we will move forward with identifying a corresponding set of material controls whose operation will form the basis of the Group's Provision 29 requirements.

Other areas of focus for the Risk Council during the year included:

- Review of consolidated operational risk registers following bi-annual updates
- Monitoring the completion status of remediation points raised by our internal audit process

- Review of the results of an annual testing of the Group's key controls performed by PwC's internal audit team
- Oversight of plans to wind-up our Hong Kong operations following the decision not to proceed with a fund in this geography
- Review of materials used for a Board risk work
- Monitoring of the Group's key risk indicators
- Other procedural matters including overview of the completion status of e-learning, review of the Gorup's conflicts policy and review of gifts and hospitality as part of our anti-bribery controls.

The Risk Council was supported during the year by PwC's Internal Audit team which conducted testing work over the operating effectiveness of the Group's key controls over its principal risks and advised on the implementation of the UK Corporate Governance Code 2024 Provision 29 requirements as set out above.

Principal and emerging risks

A summary of the principal risks affecting the Group and the steps taken to manage these is set out in this section. Further discussion of the Group's approach to principal risks and uncertainties is given in the Corporate Governance Statement and in the Audit and Risk Committee Report, while further disclosure of the Group's financial risk management is set out in note 3 to the consolidated financial statements. Following the 2024 annual review process, the heatmap below describes the relative potential risks posed by each of the Group's identified principal risks ranked in terms of relative impact and relative likelihood.

Risk appetite

The Group accepts that certain risks are inherent in achieving its strategic aims, which are set out in the strategy section of the report. The Group accepts risk provided it is consistent with the Group's purpose and strategy and where it can be effectively managed and offers an appropriate trade-off between risk and reward. The Board has determined its risk appetite in relation to each of its principal risks and considered appropriate metrics to monitor performance relative to defined thresholds.

Emerging risks

The Group manages its emerging risks through a process of risk identification, including regular updates to the Group's operational risk registers and horizon scanning, combined with risk severity scoring. Emerging risk themes considered by the Group in 2024 included technological risks such as misinformation and disinformation, adverse outcomes of AI technologies and cyber insecurity as well as environmental, geopolitical, societal and economic risks. The board considered that economic risks posed the greatest risk to the Group in the longer-term and that there was an opportunity for the Group's portfolio companies to create solutions or alternatives to address emerging environmental risks.

PRINCIPAL RISKS AND UNCERTAINTIES

RISK APPETITE RATINGS:
VL = Very low
L = Low
B = Balanced
H = High
VH = Very high

01 **The Group may have insufficient capital to deliver its investment strategy**	The Group's business model relies on the recycling of capital for re-investment from realisations, with a proportion of realisations also being allocated to shareholder returns. In the longer term, other sources including debt and equity issues may be used to manage the Group's capital position. The ability of the Group to deliver realisations and raise additional funding is influenced by macroeconomic and capital market conditions.	
Link to strategy	**Actions taken by management**	**Risk appetite**
3 4 Access to sufficient capital allows the Group to deliver its investment strategy thereby delivering attractive financial returns.	• The Group has significant balance sheet capital and managed funds capital to deploy in portfolio opportunities • The Group regularly forecasts cash requirements of the portfolio to ensure that the Group's investment plans reflects currently available capital and expected realisations. • The Group ensures that sufficient cash is available to maintain headroom over debt covenants and regulatory capital requirements	**L**
Examples of risk	**Development during the year**	**Change from 2023**
• The Group may not be able to provide the necessary capital to key assets, which may affect the portfolio companies' performance or dilute future returns of the Group • The Group may not be able to realise capital from its portfolio to fund the	• Cash proceeds totalled £183.4m in 2024 • The Group's raised £95m of third party funds during 2024 • The Group continued its investor outreach exercise with the goal of raising a UK scale-up fund • We continue to maintain a close dialogue with the Group's equity and debt investors	**No Change**

01 **The Group may have insufficient capital to deliver its investment strategy**	The Group's business model relies on the recycling of capital for re-investment from realisations, with a proportion of realisations also being allocated to shareholder returns. In the longer term, other sources including debt and equity issues may be used to manage the Group's capital position. The ability of the Group to deliver realisations and raise additional funding is influenced by macroeconomic and capital market conditions.
desired level of investment activity in the portfolio	• The Group's share price continued to trade below NAV during the year • The quoted portfolio value saw a fair value reduction of £51.6m in the year

02 **It may be difficult for the Group's portfolio companies to attract sufficient capital**	Many of the Group's portfolio companies are in their development or growth phases and will fund their growth through raising additional capital from IP Group and other co-investors. The ability of portfolio companies to attract further capital is influenced by their financial and operational performance and the general economic climate and trading conditions, particularly in the UK.	
Link to strategy	**Actions taken by management**	**Risk appetite**
3 4 Access to sufficient levels of capital allows the Group's portfolio companies to invest in technology and commercial opportunities to ensure future financial returns.	• The Group maintains Board representation on the majority of its portfolio companies and monitors their funding position and plans • The Group regularly forecasts cash requirements of the portfolio and tracks those with a heightened funding risk • The Group operates a corporate finance function, which is experienced in carrying out fundraising mandates for portfolio companies • The Group maintains close relationships with a wide variety of co-investors that focus on companies at differing stages of development	**L**
Examples of risk	**Development during the year**	**Change from 2023**
• Portfolio companies may not be able to close investment rounds, reducing their ability to scale quickly and in extremis leading to company failure. • Reduced investor appetite may lead to lower valuation funding rounds, resulting in an unrealised fair value loss in the value of the Group's holding. • Lack of investor appetite for IPOs may mean that this is not a viable funding option for portfolio companies in the short to medium term.	• The Group's portfolio raised £785m in 2024, with £63.0m (c. 8%) of this funding being provided by IP Group. • IP Capital worked on 5 corporate finance engagements during the year • Excluding the Oxford Nanopore holding, the Group held board seats on 77.4% of portfolio companies valued at greater than £5m by value • Our third party funds had capital to deploy of £119.1m at year end • IP Group hosted a flagship investor event which showcased a number of the Group's portfolio companies to existing and new investors. • We continued international investor roadshows in the year in the US, UK, EU and Middle East	**No change**

03 **The returns generated by the Group's portfolio may be insufficient**	The Group's portfolio of science-based businesses has the potential to deliver outsize returns, however they are by their nature riskier than more stable, lower yielding asset classes or companies. The Group may not realise a sufficient return on its invested capital at an individual company or overall portfolio level.	
Link to strategy	**Actions taken by management**	**Risk appetite**
3 4 Insufficient investment returns reduce the Group's ability to deliver attractive returns to shareholders and may also limit the Group's ability to raise additional capital.	• The Group's employees have significant experience in sourcing, developing and growing early-stage technology companies to significant value. • There is a rigorous process for the approval of investments and divestments within a delegated authority framework. • Members of the Group's investment teams typically serve as non-executive directors to portfolio companies to help identify and remedy critical issues • The Group has portfolio company holdings across different sectors to reduce the impact of a single company failure or sector decline	**B**

03 The returns generated by the Group's portfolio may be insufficient

The Group's portfolio of science-based businesses has the potential to deliver outsize returns, however they are by their nature riskier than more stable, lower yielding asset classes or companies. The Group may not realise a sufficient return on its invested capital at an individual company or overall portfolio level.

- The Group employs a capital efficient process deploying low levels of initial capital to enable identification and mitigation of potential failures at the earliest possible stage

Examples of risk	Development during the year	Change from 2023
• Portfolio company failure directly impacts the Group's value and profitability • Concentration of value within a small numbers of companies could exacerbate the impact of any impairment or failure of one or more of these companies • The value of the Group's drug discovery and development portfolio companies may be significantly impacted by a negative clinical trial result	• We completed 5 new balance sheet investments during the year, and a further 23 within Parkwalk • Excluding the Oxford Nanopore holding, the Group held board seats on 77.4% of portfolio companies valued at greater than £5m by value • Balance sheet investment decision-making was consolidated within a single Investment Committee during the year, which we believe will aid investment decision-making compared with previous sector-specific Investment Committees.	**No Change**

04 The Group may lose key personnel or fail to attract and integrate new personnel

The industry in which the Group operates is a specialised area and the Group requires highly qualified and experienced employees. There is a risk that the Group's employees could be hired by competitors or other technology-based companies and organisations or could otherwise choose to leave the Group.

Link to strategy	Actions taken by management	Risk appetite
2 4 5 The Group's strategic objectives of developing and scaling a portfolio of compelling sciences-based businesses capable of delivering attractive financial returns on our assets is dependent on the Group's employees who work with the portfolio companies and those who support them.	• Detailed succession plan in place for all senior employees and other selected key-person dependencies • Regular compensation benchmarking carried out for all employees • Maintenance of a balanced incentive package comprising a mix of salary, benefits, performance-based long-term incentives, and benefits such as flexible working and salary sacrifice arrangements • The Group encourages employee development and progression through targeted learning and development activity, coaching and mentoring and support this through the annual appraisal process • The Group promotes an open culture of communication and provides an inspiring and challenging workplace where people are given autonomy to do their jobs. The Group is fully supportive of flexible working, empowering employees to work where and how works best to deliver against the requirements of their role • An employee forum, "IP Connect" with an appointed designated Non-executive Director to facilitate dialogue with the Board in both directions. Part of IP Connect's remit is also to support the evolution of the culture and continuous improvement of working life at the Group	**L**

Examples of risk	Development during the year	Change from 2023
Loss of key executives and employees of the Group or an inability to attract, retain and integrate appropriately skilled and experienced employees could have an adverse effect on the Group's competitive advantage, business, financial condition, operational results and future prospects	• Continued excellent employee engagement scores obtained in the year from employee engagement surveys, with eNPS marginally improving in the year to +31 (FY23 +27) which is within the 'very high' category • Continued high frequency of employee communications from Executive Directors and the Head of HR via regular virtual and in-person all-staff meetings • Reduction in the overall number of employees as part of the cost-reduction exercise allows increased focus on the needs, desires and future development of individual employees, as well as creating short-term development opportunities within the new structure • Approximately 64% of employees in place at 31 December 2024 have been with the Company for at least five years	**No Change**

05 Macroeconomic conditions may negatively impact the Group's ability to achieve its strategic objectives

Adverse macroeconomic conditions including volatility in interest rates and inflation could reduce appetite for investment within the sectors in which we operate. Geopolitical uncertainty including global conflicts may impact the cost of raw materials, changes to the labour market regulations may reduce the availability of highly skilled staff within the Gorup's portfolio, and protectionist policies may reduce trade and cross-border investment.

Link to strategy	Actions taken by management	Risk appetite
3 The Group's strategic objectives of developing a portfolio of commercially successful portfolio companies and delivering attractive financial returns on our assets and third-party funds can be materially impacted by the current macroeconomic environment.	• Senior management receive regular capital market and economic updates from the Group's capital markets team and its brokers • Regular capital allocation process and on-going monitoring against agreed budget • Regular oversight of upcoming capital requirements of portfolio from both the Group and third parties • The Group's Risk Council monitors key macroeconomic trends that may impact the Group	**H**

Examples of risk	Development during the year	Change from 2023
• The success of those portfolio companies that require significant external funding may be influenced by the market's appetite for investment in early-stage and growth companies • Of the Group's portfolio value, 17.7% is held in companies quoted on public markets and therefore subject to market price volatility	• Macroeconomic conditions improved in the year, as inflation continued to moderate in G8 countries, resulting in central banks starting to enact interest rate cuts. Annual UK CPI inflation fell from 7.3% in 2023 to 2.5% in 2025 and the UK base rate reduced from 5.25% at the start of the year to 4.75% at year end. • There remains significant uncertainty around whether inflation will persist in 2025 and result in a slower pace of central bank interest rate cuts. • Geopolitical risks including conflicts in Ukraine and the Middle East continued, with increased trade protectionism also emerging as a theme during the year • The Group has maintained significant cash reserves available for investment and as such is well placed to respond to macroeconomic uncertainty	**No Change**

06 There may be changes to, impacts from, or failure to comply with, legislation, government policy and regulation

There may be negative impacts from changes in government policy, regulation or legislation and taxation. The Group may fail to comply with legislation and regulation, leading to financial and reputational damage.

Link to strategy	Actions taken by management	Risk appetite
2 The Group's strategic objectives of creating and maintaining a portfolio of compelling opportunities to deliver attractive returns for shareholders could be materially impacted by failure to comply with, or adequately plan for, a change in legislation, government policy or regulation.	• The Group utilises professional advisors as appropriate to support its monitoring of, and response to changes in, tax, insurance or other legislation • The Group delivers regular training in areas including Bribery and Anti-Money Laundering and regulatory compliance. • The Group has internal policies and procedures to ensure its compliance with applicable regulations • The Group maintains directors and officers ("D&O") and professional indemnity insurance policies • The Group responds to public consultations and is in dialogue with UK government in policy areas such as the Enterprise Investment Scheme.	**L**

Examples of risk	Development during the year	Change from 2023
• Changes to tax legislation or the nature of the Group's activities, in particular in relation to the Substantial Shareholder Exemption, may adversely affect the Group's tax position and accordingly its value and operations	• Ongoing focus on regulatory compliance, including third-party reviews and utilisation of specialist advisors • The Group submitted a cessation notice for its Hong Kong licenses during the year as a result of the decision not to pursue fund operations in that geography.	**No Change**

06 **There may be changes to, impacts from, or failure to comply with, legislation, government policy and regulation**	There may be negative impacts from changes in government policy, regulation or legislation and taxation. The Group may fail to comply with legislation and regulation, leading to financial and reputational damage.	
• Regulatory changes or breaches could ultimately lead to withdrawal of regulatory permissions for the Group's authorised subsidiaries, resulting in loss of fund management contracts, reputational damage or fines		

07 **The Group and its portfolio companies may be subjected to cyber attacks**	A significant cyber/information security breach either within the Group or one of its portfolio companies could result in financial and reputational damage, business disruption and the loss of commercially sensitive information.	
Link to strategy	**Actions taken by management**	**Risk appetite**
2 The Group's strategic objectives of creating and maintaining a portfolio of compelling opportunities to deliver attractive returns for shareholders could be materially impacted by a serious cybersecurity breach at a corporate or portfolio company level.	• The Group reviews its data and cybersecurity processes with its external outsourced IT providers and applies the UK Government's "ten steps" framework or other national equivalents where relevant • Regular IT management reporting framework in place • Internal and third-party reviews of policies and procedures in place to ensure appropriate framework in place to safeguard data • Assessment of third-party suppliers of cloud-based and on-premises systems in use • Annual Cyber and IT training is supplemented by regular bite-sized and interactive cybersecurity training • Network and infrastructure security systems to respond to emerging threats	**L**
Examples of risk	**Development during the year**	**Change from 2023**
• The Group, or one, or a combination of, its portfolio companies could face significant fines from a data security breach • The Group or one of its portfolio companies could be subjected to a phishing attack, which could lead to invalid payments being authorised or a sensitive information leak • A malware or ransomware attack could lead to systems becoming non-functioning and impair the ability of the business to operate in the short term	• Ongoing focus on IT security and staff training • Continued programme of phishing and penetration testing • Implementation of additional cybersecurity systems to provide enhanced threat detection • Onboarded strategic level legal and external communications resource to supplement response resources to a serious cyber incident • A cyber attack simulation was undertaken in the year to rehearse the response to a serious cyber incident. The exercise revealed several strengths in IP Group plc's cybersecurity posture and incident response capabilities. The organization demonstrated robust technical protections. Incident Management Teams (IMT), including Silver IMT, were activated promptly, and communication plans were well-executed. The legal team provided critical guidance on ransom payment decisions and regulatory reporting. The organization also showed a proactive approach in reviewing access controls for all portfolio companies. • Review of key controls by the Group's internal auditors	**No Change**

08 **The Group may be negatively impacted by operational issues both from a UK central and international operations perspective**	The potential for a negative impact to the Group arising from operational issues such as business continuity and the overseas operations through non-compliance with local laws and regulations, failure to integrate overseas operations with the Group, an inability to foresee territory-specific risks and macro-events. The Group may also fail to establish effective control mechanisms, considering different working culture and environment, leading to significant senior management time requirement, distracting from core day-to-day business.	
Link to strategy	**Actions taken by management**	**Risk appetite**
2 5		

08 **The Group may be negatively impacted by operational issues both from a UK central and international operations perspective**

The potential for a negative impact to the Group arising from operational issues such as business continuity and the overseas operations through non-compliance with local laws and regulations, failure to integrate overseas operations with the Group, an inability to foresee territory-specific risks and macro-events. The Group may also fail to establish effective control mechanisms, considering different working culture and environment, leading to significant senior management time requirement, distracting from core day-to-day business.

