EDISON

IP Group

Assessing Pfizer's anti-obesity royalty potential

Investment companies
Listed venture capital/TMT/
Healthcare

12 November 2026

IP Group has exposure to Pfizer's anti-obesity pipeline following the acquisition of Metsera in November 2025 for up to $10bn. Through IP rights underpinning several Metsera-derived programmes, the group is entitled to milestone payments and royalties on future sales, with the associated asset valued at £152m at end-June 2026. Lead candidate berobenatide has delivered encouraging Phase IIb data and is progressing through Phase III, with potential first approval in 2028. Pfizer is funding clinical development, although standard clinical and commercial risks remain. In this note, we assess the programmes' prospects and use Evaluate Pharma's consensus sales forecasts to illustrate the scale of IP Group's potential future royalty income, including outcomes conditional on successful commercialisation.

Price	**72.00p**
Market cap	**£636m**
Shares in issue	883.4m
Code/ISIN	IPO/GB00B128J450
Primary exchange	LSE
AIC sector	N/A
Financial year end	31 December
52-week high/low	76.5p 48.0p

Fund objective

IP Group helps to create, build and support IP-based companies internationally. The group focuses on companies that meaningfully contribute to regenerative, healthier (life sciences) and tech-enriched (deeptech) futures. The group is mostly active in the UK, with an international footprint through investment platforms in Australia, New Zealand and the US.

Bull points

- Provides unique exposure to impactful technology businesses based on management's extensive deal origination network and strong relationships with top universities.
- Potential significant income from the exposure to Metsera's IP.
- Diverse portfolio across healthtech, deeptech and cleantech, with no significant exposure to software-as-a-service.

Bear points

- IP Group is yet to build a solid long-term track record of NAV total returns.
- The investment cases for some of IP Group's holdings have a binary outcome.
- Uncertain venture capital market outlook as recovery is at an early stage.

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Pfizer obesity programmes approach key milestones

Pfizer is progressing 10 distinct Phase III studies for berobenatide, including the pivotal VESPER-4 and VESPER-5 trials of weekly dosing, which are expected to reach primary completion in October 2027. Phase IIb data have also supported the potential for monthly maintenance dosing after weekly initiation, an approach that could improve convenience in a market dominated by weekly injections. Pfizer is additionally developing berobenatide in obesity-related conditions and in combination with an amylin analogue, now in Phase IIb. Management envisages potential approval for weekly berobenatide in 2028, monthly berobenatide in 2029, and the combination therapy potentially launching from 2030, subject to successful development and approval.

A potentially sizeable long-term income stream

IP Group cites estimates that the global obesity medicines market could reach c $95bn to $145bn in annual net revenues by 2030, excluding GLP-1 sales for diabetes. Its royalty interests provide exposure without the cost of funding clinical development. We apply estimated royalty rates to Evaluate Pharma's forecasts, distinguishing risk-adjusted sales from those conditional on successful launch. Management believes the berobenatide/amylin analogue combination could be worth at least twice that of berobenatide alone, before accounting for other programmes.

Substantial discount to underlying asset values

Based on 22 October closing prices, IP Group traded at a c 42.7% discount to an estimated NAV of 121.9p, adjusted for ONT's subsequent share-price movement and partial realisation since end-June 2026. We estimate that the share price implied c £346m for IP Group's private assets, including the Pfizer royalty asset, equivalent to only c 43% of carrying value after adjusting for listed holdings and other balance-sheet items. While private valuations remain uncertain and some holdings face binary outcomes, recent realisations and portfolio de-risking provide support for these carrying values. We see potential for the discount to narrow if IP Group sustains progress on cash realisations and key portfolio milestones.

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Pfizer’s acquisition brings Metsera’s obesity pipeline into focus

From Imperial College to Pfizer

IP Group’s exposure to Pfizer’s anti-obesity programmes has its origins in research undertaken at Imperial College London, dating back to the 1980s. IP Group became involved in the early 2010s, working with the research team to develop a commercially viable IP portfolio. Zihipp was established in 2019 to commercialise the IP, which was then acquired by US-based Metsera in 2023. Pfizer subsequently acquired Metsera in November 2025. IP Group continues to own and exclusively license key patents underpinning the programmes, providing potential entitlement to future milestone payments and royalties.

Contested acquisition highlights the strategic value of obesity treatments

Pfizer announced its proposed acquisition of Metsera in September 2025, initially valuing the business at $4.9bn in enterprise value, plus contingent payments. The transaction subsequently attracted competing bids from Novo, prompting Pfizer to improve its offer. Pfizer completed the acquisition in November 2025 for $65.60 per share in upfront cash (c $7bn enterprise value), with contingent value rights of up to $20.65 per share linked to clinical and regulatory milestones, taking total potential consideration to c $10bn. Pfizer has identified cardiometabolic research as a strategic priority and outlined an extensive development programme for its acquired obesity pipeline. We believe the competitive bidding highlights the strategic importance attached to differentiated obesity treatments, although, we highlight that the transaction valuation relates to Metsera as a whole and does not directly reflect the value of IP Group's royalty interests.

How IP Group benefits from commercial success

IP Group’s financial exposure to Pfizer’s obesity programmes comprises two separate contractual interests:

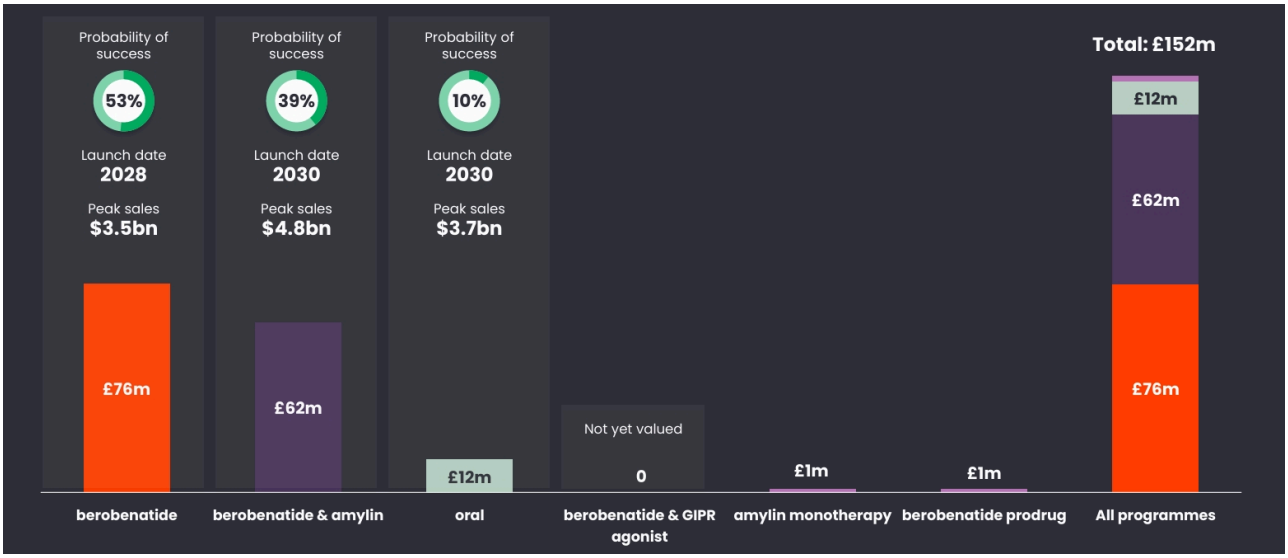
- First, its subsidiary IP2IPO Innovations owns and exclusively licenses the underlying patents, entitling the group to technical and commercial milestone payments and tiered, low-single-digit percentage royalties on net sales of licensed products.
- Second, as a former 31% shareholder in Zihipp, IP Group is entitled to 31% of consideration payable to Zihipp’s selling shareholders under its 2023 acquisition by Metsera, including contingent milestone payments and royalties linked to sales and other receipts.

These arrangements were unaffected by Pfizer’s acquisition of Metsera and are separate from the contingent value rights granted to Metsera shareholders. Under existing revenue-sharing agreements, 50% of all monies received by IP Group from these interests is payable to Imperial College London.

Exposure spans several programmes

IP Group’s exposure extends beyond lead Phase III drug berobenatide (formerly MET-097i or PF’3944), a long-acting glucagon-like peptide 1 (GLP-1) receptor agonist, which comprises £76.1m carrying value at 30 June 2026. A combination of berobenatide and the amylin analogue PF’3945 (formerly MET-233i), which acts on another appetite-regulating pathway, entered Phase IIb in May 2026. Further programmes include an oral therapy, an amylin monotherapy and a berobenatide prodrug designed for potentially quarterly dosing. These last programmes are less advanced (the amylin monotherapy is in Phase IIb; the prodrug is in Phase I), with some currently carrying little or no value in IP Group’s NAV (Exhibit 1). We note that a GIP receptor agonist was previously in development, but Pfizer announced as part of its Q326 update that the programme had been terminated; this was not valued by IP Group and hence has no material impact to the investment case.