The Group's strategy includes building a portfolio of compelling intellectual property-based companies across the UK and Australia and New Zealand. The scale of the Group's operations, including internationally represents increased importance of successful execution of its operations.

- Local legal and regulatory advisors have been engaged in the establishment phase of overseas operations. International teams typically have their own in-house legal teams and regularly report to the UK-based General Counsel
- Business continuity plans are in place for the Group and tested regularly
- Our executive recruitment function and HR are involved in senior hires for new territories. Senior international personnel include current and former UK employees, encouraging a shared culture across territories
- The risk management framework in place across each business unit has been established in each international territory and is integrated into the Group's regular risk management processes and reporting
- Third-party suppliers are used for international accounting and payroll services to reduce the risk of fraud within smaller teams

B

Examples of risk

- A legal or regulatory breach could ultimately lead to the withdrawal of regulatory permissions overseas, resulting in loss of trust management contracts, reputational damage and fines
- Divergent Group cultures may lead to difficulties in achieving the Group's strategic aims
- Senior management may spend a significant amount of time overseeing non-UK territories, which could detract from central Group strategy and operations

Development during the year

- Continued coordination of risk reporting across Australia, New Zealand and Hong Kong
- Decision taken to discontinue Hong Kong operations
- Reviewed disaster recovery plans in the year

Change from 2023

No Change

STRATEGIC PILLARS

1 Have an impact on the world that counts
2 Develop our unique insight, expertise and access
3 Accelerate value creation
4 Build a truly differentiated reputation
5 Be a home for exceptional talent

Viability statement

The Directors have carried out a robust assessment of the viability of the Group over a three-year period to December 2027, considering its strategy, its current financial position and its principal risks. The three-year period reflects the time horizon reviewed by the Board, and over which the Group places a higher degree of reliance over the forecasting assumptions used.

The strategy and associated principal risks underpin the Group's three-year financial plan and scenario testing, which the Directors review and approve at least annually. As a business which seeks to accelerate the impact of science for a better future through our portfolio companies, our business model seeks to balance cash investments, the generation of portfolio returns and portfolio realisations. The three-year plan is built using a bottom-up model using assumptions over:

- the level of portfolio investment
- the level of realisations from the portfolio (net of carried interest payments)
- the financial performance (and valuation) of the underlying portfolio companies
- the Group's drawdown and repayment of its debt
- the Group's ability to raise further capital
- the level of the Group's net overheads and

- the level of dividends and share buybacks

Of the Group's principal risks, those relating to insufficient capital (both Group and portfolio companies), insufficient investment returns, and macroeconomic conditions are deemed to be the most relevant to the Group's viability assessment due to their potential to impact the Group's liquidity position and net asset position, both of which directly impact the level of headroom over the Group's debt covenants. Other principal risks including: personnel risk; legislation, governance and regulation; cyber and IT and international operations could have an impact on the Group's performance but are less likely to have a direct impact on viability within the assessment period.

To assess the impact of the principal risks highlighted above on the prospects of the Group, the financial plan is stress-tested by modelling severe but plausible and intermediate downside scenarios where adverse impacts across the Group's principal risks relating to insufficient capital, insufficient investment returns, and macroeconomic conditions were considered as part of the review. Under the severe downside scenario, a 70% reduction in planned realisations and a 35% decline in portfolio fair values which were considered together with a series of mitigating actions, including reducing planned levels of investment.

Under these stress-testing scenarios, significant reductions to portfolio investments are made to preserve the Group's remaining cash balances. In all scenarios modelled, the Group remains solvent throughout the three-year period with no breach of debt covenants of a "cash trap period" occurring. See note 19 for further details on cash trap arrangements.

Based on this assessment, the Directors have a reasonable expectation that the Group will continue to operate and meets its liabilities, as they fall due, up to December 2027.

Strategic Report approval

The Strategic Report as set out above has been approved by the Board.

The financial information set out below has been extracted from the Annual Report and Accounts of IP Group plc for the year ended 31 December 2024 and is an abridged version of the full financial statements, not all of which are reproduced in this announcement. Directors' Responsibilities Statement The responsibility statement set out below has been reproduced from the Annual Report and Accounts, which will be published in April 2025, and relates to that document and not this announcement.

Each of the Directors confirms to the best of their knowledge:

• The Group financial statements have been prepared in accordance with UK-adopted International Financial Reporting Standards ("UK-adopted IFRS") and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group.

• The Annual Report and Accounts includes a fair review of the development and performance of the business and the financial position of the Group and the parent company, together with a description or the principal risks and uncertainties that they face.

On behalf of The Board

Sir Douglas Flint	Greg Smith
Chairman	Chief Executive Officer

24 March 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.

FOR THE YEAR ENDED 31DECEMBER 2024

	Note	2024 £m	2023 £m
Portfolio return and revenue			
Change in fair value of equity and debt investments	13	**(246.1)**	(110.9)
Gain/(loss) on disposal of equity and debt investments	15	**63.7**	(10.8)
Change in fair value of limited and limited liability partnership interests	14	**(12.6)**	(38.8)
Revenue from services and other income	4	**5.5**	5.9
		(189.5)	(154.6)
Administrative expenses			
Carried interest plan and other deal incentives credit	22	**7.9**	4.7
Share-based payment charge	21	**(1.9)**	(2.6)
Other administrative expenses	8	**(25.3)**	(28.0)
		(19.3)	(25.9)
Operating loss	7	**(208.8)**	(180.5)
Finance income		**8.8**	9.8
Finance costs		**(6.7)**	(5.6)
Loss before taxation		**(206.7)**	(176.3)
Taxation	10	**(0.3)**	1.9
Loss for the year		**(207.0)**	(174.4)
Other comprehensive income			
Items that may be subsequently reclassified to the income statement			
Exchange differences on translating foreign operations		**(3.0)**	(0.4)
Total comprehensive loss for the year		**(210.0)**	(174.8)
Attributable to:			
Equity holders of the parent		**(205.6)**	(171.3)
Non-controlling interest		**(4.4)**	(3.5)
		(210.0)	(174.8)
Loss per share			
Basic (p)	11	**(19.97)**	(16.53)
Diluted (p)	11	**(19.97)**	(16.53)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION.

AS AT 31 DECEMBER 2024

	Note	2024 £m	2023 £m
ASSETS			
Non-current assets			
Goodwill		**0.4**	0.4
Property, plant and equipment		**0.8**	1.4
Joint venture investment		**0.6**	0.6
Portfolio:			
Equity investments	13	**713.8**	1,011.5
Debt investments	13	**51.6**	83.7
Limited and limited liability partnership interests	14	**58.1**	69.7
Receivable on sale of debt and equity investments	15, 17	**18.5**	7.8
Total non-current assets		**843.8**	1,175.1
Current assets			
Assets held for sale	13	**13.9**	-
Trade and other receivables	16	**6.3**	8.2
Receivable on sale of debt and equity investments	15, 17	**1.6**	1.4
Deposits	3	**170.0**	126.0
Cash and cash equivalents	3	**115.6**	100.9
Total current assets		**307.4**	236.5
Total assets		**1,151.2**	1,411.6
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Called up share capital	20	**19.5**	21.3
Share premium account		**102.5**	102.5
Capital redemption reserve	20	1.8	–
Retained earnings		**842.2**	1,075.6
Total equity attributable to equity holders		**966.0**	1,199.4
Non-controlling interest		**(13.5)**	(9.1)
Total equity		**952.5**	1,190.3
Current liabilities			
Trade and other payables	18	**12.5**	17.1
Borrowings	19	**6.3**	6.3
Total current liabilities		**18.8**	23.4

Non-current liabilities			
Borrowings	19	**122.8**	128.9
Carried interest plan liability	22	**27.3**	38.0
Deferred tax liability	10	**4.5**	4.8
Loans from limited partners of consolidated funds	19	**19.9**	19.8
Other non-current liabilities		**5.4**	6.4
Total non-current liabilities		**179.9**	197.9
Total liabilities		**198.7**	221.3
Total equity and liabilities		**1,151.2**	1,411.6

Registered number: 04204490

The accompanying notes form an integral part of the financial statements. The financial statements were approved by the Board of Directors and authorised for issue on 24 March 2025 and were signed on its behalf by:

Greg Smith
Chief Executive Officer

David Baynes
Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS.

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 £m	2023 £m
Operating activities			
Loss before taxation for the period		**(206.7)**	(176.3)
Adjusted for:			
Change in fair value of equity and debt investments	13	**246.1**	110.9
(Gain)/Loss on disposal of equity investments	15	**(63.7)**	10.8
Change in fair value of limited and limited liability partnership interests	14	**12.6**	38.8
Carried interest plan and other deal incentives credit	22	**(7.9)**	(4.7)
Carried interest scheme payments	22	**(2.5)**	(1.3)
Share-based payment charge	21	**1.9**	2.6
Finance income		**(8.8)**	(9.8)
Finance costs		**6.7**	5.6
Depreciation of right-of-use asset, property, plant and equipment		**0.6**	0.6
Corporate finance fees settled in the form of portfolio company equity		**-**	(0.1)
Changes in working capital			
(Increase)/Decrease in trade and other receivables	16	**(0.7)**	1.3
Decrease in trade and other payables	18	**(7.3)**	(0.3)
Drawdowns from limited partners of consolidated funds		**0.1**	0.3
Other operating cash flows			
Interest received		**4.5**	3.7
Net cash outflow from operating activities		**(25.1)**	(17.9)
Investing activities			
Purchase of equity and debt investments	13	**(60.8)**	(63.4)
Investment in limited and limited liability partnership funds	14	**(2.2)**	(9.8)
Investment in joint venture		**-**	(0.6)
Interest received on deposits		**5.9**	4.1
Cash flow to deposits		**(230.0)**	(191.7)
Cash flow from deposits		**186.6**	218.4
Proceeds from sale of equity and debt investments	15	**182.2**	37.7
Distribution from limited partnership funds	14	**1.2**	0.9
Net cash inflow/(outflow) from investing activities		**82.9**	(4.4)
Financing activities			
Dividends paid	26	**-**	(13.0)
Repurchase of own shares – treasury shares	20	**(29.6)**	(0.1)

Lease principal payment		**(0.4)**	(0.5)
Interest paid		**(6.8)**	(5.5)
Repayment of EIB loan facility	19	**(6.1)**	(6.2)
Drawdown of loan facility	19	**-**	60.0
Net cash (outflow)/inflow from financing activities		**(42.9)**	34.7
Net increase in cash and cash equivalents		**14.9**	12.4
Cash and cash equivalents at the beginning of the year		**100.9**	88.7
Effect of foreign exchange rate changes		**(0.2)**	(0.2)
Cash and cash equivalents at the end of the year		**115.6**	100.9

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.

FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to equity holders of the parent						
	Share capital	Share premium[1] £m	Capital redemption reserve[5] £m	Retained earnings[2] £m	Total £m	Non-controlling interest[3] £m	Total equity £m
At 1 January 2023	**21.3**	**102.5**	–	**1,257.9**	**1,381.7**	**(5.6)**	**1,376.1**
Total comprehensive income for the period							
Loss for the year	–	–	–	(170.9)	(170.9)	(3.5)	(174.4)
Currency translation[4]	–	–	–	(0.9)	(0.9)	–	(0.9)
Total comprehensive income for the period	–	–	–	(171.8)	(171.8)	(3.5)	(175.3)
Transactions with owners, recorded directly in equity							
Purchase of treasury shares[5]	–	–	–	(0.1)	(0.1)	–	(0.1)
Equity-settled share-based payments[6]	–	–	–	2.6	2.6	–	2.6
Ordinary dividends[7]	–	–	–	(13.0)	(13.0)	–	(13.0)
Total contributions by and distributions to owners	–	–	–	(10.5)	(10.5)	–	(10.5)
At 1 January 2024	**21.3**	**102.5**	–	**1,075.6**	**1,199.4**	**(9.1)**	**1,190.3**
Total comprehensive income for the period							
Loss for the year	–	–	–	(202.6)	(202.6)	(4.4)	(207.0)
Currency translation[4]	–	–	–	(3.1)	(3.1)	–	(3.1)
Total comprehensive income for the period	–	–	–	(205.7)	(205.7)	(4.4)	(210.1)
Transactions with owners, recorded directly in equity							
Purchase of treasury shares[5]	(1.8)	–	1.8	(29.6)	(29.6)	–	(29.6)
Equity-settled share-based payments[6]	–	–	–	1.9	1.9	–	1.9
Ordinary dividends[7]	–	–	–	–	–	–	–
Total contributions by and distributions to owners	(1.8)	–	1.8	(27.7)	(27.7)	–	(27.7)
At 31 December 2024	**19.5**	**102.5**	1.8	**842.2**	**966.0**	**(13.5)**	**952.5**

1 Share premium – Amount subscribed for share capital in excess of nominal value, net of directly attributable issue costs.

2 Retained earnings – Cumulative net gains and losses recognised in the consolidated statement of comprehensive income net of associated share-based payments credits and distributions to shareholders.

3 Non-controlling interest – Share of losses attributable to the Limited Partners of IP Venture Fund II LP.

4 Currency translation – Reflects currency translation differences on reserves non-GBP functional currency subsidiaries. Exchange differences on translating foreign operations are presented before tax.

5 Purchase of treasury shares – during 2024, the Company purchased 45,280,605 ordinary shares (2023: 200,302 ordinary shares), with an aggregate value of £0.9m (2023: £0.1k) which were initially held in treasury. These were subsequently used to settle employee share based payments of 4,481,489 prior to the remainder being cancelled in September 2024 along with a further 26,493,520 treasury shares held at the start of the year which were also cancelled at the same time. A further 20,609,101 shares with an aggregate value of £0.5m were purchased in the period September to December 2024 and immediately cancelled. The nominal value of the cancelled treasury share has been added to the Capital redemption reserve.

6 Equity-settled share-based payments – amounts recognised in respect of the Group's share-based payments schemes recognised as a subsidiary investment in the Company accounts with a corresponding entry against equity.

7 Ordinary dividends – there were no dividends paid in 2024 (2023: £13.0m total; £13.0m cash). No new shares were issued in respect of the scrip dividend (2023: no shares issued).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

1. Basis of preparation

A) Basis of preparation

The Annual Report and Accounts of IP Group plc ("IP Group" or the "Company") and its subsidiary companies (together, the "Group") are for the year ended 31 December 2024. The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The Group financial statements have been prepared and approved by the directors in accordance with UK–adopted international accounting standards ("UK–adopted IFRS").

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in the most appropriate selection of the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

The financial statements are prepared on a historic cost bases except that the following assets and liabilities are stated at their fair value.

Going concern

The financial statements are prepared on a going concern basis. The directors have completed a detailed financial forecast alongside severe but plausible scenario–based downside stress–testing, including the impact of declining portfolio values and a reduced ability to generate portfolio realisations.

At the balance sheet date, the Group had cash and deposits of £285.6m, providing liquidity for around three years' operating expenses and portfolio investment at recent levels, and scheduled debt repayments. Furthermore, the Group has a portfolio of investments valued at around £0.9bn, which is anticipated to provide further liquidity over the forecast period. Accordingly, our forecasting indicates that the Group and it's parent company has adequate resources to enable it to meet its obligations including its debt covenants and to continue in operational existence for at least the next twelve months from the approval date of the accounts. For further details see the Group's viability statement above.

Changes in accounting policies

(i) New standards, interpretations and amendments effective from 1 January 2024

No new standards, interpretations and amendments effective in the year have had a material effect on the Group's financial statements.

(ii) New standards, interpretations and amendments not yet effective

No new standards, interpretations and amendments not yet effective are expected to have a material effect on the Group's future financial statements.

The impact of the following is under assessment: IFRS 18 'Primary financial statements', which will become effective in the consolidated Group financial statements for the financial year ending 31 December 2027, subject to UK endorsement.

B) Basis of consolidation

IFRS 10 Investment Entity Exemption

IFRS 10 defines an investment entity as one which:

a. Obtains funds from one or more investors for the purpose of providing those investors with investment management services

b. Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both

c. Measures and evaluates the performance of substantially all of its investments on a fair value basis

We believe that IP Group plc does not meet this definition of an investment entity with the key factors behind this conclusion being:

- the absence of specific exit strategies for early–stage assets (indicating condition (b) above is not satisfied)
- the ability to hold investments indefinitely (indicating condition (b) above is not satisfied)
- the flexibility to explore the direct commercialisation of intellectual property within the Group if that is determined to be the most attractive means of generating value for shareholders. (indicating condition (a) above is not satisfied)

Accordingly, we have applied IFRS 10 consolidation principles for each group of entities as follows:

(i) Subsidiaries

Where the Group has control over an entity, it is classified as a subsidiary. Typically, the Group owns a non–controlling interest in its portfolio companies; however, in certain circumstances, the Group takes a controlling interest and hence categorises the portfolio company as a subsidiary. As per IFRS 10, an entity is classed as under the control of the Group when all three of the following elements are present: power over the entity; exposure to variable returns from the entity; and the ability of the Group to use its power to affect those variable returns.

In situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights, it is considered that de facto control exists. In determining whether de facto control exists the Group considers the relevant facts and circumstances, including:

- The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- Substantive potential voting rights held by the Company and by other parties;
- Other contractual arrangements; and
- Historic patterns in voting attendance.

In assessing the IFRS 10 control criteria in respect of the Group's private portfolio companies, direction of the relevant activities of the company is usually considered to be exercised by the company's board, therefore the key control consideration is whether the Group currently has a majority of board seats on a given company's board, or is able to obtain a majority of board seats via the exercise of its voting rights. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the Company and its subsidiaries as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full. The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets and liabilities are initially recognised at their fair values at the acquisition date. Contingent liabilities dependent on the disposed value of an associated investment are only recognised when the fair value is above the associated threshold. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are consolidated until the date on which control ceases.

(ii) Associates/portfolio companies

The majority of the Group's portfolio companies are deemed to be Associates, as the Group has significant influence (generally accompanied by a shareholding of between 20% and 50% of the voting rights) but not control. A small number of the Group's portfolio companies are controlled and hence consolidated, as per section (i) above.

As permitted under IAS 28, the Group elects to hold investments in Associates at fair value through profit and loss in accordance with IFRS 9. This treatment is specified by IAS 28 Investment in Associates and Joint Ventures, which permits investments held by a venture capital organisation or similar entity to be excluded from its measurement methodology requirements where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with IFRS 9 Financial Instruments. Therefore, no associates are presented on the consolidated statement of financial position.

Changes in fair value of associates are recognised in profit or loss in the period of the change. The Group has no interests in Associates through which it carries on its operating business. During 2023, the Group made a £0.6m investment into a Joint Venture established in preparation for potential fund operations in China. Joint ventures are held at fair value with any change in value recognised through the income statement.

The disclosures required by Section 409 of the Companies Act 2006 for associated undertakings are included in note 13 of the Company financial statements. Similarly, those investments which may not have qualified as an Associate but fall within the wider scope of significant holdings and so are subject to Section 409 disclosures of the Companies Act 2006 are included in note 11 of the Company financial statements.

(iii) Limited Partnerships and Limited Liability Partnerships ("Limited Partnerships")

a) Consolidated Limited Partnership fund holdings

The Group has a holding in the following Limited Partnership fund, which it determines that it controls and hence consolidates on a line by line basis:

Name	Interest in Limited partnership %
IP Venture Fund II LP ("IPVFII")	33.3

In order to determine whether the Group controls the above funds, it has considered the IFRS 10 control model and related application guidance. In respect of IPVFII, the Group has power via its role as fund manager of the partnership, and exposure to variable returns via its 33.3% ownership interest, resulting in the conclusion that the Group controls and hence consolidates the fund.

b) Other non-consolidated Limited Partnership fund holdings

In addition to Limited Partnerships where Group entities act as general partner and investment manager, the Group has interests in three further entities which are managed by third parties:

Name	Interest in Limited partnership %
IPG Cayman LP	58.1
UCL Technology Fund LP ("UCL Fund")	46.4
Technikos LLP ("Technikos")	17.8

The rationale for IPG Cayman LP's categorisation as a non-consolidated fund is considered a significant accounting judgment and is set out in note 2.

The Group has a 46.4% interest in the total capital commitments of the UCL Fund. The Group has committed £24.8m to the fund alongside the European Investment Fund ("EIF"), University College London and other investors. Participation in the UCL Fund provides the Group with the opportunity to generate financial returns and visibility of potential intellectual property from across University College London's research base.

The Group has an 17.8% interest in the total capital commitments of Technikos, a fund with an exclusive pipeline agreement with Oxford University's Institute of Biomedical Engineering.

See note 25 for disclosure of outstanding commitments in respect of Limited Partnerships.

iv) Other third-party funds under management

In addition to the Limited Partnership fund IPVFII, described above, the Group also manages other third-party funds, including within its Parkwalk Advisors business unit, and on behalf of Australian superannuation fund Hostplus. In both cases, the Group has no direct beneficial interest in the assets being managed, and its sole exposure to variable returns relates to management fees and performance fees payable on exits above a specified hurdle. As a result, the Group is not deemed to control these managed assets under IFRS10 and they are not consolidated.

v) Non–controlling interests

The total comprehensive income, assets and liabilities of non–wholly owned entities are attributed to owners of the parent and to the non–controlling interests in proportion to their relative ownership interests.

vi) Business combinations

The Group accounts for business combinations using the acquisition method from the date that control is transferred to the Group (see (i) Subsidiaries above). Both the identifiable net assets and the consideration transferred in the acquisition are measured at fair value at the date of acquisition and transaction costs are expensed as incurred. Goodwill arising on acquisitions is tested at least annually for impairment. In instances where the Group owns a non–controlling stake prior to acquisition the step acquisition method is applied, and any gain or losses on the fair value of the pre–acquisition holding is recognised in the consolidated statement of comprehensive income.

C) Other accounting policies

Regulated capital

Top Technology Ventures Limited and Parkwalk Advisors Ltd, are Group subsidiaries which are subject to external capital requirements imposed by the Financial Conduct Authority ("FCA"). Similarly, the Group's subsidiary in Hong Kong IP Group Greater China Services Limited is subject to external capital requirements imposed by the Securities and Futures Commission of Hong Kong ("SFC"). As such these entities must ensure that they have sufficient capital to satisfy their respective requirements. The Group ensures it remains compliant with these requirements as described in their respective financial statements.

Cash flow statement classification of portfolio investments

Cash flow relating to portfolio investments have been presented as investing cash flows as opposed to cash flows from operating activities. Management considers this to be an appropriate classification reflecting the fact that these cashflows are allocated towards resources intended to generate future income and cash flows, in line with the definition of investing activities within IAS 7.

2. Significant accounting estimates and judgements

The Directors have made the following judgements and estimates that have had the most significant effect on the carrying amounts of the assets and liabilities in the consolidated financial statements. 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. The estimates and assumptions which have the most significant effects on the carrying amounts of the assets and liabilities in the financial statements are discussed below.

(i) Valuation of unquoted equity and debt investments and limited partnership interests (significant estimate)

The Group's accounting policy in respect of the valuation of unquoted equity and debt investments is set out in note 13, and in respect of limited partnership interests in note 14. In applying this policy, the key areas over which judgement are exercised include:

- Consideration of whether a funding round is at arm's length and therefore representative of fair value.
- The relevance of the price of recent investment as an input to fair value, which typically becomes more subjective as the time elapsed between the recent investment date and the balance sheet date increases.
- In the case of companies with complex capital structures, the appropriate methodology for assigning value to different classes of equity based on their differing economic rights.
- Where an upwards or downwards calibration adjustment to a funding transaction valuation to reflect positive or negative developments within the company in question, the size of the adjustment made.
- Where using valuation methods such as discounted cash flows or revenue multiples, the assumptions around inputs including the drug development timeline, probability of clinical trial success, the selection of relevant comparable deal sizes, the probability of securing a pharmaceutical partner, drug sales profiles, royalty rates, discount rates and drug development costs
- Where valuations are based on future events such as sales processes or future funding rounds, the appropriate level of execution risk to be applied to the anticipated event when assessing its valuation impact as at the balance sheet date.
- Debt investments typically represent convertible debt; in such cases judgement is exercised in respect of the estimated equity value received on conversion of the loan.
- For limited partnership investments, the above considerations are applied to the fund in question's equity and debt investments in determining whether the fund manager's Net Asset Value statement values are appropriate.

Valuations are based on management's judgement after consideration of the above and upon available information believed to be reliable, which may be affected by conditions in the financial markets. Due to the inherent uncertainty of the investment valuations, the estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material. Note 13 provides disclosure details on sensitivity and estimation uncertainty.

Critical estimates in respect of the Group's investment in Istesso Limited, including DCF model assumptions in respect of the Phase 2b success rates, selected pharma partner deal size, pharma partnership probability and royalty rates including sensitivity disclosures in respect of these estimates are disclosed in Note 13.

(ii) Application of IFRS 10 in respect of Istesso Limited and IPG Cayman LP (significant judgement)

The judgments in respect of non-consolidation of Istesso Limited and IPG Cayman LP remain unchanged from the conclusion of our assessment in the prior year, and there have been no material changes in the facts and circumstances during the year. The specific considerations in respect of Istesso Limited and IPG Cayman LP are set out below:

Istesso Limited

In respect of Istesso Limited, although the Group has a 56.5% undiluted economic interest in the company, the Group holds a significant proportion of its equity via non–voting shares resulting in it holding less than 50% of the voting rights at the company. Under Istesso's Articles of Association, strategic and day-to-day decisions over running of the business rest with Istesso's board of directors rather than through shareholder voting rights attached to direct ownership of equity interests held in the entity. In this respect, power over Istesso is exercised predominantly through directors' meetings, on which IP Group is not deemed to have majority representation. As such, the relationship between Istesso and IP Group is designed in such a way that "shareholder" voting rights are not the dominant factor in deciding who directs the investee's relevant activities, but it is the directors who do so. IP Group does not control the board of Istesso Limited via a majority of board directors, and is specifically prevented from appointing additional directors to gain control of the board via restrictions in Istesso's Articles of Association.

During the year, the Group advanced a further £10m convertible loan to Istesso Limited, being the second tranche of a total £23.5m convertible loan which was legally committed in 2023 and whose drawdown therefore did not have any additional substantive impact. This was in addition to a £10m convertible loan which was provided in 2022. The terms of the loans contain specific provisions preventing their conversion where this would result in IP Group obtaining control of Istesso.

Based on an updated control assessment, including considerations around whether IP Group has 'de facto' control of Istesso including inter alia the number of voting shares held by the Group and its connected parties and the dispersion of other parties' voting rights, we have concluded that the Group does not control Istesso Limited under IFRS 10.

Had the directors concluded that consolidation in the current year was appropriate, the impact on the Group Balance Sheet would have been to recognise Istesso Limited's assets and liabilities and to recognise additional intangible assets including goodwill based on the fair value of the company at acquisition. The impact on the Group Income Statement would have been the recognition of Istesso Limited's costs from the point of acquisition. Furthermore, any subsequent fair value movements in the debt and equity of Istesso Limited would not be recognised until the point where IP Group was no longer deemed to control Istesso Limited.

IPG Cayman LP

The Group's US portfolio is held via a limited partnership fund, IPG Cayman LP, which was set up in 2018 to facilitate third-party investment into this portfolio. The fund is managed by Longview Innovations Inc., formerly an operating subsidiary of the Group. Prior to 2021, the Group was judged to control both IPG Cayman LP and Longview innovations Inc. under IFRS 10 and hence both entities were consolidated.

In 2021, several events took place which caused us to reassess the Group's control of both entities:

- IPG Cayman LP raised additional third–party funds in the first half of 2021, which reduced the Group's stake in the fund from 80.7% to 58.1% and revised the fund's Limited Partnership Agreement to reduced the Group's rights to replace the fund manager.
- Investors in the 2021 IPG Cayman LP funding round hold a 5 year option to subscribe additional funds which, if exercised, would result in IP Group holding less than 50% in the fund.
- In November 2021 the Group disposed of its equity in IPG Cayman LP's fund manager, Longview Innovations Inc. and hence no longer controls the fund manager.

As a result of these changes, our control assessment concluded that Longview Innovations Inc, is acting as an agent on behalf of all investors in the Cayman LP and not solely IPG plc, therefore the Group no longer controls IPG Cayman LP. The Group therefore ceased to consolidate it from November 2021.

Arriving at this conclusion required the application of judgement, most significantly in assessing the application guidance contained in IFRS 10 B19 which suggests that in some instances a special relationship may exist (such as the fact that we remain the largest individual investor in the fund), implying that an investor has a more than passive interest in the investee. Having considered this guidance we have concluded that on balance the Group does not have power over IPG Cayman LP and hence does not control it.

During 2024, the Group advanced $0.9m into IPG Cayman LP via a Simple Agreement for Future Equity ("SAFE"). This was in addition to a $10m SAFE investment made in 2023. The terms of these SAFEs were such that they did not confer any additional substantive rights to the Group in the normal course of business and as a result did not change the consolidation conclusion in respect of IPG Cayman LP.

3. Financial risk management

As set out in the principal risks and uncertainties section above, the Group is exposed, through its normal operations, to a number of financial risks, the most significant of which are market, liquidity and credit risks.

In general, risk management is carried out throughout the Group under policies approved by the Board of Directors. The following further describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

A) Market risk

(i) Price risk

The Group is exposed to equity securities price risk as a result of the equity and debt investments, and investments in Limited Partnerships held by the Group and recognised as at fair value through profit or loss.

The Group mitigates this risk by having established investment appraisal processes and asset monitoring procedures which are subject to overall review by the Board.

The Group holds nine investments valued at £140m at 31 December 2024 which are publicly traded (2023: ten investments; £203.8m), and the remainder of its investments are not traded on an active market.

The net portfolio loss in 2024 of £195.0m represents a 17% decrease against the opening balance (2023: loss of 160.5m; 13% decrease). Sensitivity analysis showing the impact of movements in quoted equity and debt investments is disclosed in note 13, and movements in Limited and Limited Liability interests is shown in note 14.

(ii) Foreign exchange risk

The Group's main exposure to foreign currency risk is via its investment portfolio, which is partially denominated in US dollars, Australian dollars, Euros and Swedish Krona. Further details of currency exposure in the portfolio are given in notes 13 and 14.