Exhibit 1: Overview of Pfizer programmes with IP Group economic exposure



Source: IP Group H126 results presentation

Berobenatide targets important gaps in obesity treatment

A substantial and expanding market

IP Group cites sell-side estimates that the global obesity medicines market could generate c $95bn to $145bn in annual net revenues by 2030, excluding GLP-1 sales for type 2 diabetes. The range draws on Goldman Sachs Research's earlier $95bn forecast and Morgan Stanley Research's $105bn base case, rising to c $144bn. Goldman Sachs has since raised its estimate to $114bn.

Eli Lilly's tirzepatide (Zepbound) and Novo Nordisk's semaglutide (Wegovy) dominate the established market. While the projected market size indicates considerable demand, success for new entrants such as berobenatide will depend on clinical differentiation, patient persistence, reimbursement and realised pricing amid intensifying competition.

Could less frequent dosing provide differentiation?

As mentioned above, berobenatide is a long-acting GLP-1 receptor agonist that mimics a gut hormone involved in appetite regulation. Pfizer is developing weekly injections with the potential to switch patients to monthly maintenance dosing after initial dose escalation. Fewer injections could improve convenience and support sustained treatment, although any effect on adherence remains unproven.

Pfizer's February 2026 Phase IIb VESPER-3 results showed up to 12.3% weight loss, adjusted for placebo, at 28 weeks, following a switch from weekly to monthly administration at week 12. Weight loss continued without an observed plateau. In June, Pfizer reported 15.9% weight loss (not adjusted for placebo) over 32 weeks in the exploratory extension of VESPER-1 at the 2.4mg weekly dose, again without a plateau. Across the Phase IIb programme, Pfizer also highlighted favourable tolerability, including relatively low rates of gastrointestinal adverse events and treatment discontinuations. These findings support further development, with Phase III trials needed to confirm efficacy, safety and the feasibility of monthly dosing.

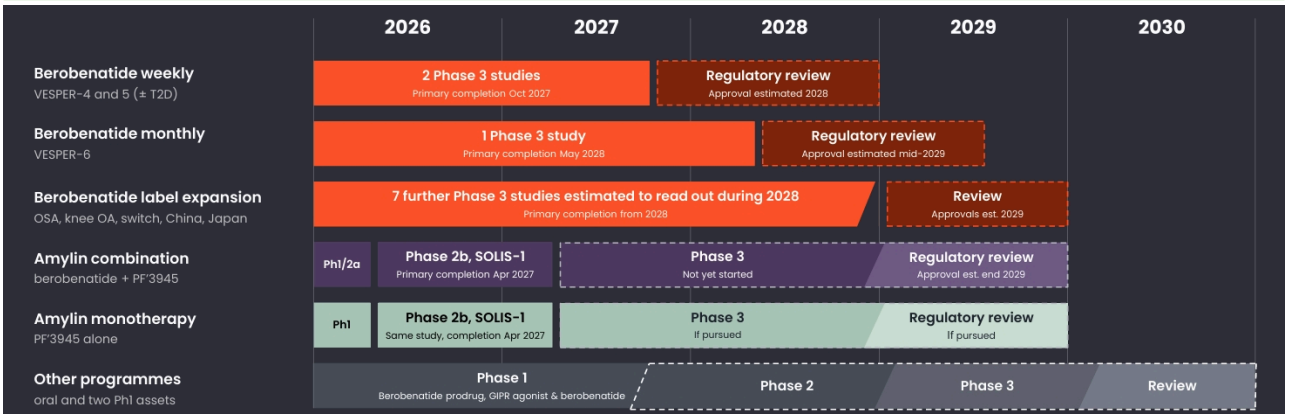
Clinical trials will determine the route to market

Pfizer's Phase III programme is designed to establish berobenatide's efficacy and safety across different dosing regimens and patient populations. VESPER-4 evaluates weekly dosing in patients without type 2 diabetes, while VESPER-5 focuses on those with the condition. Both are expected to reach primary completion in October 2027. VESPER-6 investigates monthly maintenance dosing, with primary completion anticipated in May 2028. Seven additional studies include switching from existing weekly treatments and investigating obesity-related conditions such as obstructive sleep apnoea and knee osteoarthritis, potentially broadening the commercial opportunity. In September

2026, Pfizer confirmed that its weekly Phase III studies were fully recruited, while the monthly dosing and switching studies had commenced.