The Group's US dollar-denominated proceeds included in deferred consideration at December 2024 was £2.5m (2023: £9.4m).

The Group periodically enters into forward foreign exchange contracts to mitigate risk of exchange rate exposure in respect of non GBP-denominated proceeds. As at 31 December 2024 there were no contract forward foreign exchange contracts outstanding.

(iii) Interest rate risk

The Group holds a debt facility with the European Investment Bank and a loan note facility primarily with Phoenix Group with the overall balance as at 31 December 2024 amounting to £129.4m (excluding setup costs). These loans all bear a fixed rate of interest, with the annual average interest rate being 5.09% (2023: 4.99%).

For further details of the Group's loans including covenant details see note 19.

The other primary impact of interest rate risk to the Group is the impact on the income and operating cash flows as a result of the interest–bearing deposits and cash and cash equivalents held by the Group.

(iv) Concentrations of risk

The Group is exposed to concentration risk via the significant majority of the portfolio being UK–based companies and thus potentially impacted by the performance of the UK economy. In recent years, the Group has decreased the scale of its operations in the US as a result of the dilution of its holding in IPG Cayman LP. The group has, however, increased the scale of its operations in Australia as a result of additional investment in this geography and portfolio value gains.

The Group mitigates Market risk, in co–ordination with liquidity risk, by managing its proportion of fixed to floating rate financial assets. The table below summarises the interest rate profile of the Group.

	2024				**2023**			
	Fixed rate	**Floating rate**	**Interest free**	**Total**	**Fixed rate**	**Floating rate**	**Interest free**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Financial assets								
Equity investments	–	–	713.8	713.8	–	–	1,011.5	1,011.5
Debt investments	–	–	51.6	51.6	–	–	83.7	83.7
Limited and limited liability partnership interests	–	–	58.1	58.1	–	–	69.7	69.7
Assets held for sale	–	–	13.9	13.9	–	–	–	–
Trade receivables	–	–	0.7	0.7	–	–	0.6	0.6
Other receivables	–	–	5.6	5.6	–	–	7.6	7.6
Receivable on sale of debt and equity investments	–	–	20.1	20.1	–	–	9.2	9.2
Deposits	170.0	–	–	170.0	126.0	–	–	126.0
Cash and cash equivalents	10.8	104.4	0.40	115.6	16.8	83.9	0.2	100.9
Total	**180.8**	**104.4**	**864.2**	**1,149.4**	142.8	83.9	1,182.5	1,409.2
Financial liabilities								
Trade payables	–	–	(0.3)	(0.3)	–	–	(0.5)	(0.5)
Other accruals and deferred income	–	–	(12.2)	(12.2)	–	–	(16.5)	(16.5)
Borrowings	(129.1)	–	–	(129.1)	(135.2)	–	–	(135.2)
Carried interest plan liability	–	–	(27.3)	(27.3)	–	–	(38.0)	(38.0)
Deferred tax liability	–	–	(4.5)	(4.5)	–	–	(4.8)	(4.8)
Loans from Limited Partners of consolidated funds	–	–	(19.9)	(19.9)	–	–	(19.8)	(19.8)
Other non-current liabilities	–	–	(5.4)	(5.4)	–	–	(6.4)	(6.4)
Total	**(129.1)**	**–**	**(69.6)**	**(198.7)**	(135.2)	–	(86.0)	(221.2)

At 31 December 2024, if interest rates had been 1% higher/lower, post-tax loss for the year, and other components of equity, would have been £1.8m (2023: £2.2m) higher/lower as a result of higher interest received on cash and deposits.

B) Liquidity risk

The Group seeks to manage liquidity risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group's treasury management policy asserts that no more than 60% of the Group's cash and cash equivalents will be placed in fixed-term deposits with a holding period greater than three months at any one point in time. Accordingly, the Group only invests working capital in short-term instruments issued by a pre-approved list of reputable counterparties. The Group continually monitors rolling cash flow forecasts to ensure sufficient cash is available for anticipated cash requirements.

C) Credit risk

The Group's credit risk is primarily attributable to its deposits, cash and cash equivalents, debt investments and trade receivables. The Group seeks to mitigate its credit risk on cash and cash equivalents by making short-term deposits with counterparties, or by investing in treasury funds with an "AAA" credit rating or above managed by institutions. Short-term deposit counterparties are required to have where applicable, a prime short-term credit rating at the time of investment (ratings are generally determined by Moody's or Standard & Poor's). Moody's prime credit ratings of "P1", "P2" and "P3" indicate respectively that the rating agency considers the counterparty to have a "superior", "strong" or "acceptable" ability to repay short-term debt obligations (generally defined as having an original maturity not exceeding 13 months). An analysis of the Group's deposits and cash and cash equivalents balance analysed by credit rating as at the reporting date is shown in the table opposite. All other financial assets are unrated.

Credit rating	**2024**	**2023**
	£m	**£m**
P1	206.9	158.9
AAAMMF[1]	78.6	66.7
Other[2]	0.1	1.3
Total deposits and cash and cash equivalents	285.6	226.9

1 The Group holds £78.6m (2023: £66.7m) with JP Morgan GBP liquidity fund, which has a AAAMMF credit rating with Fitch.

2 The Group holds £0.1m (2023: £1.3m) with Arbuthnot Latham, a private bank with no debt in issue and, accordingly, on which a credit rating is not applicable. Bloomberg assess Arbuthnot Latham's 1-year default probability at 0.021279% (2023: 0.020408%).

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group has detailed policies and strategies which seek to minimise these associated risks including defining maximum counterparty exposure limits for term deposits based on their perceived financial strength at the commencement of the deposit. The single counterparty limit for fixed term deposits in excess of 3 months at 31 December 2024 was the greater of 60% of total group cash or £50m (2023: 60%; £50m). In addition, no single institution may hold more than the higher of 50% of total cash or £50m. (2023: 50%; £50m).

The group's exposure to credit risk on debt investments is managed in a similar way to equity security price risk, as described above, through the Group's investment appraisal processes and asset monitoring procedures which are subject to overall review by the Board. The maximum exposure to credit risk for debt investments, receivables and other financial assets is represented by their carrying amount.

4. Revenue from services and other income

Accounting Policy:

Revenue from services and other income is generated primarily from within the United Kingdom and is stated exclusive of value added tax, with further revenue generated in the Group's Australian operations. Revenue is recognised when the Group satisfies its performance obligations, in line with IFRS 15. Revenue breakdown and disclosure requirements under IFRS 15 have not been presented as they are considered immaterial. Revenue from services and other income comprises:

Fund management services

Fund management fees include:

- fund management fees which are earned either as a fixed percentage of total funds under management or a fixed percentage of capital subscribed, and are recognised as the related services are provided and
- performance fees payable from realisations in excess of an agreed return to investors which are recognised upon realisation of assets.

Licence and royalty income

The Group's Intellectual Property licences typically constitute separate performance obligations, being separate from other promised goods or services. Revenue is recognised in line with the performance obligations included in the licence, which can include sales-based, usage-based or milestone-based royalties.

Advisory and corporate finance fees

Fees earned from the provision of business support services including executive search services and fees for IP Group representation on portfolio company boards are recognised as the related services are provided. Corporate finance advisory fees are generally earned as a fixed percentage of total funds raised and recognised at the time the related transaction is successfully concluded. In some instances, these fees are settled via the issue of equity in the company receiving the corporate finance services at the same price per share as equity issued as part of the financing round to which the advisory fees apply.

Revenue from services is derived from the provision of advisory and venture capital fund management services or from licensing activities, royalty revenues and patent cost recoveries.

5. Operating segments

For both the year ended 31 December 2024 and the year ended 31 December 2023, 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 five operating segments:

i. Venture Capital investing within our 'Healthier future' thematic area
ii. Venture Capital investing within our 'Tech-enriched future' thematic area
iii. Venture Capital investing within our 'Regenerative future' thematic area
iv. Venture Capital investing: Other, representing investments not included within our three thematic areas above, including platform investments
v. the management of third-party funds and the provision of corporate finance advice

Reporting line items within Venture Capital investing which are not allocated by thematic sector are presented in the 'Venture Capital investing: other' segment. The element of our 'Healthier future' thematic area relating to Oxford Nanopore Technologies Limited is disclosed separately given its size.

These activities are described in further detail in the strategic report above.

Year ended 31 December 2024

STATEMENT OF COMPREHENSIVE INCOME	**Venture capital investing: Healthier future**	***Of which Oxford Nanopore***	**Venture capital investing: Tech-enriched future**	**Venture capital investing: Regenerative future**	**Venture capital investing: Other**	**Venture capital investing: Total**	**Third-party fund management**	**Consolidated**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Portfolio return and revenue								
Change in fair value of equity and debt investments	**(126.0)**	**(65.6)**	**(45.6)**	**(75.1)**	**0.6**	**(246.1)**	**-**	**(246.1)**
(Loss)/gain on disposal of equity and debt investments	**7.5**	**(0.7)**	**56.1**	**-**	**0.1**	**63.7**	**-**	**63.7**
Change in fair value of limited and limited liability partnership interests					**(12.6)**	**(12.6)**	**-**	**(12.6)**
Revenue from services and other income					**0.3**	**0.3**	**5.2**	**5.5**
	(118.5)	**(66.3)**	**10.5**	**(75.1)**	**(11.6)**	**(194.7)**	**5.2**	**(189.5)**
Administrative expenses[1]								
Carried interest plan credit [1]					7.9	7.9	-	7.9
Share-based payment charge[1]					(1.6)	(1.6)	(0.3)	(1.9)

Year ended 31 December 2024

STATEMENT OF COMPREHENSIVE INCOME	Venture capital investing: Healthier future	*Of which Oxford Nanopore*	Venture capital investing: Tech-enriched future	Venture capital investing: Regenerative future	Venture capital investing: Other	Venture capital investing: Total	Third-party fund management	Consolidated
	£m	£m	£m	£m	£m	£m	£m	£m
Other administrative expenses[1]					(19.8)	(19.8)	(5.5)	(25.3)
					(13.5)	(13.5)	(5.8)	(19.3)
Operating loss	(118.5)	(66.3)	10.5	(75.1)	(25.1)	(208.2)	(0.6)	(208.8)
Finance income[1]					8.1	8.1	0.7	8.8
Finance costs[1]					(6.7)	(6.7)	-	(6.7)
Loss before taxation	(118.5)	(66.3)	10.5	(75.1)	(23.7)	(206.8)	0.1	(206.7)
Taxation[1]					(0.3)	(0.3)	-	(0.3)
Loss for the year	(118.5)	(66.3)	10.5	(75.1)	(24.0)	(207.1)	0.1	(207.0)

STATEMENT OF FINANCIAL POSITION								
Assets	**463.1**	**106.6**	**101.1**	**215.9**	**352.0**	**1,132.1**	**19.1**	**1,151.2**
Liabilities[1]					(191.8)	(191.8)	(6.9)	(198.7)
Net Assets	**463.1**	**106.6**	**101.1**	**215.9**	160.2	940.3	12.2	952.5
Other segment items								
Portfolio Investment	**(36.3)**	**(1.0)**	**(8.5)**	**(15.7)**	**(2.5)**	**(63.0)**	**-**	**(63.0)**
Cash proceeds	**30.4**	**1.6**	**148.9**	**-**	**4.1**	**183.4**	**-**	**183.4**

Year ended 31 December 2023

STATEMENT OF COMPREHENSIVE INCOME	Venture capital investing: Healthier future	*Of which Oxford Nanopore*	Venture capital investing: Tech-enriched future	Venture capital investing: Regenerative future	Venture capital investing: Other	Venture capital investing: Total	Third-party fund management	Consolidated
	£m	£m	£m	£m	£m	£m	£m	£m
Portfolio return and revenue								
Change in fair value of equity and debt investments	(92.9)	*(31.9)*	(7.0)	(8.7)	(2.3)	(110.9)	–	(110.9)
(Loss)/gain on disposal of equity and debt investments	(12.9)	–	2.1	–	–	(10.8)	–	(10.8)
Change in fair value of limited and limited liability partnership interests					(38.8)	(38.8)	–	(38.8)

Year ended 31 December 2023

STATEMENT OF COMPREHENSIVE INCOME	Venture capital investing: Healthier future	*Of which Oxford Nanopore*	Venture capital investing: Tech-enriched future	Venture capital investing: Regenerative future	Venture capital investing: Other	Venture capital investing: Total	Third-party fund management	Consolidated
	£m	£m	£m	£m	£m	£m	£m	£m
Revenue from services and other income					1.3	1.3	4.6	5.9
	(105.8)	*(31.9)*	(4.9)	(8.7)	(39.8)	(159.2)	4.6	(154.6)
Administrative expenses[1]								
Carried interest plan credit[1]					4.7	4.7	–	4.7
Share-based payment charge[1]					(2.3)	(2.3)	(0.3)	(2.6)
Other administrative expenses[1]					(22.6)	(22.6)	(5.4)	(28.0)
					(20.2)	(20.2)	(5.7)	(25.9)
Operating loss	(105.8)	*(31.9)*	(4.9)	(8.7)	(60.0)	(179.4)	(1.1)	(180.5)
Finance income[1]					9.4	9.4	0.4	9.8
Finance costs[1]					(5.6)	(5.6)	–	(5.6)
Loss before taxation	(105.8)	*(31.9)*	(4.9)	(8.7)	(56.2)	(175.6)	(0.7)	(176.3)
Taxation[1]					1.9	1.9	–	1.9
Loss for the year	(105.8)	*(31.9)*	(4.9)	(8.7)	(54.3)	(173.7)	(0.7)	(174.4)
STATEMENT OF FINANCIAL POSITION								
Assets	576.5	*173.6*	231.4	275.3	310.2	1,393.4	18.2	1,411.6
Liabilities[1]					(214.7)	(214.7)	(6.6)	(221.3)
Net Assets	576.5	*173.6*	231.4	275.3	95.5	1,178.7	11.6	1,190.3
Other segment items								
Portfolio Investment	(33.9)	–	(11.9)	(17.6)	(9.8)	(73.2)	–	(73.2)
Cash proceeds	3.7	–	33.2	0.1	1.6	38.6	–	38.6

[1]These amounts cannot be apportioned to the individual segments of the venture capital investing business.

6. Auditor's remuneration

Details of the auditor's remuneration are set out below:

	2024 £000	2023 £000
Audit of these financial statements (KPMG LLP)	**635.9**	525.3
Audit of financial statements of funds and subsidiaries of the companies (KPMG LLP)	**153.5**	139.2
Audit related assurance services (KPMG LLP)	**74.3**	72.3
Total assurance services	**863.7**	736.8

7. Operating loss

Operating loss has been arrived at after charging:

	2024 £m	2023 £m
Depreciation of right-of-use asset, property, plant and equipment	**(0.6)**	(0.6)
Total employee costs (see note 9)	**(19.0)**	(19.0)

8. Other administrative expenses

Other administrative expenses comprise:

	2024 £m	2023 £m
Employee costs (less share-based payment charge)	**14.7**	16.4
Professional services	**3.2**	4.2
Depreciation of tangible assets	**0.6**	0.6
Other expenses	**4.1**	6.8
	22.6	28.0
Restructuring costs – labour	**2.4**	–
Restructuring costs – professional services	**0.3**	–
Total	**25.3**	28.0

9. Employee costs

Accounting Policy:

Employee benefits

Pension obligations

The Group operates a company defined contribution pension scheme for which all employees are eligible. The assets of the scheme are held separately from those of the Group in independently administered funds. The Group currently makes contributions on behalf of employees to this scheme or to employee personal pension schemes on an individual basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

Share–based payments

The Group engages in equity-settled share-based payment transactions in respect of services receivable from employees, by granting employees conditional awards of ordinary shares subject to certain vesting conditions. Conditional awards of shares are made pursuant to the Group's Long-Term Incentive Plan ("LTIP") awards and/or the Group's Annual Incentive Scheme ("AIS"). The fair value of the shares is estimated at the date of grant, taking into account the terms and conditions of the award, including market-based performance conditions.

The fair value at the date of grant is recognised as an expense over the period that the employee provides services, generally the period between the start of the performance period and the vesting date of the shares. The corresponding credit is recognised in retained earnings within total equity. The fair value of services is calculated using the market value on the date of award and is adjusted for expected and actual levels of vesting. Where conditional awards of shares lapse, the expense recognised to date is credited to the statement of comprehensive income in the year in which they lapse. Where the terms for an equity-settled award are modified, and the modification increases the total fair value of the share-based payment or is otherwise beneficial to the employee at the date of modification, the incremental fair value is amortised over the vesting period.

See the audited section of the Directors' Remuneration Report in the Group's Annual Report and Accounts and note 21 for further details.

Employee costs (including Executive Directors) comprise:

	2024 £m	2023 £m
Salaries	**10.6**	11.3
Defined contribution pension cost	**1.1**	1.1
Other bonuses accrued in the year	**1.8**	2.6
Social security	**1.2**	1.4
Restructuring costs – labour	**2.4**	–
Employee costs	**17.1**	16.4
Share–based payment charge (see note 21)	**1.9**	2.6
Total employee costs	**19.0**	19.0

The average monthly number of persons (including executive directors) employed by the Group during the year was 98, all of whom were involved in management and administration activities (2023: 101). General details of the directors' remuneration can be found in the audited sections of the Directors' Remuneration Report in the Group's Annual Report and Accounts.

10. Taxation

Accounting Policy:

Deferred tax

Full provision is made for deferred tax on all temporary differences resulting from the carrying value of an asset or liability and its tax base. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or deferred tax liability settled. Deferred tax assets are recognised to the extent that it is probable that the deferred tax asset will be recovered in the future.

	2024 £m	2023 £m
Current tax		
UK corporation tax on profits for the year	**–**	–
Foreign tax	**–**	–
	–	–
Deferred tax charge/(credit)	**0.3**	(1.9)
Total tax	**0.3**	(1.9)

The Group primarily seeks to generate capital gains from its holdings in spin-out companies over the longer term. The majority of these capital gains qualify for UK Substantial Shareholding Exemption ("SSE") and are therefore not taxable, resulting in the Group making annual net operating losses from its operations from a UK tax perspective.

Gains arising on sales of holdings which do not qualify for SSE will ordinarily give rise to taxable profits for the Group, to the extent that these exceed the Group's ability to offset gains against current and brought forward tax losses (subject to the relevant restrictions on the use of brought–forward losses). In such cases, a deferred tax liability is recognised in respect of estimated tax amount payable.

The amount for the year can be reconciled to the loss per the statement of comprehensive income as follows:

	2024 £m	2023 £m
Loss before tax	**(206.7)**	(176.3)
Tax at the UK corporation tax rate of 25% (2023: 23.52%)	**(51.7)**	(41.5)
Expenses not deductible for tax purposes	**(1.8)**	(1.1)
Income not taxable	**(15.9)**	2.5
Fair value movement on investments qualifying for SSE	**65.8**	40.9
Movement on share–based payments	**0.3**	0.6
Movement in tax losses arising not recognised	**3.6**	0.1
CIR (Corporate Interest Rate) reactivation	**–**	(3.1)
Foreign tax	**–**	0.1
Rate change on deferred tax	**–**	(0.4)
Total tax charge/(credit)	**0.3**	(1.9)

At 31 December 2024, deductible temporary differences and unused tax losses, for which no deferred tax asset has been recognised, totalled £333.0m (2023: £298.3m). An analysis is shown below:

	2024		2023	
	Amount £m	**Deferred tax £m**	Amount £m	Deferred tax £m
Share–based payment costs and other temporary differences	**(52.4)**	**(13.1)**	(48.1)	(12.0)
Unused tax losses	**(279.6)**	**(69.9)**	(250.2)	(62.6)
Total unrecognised deferred tax asset	**(333.0)**	**(83.0)**	(298.3)	(74.6)

At 31 December 2024, deductible temporary differences and unused tax losses, for which a deferred tax liability has been recognised, totalled £18.0m (2023: £18.9m). An analysis is shown below:

	2024		2023	
	Amount £m	**Deferred tax £m**	Amount £m	Deferred tax £m
Temporary timing differences	**39.6**	**9.9**	54.1	13.5
Unused tax losses	**(21.6)**	**(5.4)**	(35.2)	(8.7)
Total recognised deferred tax liability	**18.0**	**4.5**	18.9	4.8

11. Earnings per share

Earnings	2024 £m	2023 £m
Earnings for the purposes of basic and dilutive earnings per share	(202.6)	(171.3)

Number of shares	2024 Number of shares	2023 Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,014,672,586**	1,036,400,406
Effect of dilutive potential ordinary shares:		
Options or contingently issuable shares	**–**	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,014,672,586**	1,036,400,406

	2024 pence	2023 pence
Basic	**(19.97)**	(16.53)
Diluted	**(19.97)**	(16.53)

No adjustment has been made to the basic loss per share in the years ended 31 December 2024 and 31 December 2023, as the exercise of share options would have the effect of reducing the loss per ordinary share and therefore is not dilutive.

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

12. Categorisation of financial instruments

Accounting policy:

Financial assets and liabilities

Financial assets and liabilities are recognised in the balance sheet when the relevant Group entity becomes a party to the contractual provisions of the instrument. De–recognition occurs when rights to cash flows from a financial asset expire, or when a liability is extinguished.

Derivative financial instruments are accounted for at fair value through profit and loss in accordance with IFRS 9. They are revalued at the balance sheet date based on market prices, with any change in fair value being recorded in profit and loss. Derivatives are recognised in the Consolidated statement of financial position as a financial asset when their fair value is positive and as a financial liability whey their fair value is negative. The Group's derivative financial instruments are not designated as hedging instruments.

Financial assets

In respect of regular way purchases or sales, the Group uses trade date accounting to recognise or derecognise financial assets.

The Group classifies its financial assets into one of the categories listed below, depending on the purpose for which the asset was acquired.

At fair value through profit or loss

Held for trading and financial assets are recognised at fair value through profit and loss. This category includes equity investments, debt investments and investments in limited partnerships. Investments in associated undertakings, which are held by the Group with a view to the ultimate realisation of capital gains, are also categorised as at fair value through profit or loss. This measurement basis is consistent with the fact that the Group's performance in respect of investments in equity investments, limited partnerships and associated undertakings is evaluated on a fair value basis in accordance with an established investment strategy.

Financial assets at fair value through profit or loss are initially recognised at fair value and any gains or losses arising from subsequent changes in fair value are presented in profit or loss in the statement of comprehensive income in the period which they arise.

At amortised cost

These assets are non–derivative financial assets with fixed and determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (trade receivables) and are carried at cost less provision for impairment.

Deposits

Deposits comprise longer–term deposits held with financial institutions with an original maturity of greater than three months and, in line with IAS 7 are not included within cash and cash equivalents. Cash flows related to investments in, and maturities of amounts held on deposit are presented within investing activities in the consolidated statement of cash flows. Interest income related to deposits is included within cashflows from operating activities.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and short-term deposits held with financial institutions with an original maturity of three months or less. Interest income related to cash is included within cashflows from operating activities.

Financial liabilities

Current financial liabilities are composed of trade payables and other short–term monetary liabilities, which are recognised at amortised cost.

Non–current liabilities are composed of loans from Limited Partners of consolidated funds, outstanding amounts drawn down from a debt facility provided by the European Investment Bank, loan notes provided by Phoenix Group, carried interest plans liabilities, and other liabilities.

Unless otherwise indicated, the carrying amounts of the Group's financial liabilities are a reasonable approximation to their fair value. Non–current liabilities are recognised initially at fair value net of transaction costs incurred, and subsequently at amortised cost.

Financial assets	**At fair value through profit or loss**	**Amortised cost**	**Total**
	£m	**£m**	**£m**
Equity investments	713.8	–	713.8
Debt investments	51.6	–	51.6
Limited and limited liability partnership interests	58.1	–	58.1
Assets held for sale	13.9	–	13.9
Trade and other receivables	–	6.3	6.3
Receivables on sale of debt and equity investments	20.1	–	20.1
Deposits	–	170.0	170.0
Cash and cash equivalents	–	115.6	115.6
At 31 December 2024	**857.5**	**291.9**	**1,149.40**
Equity investments	1,011.5	–	1,011.5
Debt investments	83.7	–	83.7
Limited and limited liability partnership interests	69.7	–	69.7
Trade and other receivables	–	8.2	8.2
Receivables on sale of debt and equity investments	9.2	–	9.2
Deposits	–	126.0	126.0
Cash and cash equivalents	–	100.9	100.9
At 31 December 2023	1,174.1	235.1	1,409.2

In light of the credit ratings applicable to the Group's cash and cash equivalent and deposits, (see note 3 for further details), we estimate expected credit losses on the Group's receivables to be under £0.1m and therefore not disclosed further (2023: less than £0.1m), similarly we have not presented an analysis of credit ratings of trade and other receivable and receivables on sale of debt and equity investments.

All net fair value gains in the year are attributable to financial assets designated at fair value through profit or loss on initial recognition (2023: all net fair value gains in the year are attributable to financial assets designated at fair value through profit or loss on initial recognition).

Interest income of £nil (2023: £nil) is attributable to financial assets classified as fair value through profit and loss.

13. Portfolio: Equity and debt investments and Assets Held for Sale

Accounting policy:

Fair value hierarchy

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

Level 1 – Quoted prices in active markets.

Level 2 – Inputs other than quoted prices that are observable, such as prices from market transactions.

Level 3 – One or more inputs that are not based on observable market data.

Equity investments

Fair value is the underlying principle and is defined as "the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date" (IPEV guidelines, December 2022).

Where the equity structure of a portfolio company involves different class rights in a sale or liquidity event, the Group takes these different rights into account when forming a view on the value of its investment.

Valuation techniques used

The fair value of unlisted securities is established using appropriate valuation techniques in line with December 2023 IPEV guidelines. The selection of appropriate valuation techniques is considered on an individual basis in light of the nature, facts and circumstances of the investment and in the expected view of market participants. The Group selects valuation techniques which make maximum use of market–based inputs. Techniques are applied consistently from period to period, except where a change would result in better estimates of fair value. Several valuation techniques may be used so that the results of one technique may be used as a cross check/corroboration of an alternative technique.

Valuation techniques used include:

- Quoted bid price: The fair values of quoted investments are based on bid prices in an active market at the reporting date.
- Funding transaction: The fair value of unquoted investments which have recently raised equity financing may be calculated with reference to the price of the recent investment. For investments for which the capital structure involves different class rights in a sale or liquidity event, a full scenario analysis via the use of the probability–weighted expected return method ("PWERM") is used to calculate the implied values of the existing share classes.
- Other: Future market/commercial events: Scenario analysis is used, which is a forward–looking method that considers one or more possible future scenarios. These methods include simplified scenario analysis and relative value scenario analysis, which tie to the fully diluted ("post–money") equity value. The PWERM method may be utilised for this valuation technique for investments which have an equity structure which involves different class rights in a sale or liquidity event.
- Other: Adjusted funding transaction price based on past performance – upwards/downwards: The milestone approach involves making an assessment as to whether there is an indication of change in fair value based on a consideration of the relevant milestones, typically agreed at the time of making the investment decision.
- Other: Discounted cash flows: deriving the value of a business by calculating the present value of expected future cash flows.
- Other: Revenue multiple: the application of an appropriate multiple to a performance measure (such as earnings or revenue) of the investee company in order to derive a value for the business.

The fair value indicated by a recent transaction is used to calibrate inputs used with valuation techniques including those noted above. At each measurement date, an assessment is made as to whether changes or events subsequent to the relevant transaction would imply a change in the investment's fair value. The price of a recent investment is not considered a standalone valuation technique (see further considerations below). Where the current fair value of an investment is unchanged from the price of a funding transaction, the Group refers to the valuation basis as 'Funding transaction'.

Price of recent investment as an input in assessing fair value

The Group considers that fair value estimates which are based primarily on observable market data will be of greater reliability than those based on assumptions. Given the nature of the Group's investments in seed, start–up and early–stage companies, where there are often no current and no short–term future earnings or positive cash flows, it can be difficult to gauge the probability and financial impact of the success or failure of development or research activities and to make reliable cash flow forecasts. Consequently, in many cases the most appropriate approach to fair value is a valuation technique which is based on market data such as the price of a recent investment, and market participant assumptions as to potential outcomes.

Calibrating such scenarios or milestones may result in a fair value equal to price of recent investment for a limited period of time. Often qualitative milestones provide a directional indication of the movement of fair value.

In applying a calibrated scenario or milestone-approach to determine fair value, consideration is given to performance against milestones that were set at the time of the original investment decision, as well as taking into consideration the key market drivers of the investee company and the overall economic environment. Factors that the Group considers include, inter alia, technical measures such as product development phases and patent approvals, financial measures such as cash burn rate and profitability expectations, and market and sales measures such as testing phases, product launches and market introduction.

Where the Group considers that there is an indication that the fair value has changed, an estimation is made of the required amount of any adjustment from the last price of recent investment.

Where a deterioration in value has occurred, the Group reduces the carrying value of the investment to reflect the estimated decrease. If there is evidence of value creation the Group may consider increasing the carrying value of the investment; however, in the absence of additional financing rounds or profit generation it can be difficult to determine the value that a market participant may place on positive developments given the potential outcome and the costs and risks to achieving that outcome and accordingly caution is applied.

Debt investments

Debt investments are generally unquoted debt instruments which are convertible to equity at a future point in time. Such instruments are considered to be hybrid instruments containing a fixed rate debt host contract with an embedded equity derivative. The Group designates the entire hybrid contract at fair value through profit or loss on initial recognition and, accordingly, the embedded derivative is not separated from the host contract and accounted for separately. The price at which the debt investment was made may be a reliable indicator of fair value at that date depending on facts and circumstances. Any subsequent remeasurement will be recognised as changes in fair value in the statement of comprehensive income.

Disclosure of unrealised and realised gains and losses

'Change in fair value of equity and debt investments' per the Group Income Statement represents unrealised revaluation gains and losses on the Group's portfolio of investment.

Gains on disposal of equity investments represents the difference between the fair value of consideration received and the carrying value at the start of the accounting period for the investment in question.

Changes in fair values of investments do not constitute revenue.

Assets held for sale

During 2024, an element of the Group's investments in Artios Pharma Limited, Nexeon Limited and Mission Therapeutics Limited were included in a secondary sale of shares which was agreed within the year but which had not completed at year end. In addition, the Group had commenced selling a pre-specified proportion of its shares in Centessa Pharmaceuticals plc prior to year end, with the share disposal completing in early 2025. Accordingly these investments met the classification criteria as assets held for sale and were hence reclassified from Equity Investments to assets held for sale.

Equity and Debt Investments within the Top 10 by holding value

The following table lists information on the debt and equity investments within the most valuable 10 portfolio company investments, representing 58% of the total portfolio value (2023: 61%). Detail on the performance of these companies is included in the portfolio review section of the Strategic Report.

The Group engages third-party valuation specialists to provide valuation support where required; during the period we commissioned third-party valuations on four out of the top 10 holdings (2023: 6).