IP Group management estimates first approval for weekly berobenatide in 2028, with monthly dosing potentially following in 2029 (Exhibit 2). These timelines remain subject to successful trial readouts, subsequent regulatory submissions and approval. Phase III data will need to confirm sustained weight-loss efficacy and an acceptable safety and tolerability profile, while longer-term treatment outcomes and patient adherence will be important considerations for berobenatide's commercial potential.

Exhibit 2: Pfizer's obesity programmes, key clinical and regulatory milestones



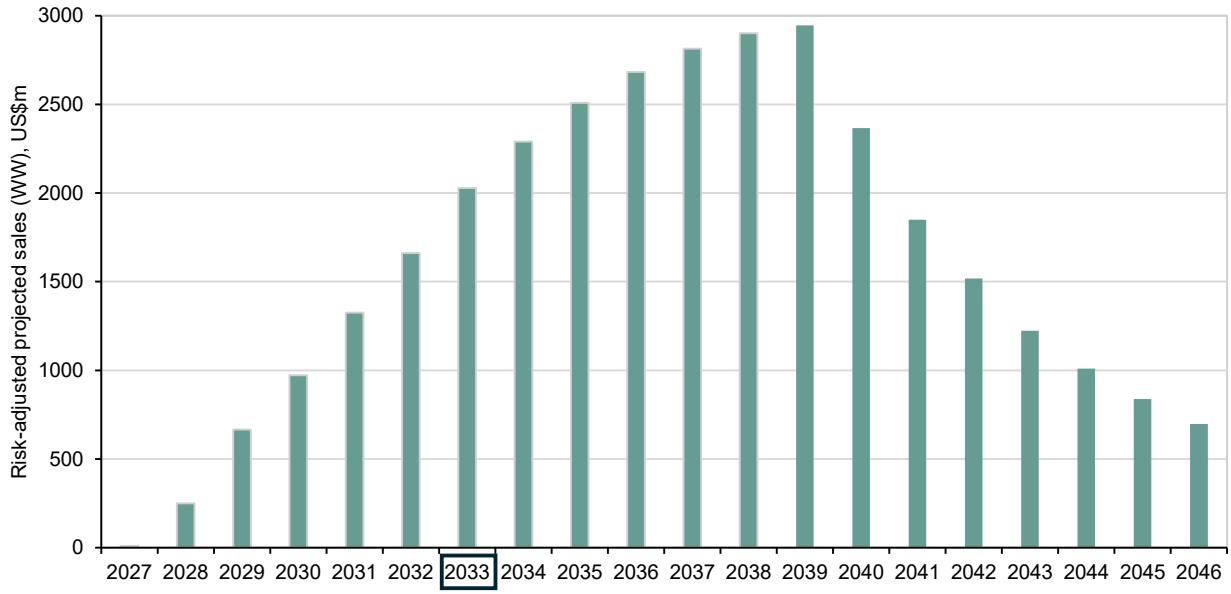
Source: IP Group H126 results presentation

Consensus forecasts illustrate the potential scale of berobenatide

Evaluate Pharma aggregates broker consensus forecasts for berobenatide, projecting risk-adjusted worldwide sales of $250m in 2028, rising to $2.03bn by 2033. These forecasts account for development and regulatory risk, reflecting the possibility that berobenatide does not reach commercialisation. Evaluate Pharma's longer-term model envisages risk-adjusted sales peaking at $2.95bn in 2039 before declining (Exhibit 3). We note that forecasts beyond the brokers' published horizons incorporate Evaluate's modelling assumptions, while its December 2027 first-launch assumption slightly precedes IP Group management's 2028 estimate.