Company name	Primary valuation basis	Fair value of Group holding at 31 Dec 2024 £m	Fair value of Group holding at 31 Dec 2023 £m
Oxford Nanopore Technologies plc	Quoted bid price	106.6	173.6
Istesso Limited *	DCF	91.9	113.8
Hysata Pty Ltd	Funding transaction < 12 months, PWERM	76.8	70.0
Oxa Autonomy Limited *	Adjusted funding - downwards	42.7	65.7

Hinge Health, Inc.*	Adjusted funding - downwards	36.6	34.0
First Light Fusion Limited *	Future event	25.0	64.9
Pulmocide Limited	Adjusted funding - upwards	23.1	19.2
Mission Therapeutics Limited	Funding transaction < 12 months, PWERM	22.5	15.8
Nexeon Limited	Future event	19.4	11.8
Artios Pharma Limited	Adjusted funding - downwards	17.4	17.4
Total		462.0	586.2

* Third-party valuation specialists used for 31 December 2024 valuation. In these instances, the valuation basis is management's assessment of the primary valuation input used by the third-party valuation specialist.

	Level 1	Level 3		
	Equity investments in quoted spin–out companies	**Unquoted equity investments in spin–out companies**	**Debt investments in unquoted spin–out companies**	**Total**
	£m	**£m**	**£m**	**£m**
At 1 January 2023	**228.7**	**892.1**	**38.1**	**1,158.9**
Investments	–	32.8	30.6	63.4
Transaction–based reclassifications	–	7.8	(7.8)	–
Other transfers between hierarchy levels	1.8	(1.8)	–	–
Disposals	(1.6)	(7.6)	(0.3)	(9.5)
Fees settled via equity	–	0.1	–	0.1
Other change in portfolio value	–	(6.8)	–	(6.8)
Change in fair value[1]	(24.5)	(103.7)	23.5	(104.7)
Change in FX[1]	(0.6)	(5.2)	(0.4)	(6.2)
At 1 January 2024	**203.8**	**807.7**	**83.7**	**1,095.2**
Investments	1.5	40.9	18.4	60.8
Transaction–based reclassifications	0.3	49.5	(49.8)	-
Other transfers between hierarchy levels	-	-	-	-
Disposals	(11.8)	(116.6)	(1.0)	(129.4)
Reclassification to Assets Held for Sale	(7.1)	(6.8)	-	(13.9)
Other change in portfolio value	-	(1.1)	(0.1)	(1.2)
Change in fair value[1]	(53.7)	(187.4)	1.7	(239.4)
Change in FX[1]	0.1	(5.5)	(1.3)	(6.7)
At 31 December 2024	**133.1**	**580.7**	**51.6**	**765.4**

[1] The total unrealised change in fair value and FX in respect of Level 3 investments was a loss of £192.5m (2023: loss of £85.8m).

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.

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

Transfers between level 3 and level 1 occur when a previously unquoted investment undertakes an initial public offering, resulting in its equity becoming quoted on an active market. In the current period, transfers of this nature amounted to £nil (2023: £1.8m). 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 year, totalling £nil (2023: one instance, totalling £nil).

Transfers between level 3 debt and level 3 equity occur upon conversion of convertible debt into equity. In the current year, transfers of this nature amounted to £49.8m (2023: £7.8m).

In the year, a transfer between level 3 debt and level 1 equity of £0.3m (2023: nil) occurred when a convertible loan issued to a listed company (Abliva AB) was converted into listed equity.

The Group has considered the impact of ESG and climate change issues on its portfolio, including performing a materiality assessment (see summary TCFD disclosures in the Group's Annual Report and Accounts) 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. For an overview of the portfolio split by sector, please refer to the Managing Partner's Portfolio Review. We believe the Group's current valuation approach, reflects market participant assessment of the ESG and climate risks and opportunities of our portfolio.

Valuation inputs and sensitivities

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

The sensitivity analysis table below has been prepared in recognition of the fact that some of the valuation methodologies applied by the Group in valuing the portfolio investments involve subjectivity in their significant unobservable inputs. Furthermore, given that many of the Group's portfolio are the early stage or growth stage of development, their valuations can be significantly impacted by factors including, but not limited to, the availability of financing, technical and commercial setbacks, market developments and regulatory approvals.

The table illustrates the possible impact on valuation of different sensitivities. The varying levels of sensitivity applied in the table below are intended to reflect the relative level of judgment in applying the valuation approach. Additional analysis for Istesso Limited and Hinge Health, Inc is provided after the table below, which merit specific focus in light of the specific facts and circumstances of these investments.

Valuation technique	Fair value of investments	Variable inputs	Variable input sensitivity	Positive impact		Negative impact		Fair value of investments
	2024 £m		%	£m	% of NAV	£m	% of NAV	2023 £m
Quoted	133.1	n/a	n/a	n/a	n/a	n/a	n/a	203.8
Funding transaction <12 months	217.8	• Inputs used in PWERM models to quantify the impact of funding transactions on subordinate securities including exit values and timelines.	+/–5	10.9	1.1	(10.9)	(1.1)	187.9
Funding transaction >12 months	54.9		+/–5	2.7	0.3	(2.7)	(0.3)	162.7
Other: Future market/commercial events	60.7	• Estimated impact of future event • Execution risk discount applied to future event (where positive) • Scenario probabilities • Discount rates • Extent to which future event is indicative of facts and circumstances in existence at the balance sheet date	+/–10	6.1	0.6	(6.1)	(0.6)	25.0
Other: Adjusted financing price based	35.9	• Company-specific milestone analysis resulting in a positive calibration adjustment versus the previous funding transaction price	+/–10	3.6	0.4	(3.6)	(0.4)	99.9

Valuation technique	Fair value of investments	Variable inputs	Variable input sensitivity	Positive impact		Negative impact		Fair value of investments
	2024							2023
	£m		%	£m	% of NAV	£m	% of NAV	£m
on past performance – Upwards*								
Other: Adjusted financing price based on past performance – Downwards*	152.7	• Company-specific milestone analysis resulting in a negative calibration adjustment versus the previous funding transaction price	+/–10	15.3	1.6	(15.3)	(1.6)	203.9
Other: Revenue multiple*	13.1	• Estimate of future recurring revenues • Selection of comparable companies • Discount/premium to multiple	+/–10	1.3	0.1	(1.3)	(0.1)	85.4
Other: DCF*	97.2	• Discount rate • Clinical trial and drug approval success rates • Estimate of likelihood, value and structure of a potential pharmaceutical partnership • Estimate of addressable market • Market share and royalty rates • Probability estimation of liquidity event • Estimate of forward exchange rates	+/–20	19.4	2.0	(19.4)	(2.0)	126.6
Total	765.4			59.3	6.1	(59.3)	(6.1)	**1,095.2**

* Due to the large number of inputs used in the valuation of these assets, unobservable inputs are below a size threshold that would warrant disclosure under IFRS 13, paragraph 93(d). Due to the large number of inputs, any range of reasonably possible alternative assumptions does not significantly impact the fair value and hence no valuation sensitivity is required under IFRS 13 paragraph 93(h)(ii).

Within the 'Other: DCF' category is Istesso Limited, in which we value the equity of IP Group's holding at £55.0m at 31 December 2024 (2023: £86.7m).

The Group was notified of the outcome of Istesso's Phase 2b trial for Leramistat in February 2025, reflecting information which Istesso Limited had received prior to 31 December 2024. As a result, the outcome of the trial was judged by management to be an adjusting post balance sheet event, reflecting facts and circumstances which were knowable at 31 December 2024.

The valuation of the equity in this company is based on a DCF model which assesses the value of the future cash flows arising from the continued development of the company's lead asset Leramistat via an additional focussed Phase 2b trial, followed by a pharmaceutical partnership, after which the drug would be taken into a Phase 3 trial followed by regulatory approval. This DCF model has been updated to reflect the outcome of Istesso's Phase 2b trial, with the main impact being a delay in market launch of the drug by 3½ years. The inputs in the DCF model include:

- the drug development timeline, based on the current development pathway which would see the drug being approved in mid-2031 if successful
- probability of Ph2b and Ph3 clinical trial success, based on comparable clinical trial success rates within autoimmune indications in Ph2 and Ph2 trials, with an estimate of the overall Ph2 rate split between Ph2a (now complete) and Ph2b
- the selection of relevant comparable deal sizes, based on comparable publicly announced deals within the autoimmune space
- the probability of securing a pharmaceutical partner post Ph2b
- Leramistat's sales profile based on a bottom up model which estimates the number of patients failing 1st line biological drug treatment, with the assumption that Leramistat would address this available patient population

- royalty rates receivable by Istesso of drug sales, based on comparable publicly announced deals within the autoimmune space
- discount rate, based on the WACC of a large pharma partner which would take on development of the drug for Phase 3 and onwards
- The remaining costs to develop Leramistat up until the point of drug partnership

The valuation is sensitive to the inputs noted above. It is in the Group's view that the valuation would be impacted by a combination of changes to these inputs but to provide context to the sensitivity of each input to the valuation as required IAS 1, the table below sets out the impact on valuation of changing critical inputs in isolation.

Input	Assumption used	Sensitivity	Impact on IPG equity holding £m	Impact % of NAV[1]
Phase 2b success rate	63%	+/- 10%	£12m	+/- 1.2%
Selected pharma partner deal size	Bottom quartile	Median	£60m	+6.2%
Pharma partnership probability	90%	+/- 10%	£7m	+/- 0.7%
Royalty rate	15%	+/- 5%	£14m	+/- 1.4%

[1] Being impact on IPG equity holding as a proportion of the Group's Net Asset Value

Under the DCF methodology, in the event that the drug fails to progress to the market as a result of trial failures (at either Phase 2b or Phase 3), failure to receive regulatory approval or failure to partner with a pharmaceutical partner, the model assumes a zero value outcome.

The modelling approach focuses on a core drug development scenario as outlined above, however other outcomes such as the requirement to conduct more than one additional Phase 2b study are possible. In this outcome, the value of the programme would be materially lower than the concluded fair value estimate.

A valuation range was not calculated in respect of the Group's debt investment in Istesso Limited, which totals £36.9m (2023: £27.0m). In the event of a negative outcome in terms of the drug development pathway, this would be anticipated to have a material negative impact on the value of the Group's debt investment.

Within the 'Other: Adjusted financing price based on past performance – Downwards' category is Hinge Health, Inc, whose equity value is £36.6m at 31 December 2024 (2023: £34.0m). The valuation of this company is based on the last financing round price, with a downwards calibration adjustment applied. Our estimated range for the value of the Group's equity investment in Hinge Health, Inc. as at 31 December 2024 is £30m to £38m (2023: £36m to £50m). In March 2025, the company filed a registration statement with the US SEC for an intended NYSE IPO; as at the publication date of the accounts the outcome and pricing range of the IPO is uncertain, but could result in a material post year end movement in the Group's valuation.

	2024	2023
Change in fair value in the year (including fx)	**£m**	**£m**
Fair value gains	**42.7**	97.4
Fair value losses	**(288.8)**	(208.3)
Total	**(246.1)**	(110.9)

The Company's interests in subsidiary undertakings are listed in note 11 to the Company's financial statements.

Currency risk

Exposure to currency risk through asset allocation, which is calculated by reference to the currency in which the asset is quoted, is shown below. A +/-1% sensitivity has been included to demonstrate the effect of fluctuations in foreign exchange rates. 1% is considered to be appropriate due to the stable currencies in which we hold cash.

At 31 December 2024

	Investments £m	Sensitivity +/- 1% £m
US dollar	**96.8**	**1.0**

	Investments £m	Sensitivity +/- 1% £m
Australian dollar	**94.0**	**0.9**
Euro	**12.9**	**0.1**
Swedish Krona	**5.7**	**0.1**
Total	**209.4**	**2.1**

At 31 December 2023

	Investments £m	Sensitivity +/- 1% £m
US dollar	85.5	0.8
Australian dollar	99.9	1.0
Euro	6.7	0.1
Swedish Krona	1.6	–
Total	193.7	1.9

14. Portfolio: Limited and limited liability partnership interests

Accounting Policy:

Valuations in respect of Limited and Limited Liability Funds are based on IP Group's share of the Net Asset Value of the fund as per the audited financial statements prepared by the fund manager. The key judgments in the preparation of these accounts relate to the valuation of unquoted investments. Management conduct an analysis of the appropriateness of valuations of specific equity and debt investments in portfolio companies held within the fund in question. In making these assessments, the Group has applied a valuation methodology consistent with that set out in note 13. Where a significant divergence from the Group's valuation methodology is identified, an adjustment is made to the fund manager NAV statement to bring the value of the fund investment in line with the Group's accounting policy in respect of debt and equity investments.

Investments in these Limited and Limited Liability Partnerships are recognised at fair value through profit and loss in accordance with IFRS 9.

'Changes in fair value of Limited Partnership investments' per the Group Income Statement represents revaluation gains and losses on the Group's investment in Limited Partnership funds.

Fund interests are valued on a net asset basis, estimated based on the managers' NAVs. Manager's NAVs apply valuation techniques consistent with IFRS and are subject to audit. Where audited accounts are received in arrears of the publication of the Group's results hence these are marked as unaudited in the table below, however a retrospective review of audited accounts versus earlier unaudited results is carried out. Managers' NAVs are usually published quarterly, two to four months after the quarter end. The below table analyses the fund valuations with reference to manager NAV dates used at 31 December.

Limited & Limited Liability Partnerships	Functional currency	Status	2024 £m	2023 £m
IPG Cayman Fund L.P. (Longview Innovation)	USD	Unaudited	37.7	46.0
UCL Technology Fund L.P.	GBP	Unaudited	18.0	20.7
Technikos LLP	GBP	Unaudited	2.4	3.0
Total			58.1	69.7

We reviewed the underlying valuation methodologies adopted by our Fund managers for all Fund investments of material value. Following our review of valuation methodologies we were satisfied that the techniques utilised were appropriate.

Limited & Limited Liability Partnerships movements in year	£m
At 1 January 2023	**99.6**

Limited & Limited Liability Partnerships movements in year	£m
Investments during the year	9.8
Distribution from Limited Partnership funds	(0.9)
Change in fair value during the year	(36.5)
Currency revaluation	(2.3)
At 1 January 2024	**69.7**
Investments during the year	2.2
Distribution from Limited Partnership funds	(1.2)
Change in fair value during the year	(13.1)
Currency revaluation	0.5
At 31 December 2024	58.1

The Group considers interests in limited and limited liability partnerships to be level 3 in the fair value hierarchy throughout the current and previous financial years.

The valuation of the Group's interests in limited and limited liability partnerships is a significant accounting estimate, as management has applied judgment in considering whether to adjust the NAV estimates provided by the fund manager. This assessment was based on an analysis of the appropriateness of valuations of specific equity and debt investments in portfolio companies held within the fund in question. In making these assessments, the Group has applied a valuation methodology consistent with that set out in note 13. Unobservable inputs are portfolio company-specific and, based on a materiality assessment, are not considered individually significant either at an individual company level or in aggregate where relevant for common factors such as discount rates.

15. Gain/(loss) on disposal of equity and debt investments

	2024	2023
	£m	£m
Proceeds from sale of equity and debt investments	182.2	37.7
Movement in amounts receivable on sale of debt and equity investments	10.9	(39.0)
Carrying value of investments	(129.4)	(9.5)
Gain/(loss) on disposal	63.7	(10.8)

Gain/(loss) 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.

16. Trade and other receivables

Current assets	2024	2023
	£m	£m
Trade debtors	0.7	0.6
Prepayments	0.8	0.8
Interest receivable	1.3	2.9
Other receivables	3.5	3.9
Trade and other receivables	6.3	8.2

The directors consider the carrying amount of trade and other receivables at amortised cost to approximate their fair value. All receivables are interest free, repayable on demand and unsecured.

17. Receivable on sale of debt and equity investments

Accounting Policy:

Consideration in respect of the sale of debt and equity investments may include elements of deferred consideration where payment is received at a pre–agreed future date, and/or elements of contingent consideration where payment is received based on, for example, achievement of specific drug development milestones. In such instances, these amounts are designated at fair value through profit and loss on initial recognition. Any subsequent remeasurement will be recognised as changes in fair value in the statement of comprehensive income.

	2024 £m	2023 £m
Deferred and contingent consideration (non-current)	18.5	7.8
Deferred and contingent consideration (current)	1.6	1.4
Total deferred and contingent consideration	20.1	9.2

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

Investment	Primary Valuation Basis	2024 £m	2023 £m
Featurespace	Discounted sale amount	11.1	–
Oxular	Discounted sale amount	1.6	–
Kynos	Discounted sale amount	0.5	–
Garrison	Discounted sale amount	0.7	–
Enterprise Therapeutics Holdings Limited	Probability-weighted DCF model reflecting potential milestone payments	4.4	7.7
Zihipp Limited	Probability-weighted DCF model reflecting potential milestone payments	1.8	1.5
Total		20.1	9.2

18. Trade and other payables

Current liabilities	2024 £m	2023 £m
Trade payables	0.3	0.5
Social security expenses	0.6	0.6
Bonus accrual	2.7	3.0
Lease liability	1.0	1.4
Payable to Imperial College and other third parties under revenue share obligations	3.4	6.9
Other accruals and deferred income	4.5	4.7
Trade and other payables	12.5	17.1

19. Borrowings and Loans from Limited Partners of consolidated funds

Current liabilities	2024 £m	2023 £m
Borrowings	6.3	6.3
Total	6.3	6.3

Non–current liabilities	2024	2023
	£m	£m
Loans drawn down from the Limited Partners of consolidated funds	19.9	19.8
Borrowings	122.8	128.9
Total	142.7	148.7

Loans drawn down from the Limited Partners of consolidated funds

Accounting Policy:

The Group consolidates the assets of a co–investment fund, IP Venture Fund II LP, which it manages. Loans from third parties of consolidated funds represent third–party LP loans into this partnership. Under the terms of the Limited Partnership Agreement, these loans are repayable only upon these funds generating sufficient realisations to repay the Limited Partners. Management anticipates that the funds will generate the required returns and consequently recognises the full associated liabilities.

The classification of these loans as non–current reflects the forecast timing of returns and subsequent repayment of loans, which is not anticipated to occur within one year.

As at 31 December, loans from Limited Partners of consolidated funds comprised loans into IP Venture Fund II LP £19.9m (2023: £19.8m).

Borrowings

Accounting Policy:

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowing using the effective interest rate method. Costs incurred in the course of issuing additional debt are recognised on the balance sheet and charged to the income statement on a straight line basis over the term of the borrowings.

In 2023, the Group drew a second £60m tranche of the £120m private placing it agreed with investors including Phoenix Group in 2022. The terms of the facilities are summarised below:

Description	Initial amount	Outstanding amount	Date drawn	Interest rate	Repayment commencement date & terms
EIB Facility	£50.0m	£9.4m	Feb 2017	Fixed 3.026%	Repayable over 8 years from Jul 2018
IP Group Series A Notes	£20.0m	£20.0m	Dec 2022	Fixed 5.230%	Repayable in full in Dec 2027
IP Group Series B Notes	£20.0m	£20.0m	Dec 2022	Fixed 5.210%	Repayable in full in Dec 2028
IP Group Series C Notes	£20.0m	£20.0m	Dec 2022	Fixed 5.300%	Repayable in full in Dec 2029
IP Group Series D Notes	£20.0m	£20.0m	Jun 2023	Fixed 5.230%	Repayable in full in Dec 2027
IP Group Series E Notes	£20.0m	£20.0m	Jun 2023	Fixed 5.210%	Repayable in full in Dec 2028
IP Group Series F Notes	£20.0m	£20.0m	Jun 2023	Fixed 5.300%	Repayable in full in Dec 2029
Total	**£170.0m**	**£129.4m**			

Loans totalling £129.4m (2023: £135.6m) are subject to fixed interest rates and are recognised at amortised cost. The fair value of these loans as at 31 December 2024 is £118.7m (2023: £125.3m).

In December 2022, the Group drew down the first Tranche of £60m of a £120m loan Note Purchase Agreement ("NPA") and a further £60m in June 2023. The NPA contains the following covenants:

•Total equity must be at least £500m as at the Group's 30 June and 31 December reporting dates

•Gross debt less restricted cash must not exceed 25% of total equity as at the Group's 30 June and 31 December reporting dates

•The Group must maintain cash and cash equivalents of not less than £25m at any time

Breach of any of the above covenants constitutes default under the NPA.

The NPA also includes a 'Cash Trap' mechanism, which is triggered based on conditions listed below. In the event of the Cash Trap being triggered, the Group is not permitted to pay or declare a dividend or purchase any of its shares. In addition, investments are restricted to £2.5m per calendar quarter other than those legally committed to. The Group is also required to place the net proceeds of all realisations (over a threshold of £1m) into a blocked bank account. Entering a Cash Trap does not constitute a default under the NPA.

A Cash Trap period is entered if any of the following conditions are breached.

- Total equity must be at least £750m as at the Group's 30 June and 31 December reporting dates
- Gross debt less restricted cash must not exceed 20% of total equity as at the Group's 30 June and 31 December reporting dates
- The Group must maintain cash and cash equivalents of not less than £50m at any time.

A cash trap period can be remedied by:

- Transferring sufficient cash into the restricted cash account so that gross debt less restricted cash is less than 20% of total equity
- If because of low equity of high leverage, once these are restored at a subsequent 30 June or 31 December measurement date
- If because of low liquidity, once two month-ends have passed with liquidity > £50m

The EIB loan contains a debt covenant requiring that the ratio of the total fair value of IP Group investments plus cash and qualifying liquidity to debt should at no time fall below 6:1. The Group must maintain an amount of unencumbered funds freely available to the Group set with reference to the outstanding EIB facility which was £9.4m at December 2024 (2023: £15.6m). The loan also stipulates that on any date, the aggregate of all amounts scheduled for payment to the EIB in the following six months should be kept in a separate bank account, which totalled £3.2m on 31 December 2024 (2023: £3.3m) The Group is required to maintain a minimum cash balance of £5.6m (2023: £9.4m).

The Group closely monitors that the covenants are adhered to on an ongoing basis and has complied with these covenants throughout the year. The Group will continue to monitor the covenants' position against forecasts and budgets to ensure that it operates within the prescribed limits.

The NPA includes fixed and floating charges over the Company's assets, details of which are available on Companies House. The EIB loan includes certain guarantees over assets held by Touchstone Innovations Business LLP.

The maturity profile of the borrowings including undiscounted cash flows and fixed interest is as follows:

	2024 £m	2023 £m
Due within 6 months	6.2	6.4
Due 6 to 12 months	6.3	6.4
Due 1 to 5 years	141.8	112.4
Due after 5 years	–	42.1
Total[1]	154.3	167.3

The maturity profile of the borrowings was as follows:

	2024 £m	2023 £m
Due within 6 months	3.1	3.1
Due 6 to 12 months	3.1	3.1
Due 1 to 5 years	123.2	89.4
Due after 5 years	–	40.0
Total[1]	129.4	135.6

[1]These are gross amounts repayable and exclude amortised costs of £0.4m (2023: £0.4m) incurred on obtaining the Phoenix loans, these are amortised on a straight-line basis over the life of the borrowings.

A reconciliation in the movement in borrowings is as follows:

	2024 £m	2023 £m

At 1 January	135.2	81.4
Repayment of debt	(6.1)	(6.2)
New borrowings	–	60.0
At 31 December	129.1	135.2

There were no non–cash movements in debt.

20. Share capital

Accounting Policy:

Financial instruments issued by the Group are treated as equity if the holders have only a residual interest in the Group's assets after deducting all liabilities. The objective of the Group is to manage capital so as to provide shareholders with above-average returns through capital growth over the medium-to-long term. The Group considers its capital to comprise its share capital, share premium, merger reserve and retained earnings.

	2024		**2023**	
Issued and fully paid:	**Number**	**£m**	**Number**	**£m**
Ordinary shares of 2p each				
At 1 January	1,063,188,005	21.3	1,063,188,005	21.3
Shares purchased and cancelled	(20,609,101)	(0.4)	–	–
Cancellation of shares held in Treasury	(67,292,636)	(1.4)	–	–
Share capital at 31 December	975,286,268	19.5	1,063,188,005	21.3
Existing treasury shares at 1 January	(26,493,520)	(0.5)	(28,110,373)	(0.6)
Purchase of treasury shares	(45,280,605)	(0.9)	(220,302)	–
Cancellation of treasury shares	67,292,636	1.3	–	–
Shares transferred out of treasury for SAYE	–	–	285,335	–
Settlement of employee share-based payments	4,481,489	0.1	1,551,820	–
Outstanding at 31 December	975,286,268	19.5	1,036,694,485	20.7

The Company has one class of ordinary shares with a par value of 2p ("Ordinary Shares") which carry equal voting rights, equal rights to income and distributions of assets on liquidation, or otherwise, and no right to fixed income.

During 2024, the Company purchased 45,280,605 ordinary shares (2023: 200,302 ordinary shares), with an aggregate value of £0.9m (2023: £0.2k) which were initially held in treasury. These were subsequently used to settle employee share based payments of 4,481,489 prior to the remainder being cancelled in September 2024 along with a further 26,493,520 treasury shares held at the start of the year which were also cancelled at the same time. A further 20,609,101 shares with an aggregate value of £0.5m were purchased in the period September to December 2024 and immediately cancelled. The nominal value of the cancelled treasury share has been added to the Capital redemption reserve.

Retained profits have been reduced by £29.6m (2023: £0.2k), being the net consideration paid for the purchase of treasury, including expenses directly relating to the treasury share purchase.

21. Share–based payments

In 2024, the Group continued to incentivise employees through its RSP and AIS. The main terms of both are described in more detail in the Directors' Remuneration Report in the Group's Annual Report and Accounts.

Deferred bonus share plan ("DBSP")

Awards made to employees under the Group's AIS above a certain threshold include 50% deferred into IP Group equity through the grant of nil–cost options under the Group's DBSP. The number of nil–cost options granted under the Group's DBSP is determined by the share price at the vesting date. The DBSP options are subject to further time–based vesting over two years (typically 50% after year one and 50% after year two).

An analysis of movements in the DBSP options outstanding is as follows:

	Number of options 2024	Weighted-average exercise price 2024	Number of options 2023	Weighted-average exercise price 2023
At 1 January	2,153,379	–	2,556,682	–
AIS deferral shares award during the year	1,578,434	–	1,120,292	–
Exercised during the year	(1,593,233)	–	(1,523,595)	–
At 31 December	2,138,580	–	2,153,379	–
Exercisable at 31 December	–	–	–	–

1,643,895 shares were transferred from treasury in respect of DBSP scheme during the year, comprising 1,593,233 DBSP options exercised on 23rd April 2024 and a further 50,662 shares relating to dividends accrued on those options.

The options outstanding at 31 December 2024 had an exercise price of £nil (2023: £nil) and a weighted–average remaining contractual life of 0.6 years (2023: 0.5 years).

The weighted average share price at the date of exercise for share options exercised in 2024 was 48.3p (2023: 61.0p).

As the 2024 AIS financial performance targets were met and as the number of DBSP options to be granted in order to defer such elements of the AIS payments as are required under our remuneration policy are based on a percentage of employees' salary, the share–based payments line includes the associated share–based payments expense incurred in 2024.

IP Group Restricted Share Plan ("RSP")

As set out in the Remuneration Policy approved by shareholders in 2022, a Restricted Share Plan was introduced in 2022 to replace the previous LTIP structure. Vesting of these awards will take place over a three-year period, with any awards that vest subject to a further two-year holding period. For 2022, 2023 and 2024 awards, a financial underpin exists which may result in awards lapsing if NAV per share on the vesting date is lower than 100% of NAV per share on the award date, after making appropriate adjustments for dividends. Further information on the Group's RSP is set out in the Directors' Remuneration Report in the Group's Annual Report and Accounts.

The 2024 RSP awards were made on 23 April 2024. The awards will ordinarily vest on 31 March 2026, to the extent that the performance underpin has been met.

The movement in the number of shares conditionally awarded under the RSP is set out below:

	Number of options 2024	Weighted-average exercise price 2024	Number of options 2023	Weighted-average exercise price 2023
At 1 January	10,238,863	–	3,458,509	–
Forfeited during the year	(1,362,198)	–	(16,367)	–
Notionally awarded during the year	8,833,966	–	6,796,721	–
At 31 December	17,710,631	–	10,238,863	–
Exercisable at 31 December	–	–	–	–

The options outstanding at 31 December 2024 had an exercise price of £nil (2023: £nil) and a weighted–average remaining contractual life of 3.5 years (2023: 3.9 years).

The fair value of the RSP shares notionally awarded in 2024 was calculated using the Finnerty pricing model with the following key assumptions:

	2024	2023
IP Group share price as of valuation date	£0.539	£0.602
Exercise price	£nil	£nil
Indicated discount for lack of marketability	15%	15%

Adjusted probability assigned for performance conditions	20%	20%
Fair value at grant date	£0.21	£0.24

Pre-2022 IP Group Long-Term Incentive Plan ("LTIP")

Awards under the historic LTIP scheme took the form of conditional awards of ordinary shares of 2p each in the Group which vest over the prescribed performance period to the extent that performance conditions have been met. The Remuneration Committee imposes objective conditions on the vesting of awards and these take into consideration the guidance of the Group's institutional investors from time to time. General information on the Group's LTIP is set out in the Directors' Remuneration Report in the Group's Annual Report and Accounts.

The 2021 LTIP awards were made on 6 May 2021. Following the completion of the performance period on 31 March 2024, the relevant performance targets for vesting of the 2021 LTIP award were not met and these options lapsed in full.

Following the lapse of the 2021 awards noted above, and the exercise of vested options under the 2019 scheme during the year, the only remaining outstanding conditionally awarded shares relate to the 2020 awards, which vested in 2023 and will be exercised in the first half of 2025 following completion of their two-year post-vesting mandatory holding period.

The movement in the number of shares conditionally awarded under the LTIP is set out below:

	Number of options 2024	Weighted -average exercise price 2024	Number of options 2023	Weighted -average exercise price 2023
At 1 January	7,728,493	–	14,490,039	–
Lapsed during the year	(3,950,040)	–	(6,759,628)	–
Forfeit during the year	(10,907)	–	(1,918)	–
Exercised during the year	(2,703,041)	–	–	–
At 31 December	1,064,505	–	7,728,493	–
Exercisable at 31 December	1,064,505	–	4,596,014	–

2,837,594 shares were transferred from treasury in respect of the exercise of 2019 LTIPs, comprising 2,703,041 conditionally awarded shares exercised on 23rd April 2024 and a further 134,553 shares relating to dividends accrued on those conditionally awarded shares.

The conditionally awarded shares at 31 December 2024 had an exercise price in the range of £nil (2023: £nil) and a weighted–average remaining contractual life of 0.3 years (2023: 0.8 years).

The fair value charge recognised in the statement of comprehensive income during the year in respect of all share–based payments, including the DBSP, RSP and LTIP was £1.9m (2023: £2.6m).

The aggregate gain made by directors on the exercise of options in the year was £0.4m (2023: £0.2m).

22. Long–term incentive carry scheme – Carried interest plan liability

Accounting Policy:

The Group operates a number of Long-Term Incentive Carry Schemes ("LTICS") for eligible employees which may result in payments to scheme participants relating to returns from investments.

Under the Group's LTICS arrangements, a profit–sharing mechanism exists whereby if a specific vintage (being a group investment made within a defined time period) delivers returns in excess of the base cost of investments together with an agreed hurdle rate, scheme participants receive a share of excess returns. Of the Group's total equity and debt investments 65% are included in LTICS arrangements (2023: 69.0%).

The calculation of the liability in respect of the Group's LTICS is derived from the fair value estimates for the relevant portfolio investments and does not involve significant additional judgement (although the fair value of the portfolio is a significant accounting estimate). The actual amounts of carried interest paid will depend on the cash realisations of individual vintages, and valuations may change significantly in the next financial year. Movements in the liability are recognised in the consolidated statement of comprehensive income.

	2024 £m	2023 £m
At 1 January	38.0	44.1
Credit for the year	(7.9)	(4.7)
Payments made in the year	(2.5)	(1.3)
Foreign exchange rate movement	(0.3)	(0.1)
At 31 December	27.3	38.0

23. Related party transactions

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

A) Key management transactions

(i) Key management personnel transactions

The following key management held shares in the following spin–out companies as at 31 December 2024:

Director/PDMR	Company name	Number of shares held at 1 January 2024	Number of shares acquired/ (disposed of) in the period	Number of shares held at 31 December 2024	%
Greg Smith	Alesi Surgical Limited	2	-	2	<0.1%
	Crysalin Limited (dissolved)	149	-	-	-
	Emdot Limited	4	-	4	0.23%
	Istesso Limited	313,425	-	313,425	0.37%
	Itaconix plc[1]	90	-	90	<0.1%
	Mirriad Advertising plc	16,667	-	16,667	<0.1%
	Oxa Autonomy Limited	8	-	8	<0.1%
	Oxford Nanopore Technologies plc	27,008	-	27,008	<0.1%
	Rio AI Limited	144,246	-	144,246	<0.1%
	Surrey Nanosystems Limited	88	-	88	<0.1%
	Tissue Regenix Group plc	500	-	500	<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 (dissolved)	46	-	-	-
	Mirriad Advertising plc	16,667	-	16,667	<0.1%
	Oxford Nanopore Technologies plc	2,784	-	2,784	<0.1%
	Ultraleap Holdings Limited	2,600	-	2,600	<0.1%
	Zeetta Networks Limited	424	-	424	0.11%
Mark Reilly	Actual Experience plc[2]	28,000	-	28,000	<0.1%
	AudioScenic Limited	53	-	53	<0.1%

Director/PDMR	Company name	Number of shares held at 1 January 2024	Number of shares acquired/ (disposed of) in the period	Number of shares held at 31 December 2024	%
	Bramble Energy Limited	16	-	16	<0.1%
	Diffblue Limited	8,038	-	8,038	<0.1%
	Itaconix plc[1]	7,547	-	7,547	<0.1%
	Mirriad Advertising plc	66,666	-	66,666	<0.1%
	Mixergy Limited	126	-	126	<0.1%
	Oxa Autonomy Ltd	8	-	8	<0.1%
	Ultraleap Holdings Limited	1,700	-	1,700	<0.1%

From 13 May 2024, Sam Williams ceased to act as a Person Discharging Management Responsibility. Shares he held in spin-out companies up to this date are disclosed as follows:

Director/PDMR	Company name	Number of shares held at 1 January 2024	Number of shares acquired/ (disposed of) in the period	Number of shares held at 13 May 2024	%
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 (dissolved)	23	-	23	<0.1%
	Genomics plc	333	-	333	<0.1%
	Ibex Innovations Limited	1,701	-	1,701	<0.1%
	Istesso Limited	7,048,368	-	7,048,368	8.29%
	Microbiotica Limited	7,000	-	7,000	<0.1%
	Mirriad Advertising plc	3,333	-	3,333	<0.1%
	Oxa Autonomy Ltd	3	-	3	<0.1%
	Oxehealth Limited	65	-	65	<0.1%
	Oxford Nanopore Technologies plc	25,609	-	25,609	<0.1%
	Topivert Limited[2]	1,000	-	1,000	<0.1%
	Ultraleap Holdings Limited	558	-	558	<0.1%

[1] Opening position restated to reflect share consolidation.

[2] Company being closed down.

Policy for Executive Director holdings in Portfolio Companies

The policy for Executive Director shareholdings in portfolio companies specifies:

- New direct investments in portfolio companies by executive directors are prohibited, with the exception of the take-up of pre-emption rights which relate to existing portfolio company shareholdings. Both Mr Smith and Mr Baynes are covered by this policy.

- Mr Smith and Mr Baynes have voluntarily submitted to an additional binding condition such that any net proceeds received as a result of realisations from direct holdings in portfolio companies that exceed £250,000 will be used to purchase shares in IP Group, until such time as they meet the Minimum Shareholding Requirement set for their role (currently 350% of annual salary for Mr Smith, 250% for Mr Baynes).

(ii) Key management personnel compensation

Key management personnel compensation comprised the following:

	2024 £000	2023 £000
Short–term employee benefits[1]	**2,176**	3,091
Post–employment benefits[2]	**48**	108
Share–based payments[3]	**615**	1,161
Total	**2,839**	4,360

[1] Represents key management personnel's base salaries, benefits including cash in lieu of pension where relevant, and the cash–settled element of the Annual Incentive Scheme.

[2] Represents employer contributions to defined contribution pension and life assurance plans.

[3] Represents the accounting charge for share-based payments, reflecting LTIP and DBSP options currently in issue as part of these schemes. See note 21 for a detailed description of these schemes.

B) Portfolio companies

(i) Services

The Group earns fees from the provision of business support services and corporate finance advisory services to portfolio companies in which the Group has an equity stake. 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:

Statement of comprehensive income	2024 £m	2023 £m
Revenue from services	–	–

Statement of financial position	2024 £m	2023 £m
Trade receivables	0.1	0.1

(ii) Investments

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

Statement of comprehensive income	2024 £m	2023 £m
Net portfolio (losses)/gains	**(125.7)**	31.7

Statement of financial position	2024 £m	2023 £m
Equity and debt investments	**345.8**	566.4

C) Subsidiary companies

Subsidiary companies that are not 100% owned either directly or indirectly by the parent company have intercompany balances (which are eliminated at a consolidated level) with other Group companies which are disclosed as follows:

	2024 £m	2023 £m
Intercompany balances with other Group companies	2.2	2.1

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

24. Capital management

The Group's key objective when managing capital, as set out in note 20, is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and employees for other stakeholders. The Group sets the amount of capital in proportion to risk. The Group manages the capital structure, and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of its underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of issued share capital, issue or repay debt and dispose of interests in portfolio companies.

During 2024, the Group's strategy, which was unchanged from 2023, was to maintain an appropriate level of cash and short-term deposit balances in line with the Group's capital allocation plans, whilst having sufficient cash reserves to meet working capital requirements in the foreseeable future.

The Group has external borrowings with associated covenants that are described in note 19. These include covenants around the Group's minimum equity and maximum debt/equity ratio. Consideration is given to the level of headroom against these covenants as part of the Group's capital allocation process where planning corporate actions such as dividends and share buybacks, which have an impact on the headroom level.

25. Capital commitments

Commitments to Limited Partnerships

Pursuant to the terms of their Limited Partnership agreements, the Group has committed to invest the following amounts into Limited Partnerships as at 31 December 2024:

Year ended 31 December 2024	Year of commencement of commitment	Commitment £m	Invested to date £m	Remaining commitment £m
IP Venture Fund II LP	**2013**	**10.0**	**10.0**	–
UCL Technology Fund LP	**2016**	**24.8**	**23.4**	**1.4**
Total at 31 December 2024		**34.8**	**33.4**	**1.4**

Year ended 31 December 2023	Year of commencement of commitment	Commitment £m	Invested to date £m	Remaining commitment £m
IP Venture Fund II LP	2013	10.0	9.9	0.1
UCL Technology Fund LP	2016	24.8	23.2	1.6
Total at 31 December 2023		34.8	33.1	1.7

26. Dividends and share buyback

	2024 pence per share	£m	2023 pence per share	£m

Ordinary shares:				
Interim dividend	–	–	0.51	5.3
Final dividend	–	–	0.76	7.7
Dividends paid to equity owners in the financial year	–	–	1.27	13.0
Proposed final dividend at financial year end	–	–	–	–

There were no dividends paid or proposed in 2024 (2023: £13.0m dividends; £13.0m settled in cash). Due to the limited take up of scrip dividends the scheme was discontinuedin prior years.

Share buyback

On 18 December 2023 the Group initiated a share buyback of up to £20 million. This £20m share buyback tranche completed in September 2024. On 7th October 2024 it was announced to increase the Group's share buyback programme by a further £10m which was completed on 7 January 2025.

In January 2025 the Group launched a further extension by up to £40m of its buyback programme, which had been announced in December 2024. In March 2025, as part of the Group’s preliminary results statement, the Group announced Intention to extend buyback programme by a further £10m.

The Board remains committed to making regular cash returns to shareholders from realisations. In future these regular cash returns will normally be made in the form of share buybacks when the share price discount to NAV exceeds 20%. Regular dividend payments will be suspended under such conditions, including consideration of any final dividend for 2024.

27. 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 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.

					Calculation
APM	**Reference for reconciliation**	**Definition and purpose**		**2024 £m**	**2023 £m**
NAV per share[1]	Primary statements note 20	NAV per share is defined as Net Assets divided by the number of outstanding shares.	NAV	£952.5m	£1,190.3m
			Shares in issue	975,286,268	1,036,694,485
		The measure shows net assets managed on behalf of shareholders by the Group per outstanding share. NAV per share is a standard measure used within our peer group and can be directly compared with the Group’s share price.	**NAV per share**	97.7p	114.8p
Return on NAV	Primary statements note 4	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 share–based payment charges.	Total comprehensive income	(210.0)	(174.8)
			Excluding:		
			Share-based payment charge	1.9	2.6

APM	Reference for reconciliation	Definition and purpose	Calculation	2024 £m	2023 £m
		The measure shows a summary of the income statement gains and losses which directly impact NAV.	**Return on NAV**	**(208.1)**	**(172.2)**
Net portfolio gains/(losses)	note 13, 14, 15	Net portfolio gains/(losses) are defined as the movement in the value of holdings in the portfolio due as a result of realised and unrealised gains and losses.	Change in fair value of equity and debt investments	(246.1)	(110.9)
		The measure shows a summary of the income statement gains and losses which are directly attributable to the Total Portfolio (see definition above), which is a headline measure for the Group's portfolio performance.	Gain/(loss) on disposal of equity investments	63.7	(10.8)
		This is a key driver of the Return on NAV which is a performance metric for directors' and employees' incentives.	Change in fair value of LP interests[2]	(12.6)	(38.8)
			Net portfolio (losses)	**(195.0)**	**(160.5)**
Total portfolio[3]	Consolidated statement of financial position, note 13, 14	Total portfolio is defined as the total of equity investments, debt investments and investments in LPs.	Equity investments	713.8	1,011.5
		This measure represents the aggregate balance sheet amounts which the Group considers to be its investment portfolio, and which is described in further detail within the portfolio review section of the strategic report.	Debt investments	51.6	83.7
			LP interests	58.1	69.7
			Assets held for sale	13.9	–
			Total portfolio	837.4	1,164.9
Portfolio investment	Primary statements	Portfolio investment is defined as the purchase of equity and debt investments plus investments into limited partnership interests.	Purchase of equity and debt investments	(60.8)	(63.4)
		This gives a combined measure of investment into the Group's portfolio.	Investment in limited and limited liability partnerships	(2.2)	(9.8)
			Portfolio investment	**(63.0)**	**(73.2)**
Cash proceeds[1]	Primary statements	Cash proceeds is defined as the proceeds from the disposal of equity and debt investments plus distributions received from limited partnership interests.	Proceeds from the sale of equity investments	182.2	37.7
			Distributions from limited partnership funds	1.2	0.9
			Cash proceeds	**183.4**	**38.6**
Net overheads[2]	Financial review, note 8	Net overheads are defined as the Group's core overheads less operating income. The measure reflects the Group's controllable net operating "cash–equivalent" central cost base.	Other income	5.5	5.9

APM	Reference for reconciliation	Definition and purpose	Calculation	2024 £m	2023 £m
		Net overheads exclude items such as share–based payments, restructuring costs and consolidated portfolio company costs	Other administrative expenses	(25.3)	(28.0)
			Excluding:		
			Non-portfolio foreign exchange movements	(2.7)	(0.4)
			Restructuring costs - labour	2.4	–
			Restructuring costs – professional	0.3	–
			Net overheads	**(19.8)**	**(22.5)**
Gross cash and deposits	Primary statements	Cash and deposits is defined as cash and cash equivalents plus deposits.	Cash and cash equivalents	115.6	100.9
		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.	Deposit	170.0	126.0
			Gross cash and deposits	**285.6**	**226.9**
Loss excluding ONT	Primary statements	(Loss)/profit excluding ONT is defined as the Groups (loss)/profit for the year (after tax) excluding the (loss)/profit on the investment held in Oxford Nanopore publicly quoted shares both realised and unrealised.	(Loss) for the year	(207.0)	(174.4)
			Excluding:		
		This measure gives a view of the results of this business excluding this single investment which, given its size and recent share price volatility, may be helpful to users of the accounts as a view of the underlying business.	Change in fair value of equity investment in Oxford Nanopore	66.3	31.9
			(Loss)/profit excluding ONT	**(140.7)**	**(142.5)**
Simple return on capital (%)	Note 27	Defined as net portfolio gains/losses divided by the opening total portfolio value.	Net portfolio (losses)	(195.0)	(160.5)
		This measure gives a view of the size of portfolio gains or losses relative to the opening portfolio value, giving useful additional context for the value of gains or losses.	Opening total portfolio value	1,164.9	1,258.5
			Simple return on capital (%)	**-17%**	**-13%**
% Return on NAV (%)	Note 27 (return on NAV) Primary statements	Defined as return on NAV divided by the opening Net Asset Value. This measure gives a view of the size of Return on NAV relative to the opening Net Asset Value,	Return on NAV	(208.1)	(172.2)

APM	Reference for reconciliation	Definition and purpose		Calculation 2024 £m	2023 £m
	(Net Asset Value)	giving useful additional context for the value of returns.			
			Opening Net Asset Value	**1,190.3**	**1,376.1**
			Return on NAV (%)	**-17%**	**-13%**

[1] For consistency with how we report investments as the purchase of equity and debt investments plus investment in limited and limited liability partnerships, the directors believe that this new measure showing cash proceeds is defined as the proceeds from the disposal of equity and debt investments plus distributions received from limited liability partnerships interests profit represents a useful additional measure for users of the accounts.

[2] For clarity non-portfolio foreign exchange movements have been excluded from net overheads, these exchange movements are on intercompany loans and other balance sheet items including cash, and which do not represent an ongoing overhead cost for the group. Their exclusion is therefore considered to give a more accurate view of the underlying net overhead costs of the business.

[3] At 31 December 2024, the Group was in the process of disposing of a number of assets, which were accordingly reclassified within current assets as Assets Held for Sale. These assets are considered to be part of the Group's investment portfolio and have been managed as such throughout the period. Accordingly, the APM has been amended to included Assets Held for Sale within the Group's Total portfolio APM.

28. Post balance sheet events

As at 21 March 2025, unrealised fair value losses in respect of the Group's quoted portfolio totalled £14.7m, largely in respect of Oxford Nanopore Technologies plc, which has seen a fair value loss of £13.8m since 31 December 2024.

The Group was notified of the outcome of Istesso's Phase 2b trial for Leramistat in February 2025, reflecting information which Istesso Limited had received prior to 31 December 2024.

Since 1 January 2025, the Group has delivered cash proceeds of £24.7m.

In January 2025 the Group launched a further extension by up to £40m of its buyback programme, which had been announced in December 2024. In March 2025, as part of the Group's preliminary results statement, the Group announced Intention to extend buyback programme by a further £10m.