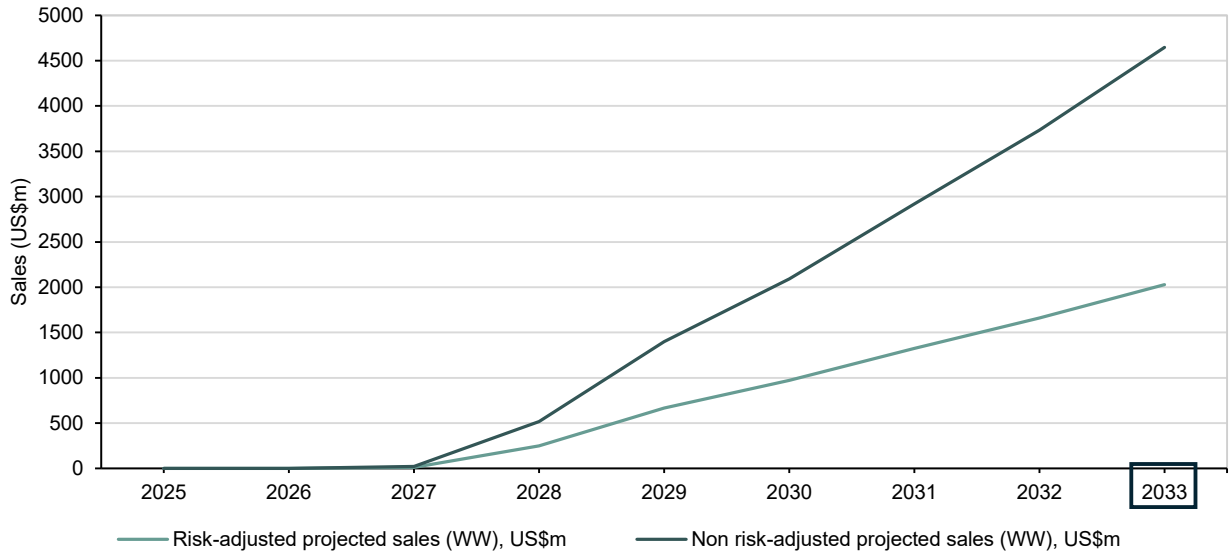
Evaluate Pharma assigns berobenatide a 49% probability of launch. Removing this adjustment implies 2033 sales of c $4.6bn (Exhibit 4), illustrating the greater commercial potential conditional on successful approval and launch. We note that non-risk-adjusted forecasts are available only through 2033. This limits a direct comparison of Evaluate Pharma's projections with IP Group management's non-risk-adjusted peak sales assumption of $3.5bn, which provides a further reference point. We highlight that a direct comparison would require a consistent treatment of launch probabilities and forecast periods.

Exhibit 3: Projected risk-adjusted berobenatide sales (2027–46); data sourced from Evaluate Pharma



Source: Evaluate Pharma, Edison Investment Research
Note: Risk-adjusted forecasts incorporate the probability of successful development and commercialisation. Non-risk-adjusted forecasts, conditional on launch, are available through 2033 only in Evaluate Pharma, and presented in Exhibit 4.

Exhibit 4: Projected risk-adjusted and non-risk-adjusted berobenatide sales (2025–33); data sourced from Evaluate Pharma



Source: Evaluate Pharma, Edison Investment Research
Note: Non-risk-adjusted forecasts are available through 2033 only in Evaluate Pharma. These represent potential sales conditional on successful launch, rather than guaranteed future revenues. Longer-term risk-adjusted projections are presented in Exhibit 3.

How should investors interpret probabilities of success?

Evaluate Pharma assigns berobenatide a 49% probability of launch, compared with IP Group management's 53% probability of success. Other sell-side estimates, provided by IP Group management, range from 50 % to 65%. These assumptions are broadly consistent with historical development outcomes, in our view. A study by Biotechnology Innovation Organization, Informa Pharma Intelligence and QLS Advisors found that 55.7% of metabolic drug programmes and 52.8% of peptide therapies entering Phase III ultimately secured US approval between 2011 and 2020. This is generally consistent with internal Edison valuation methodology. We note though that the industry benchmarks do not predict outcomes for individual drug candidates.

Probabilities generally increase following successful clinical milestones and are, by nature, somewhat subjective. For example, IP Group raised its internal assumption for the berobenatide/amylin combination to 39%, from 25%, following its progression to Phase IIb, while the earlier oral programme carries a probability of c 10%. Differences between Evaluate and IP Group management may reflect methodologies or assessment dates. Importantly, Evaluate's risk-adjusted sales forecasts already incorporate launch risk and hence, should not require further probability adjustment.

Illustrating potential royalty income for IP Group (berobenatide only)

Applying illustrative royalty rates to Evaluate Pharma's sales forecasts helps demonstrate the scale of IP Group's potential future income. Assuming combined net royalties of 1.75% to 2.00% (illustrative for the purposes of this note), encompassing its direct licence and Zihipp-related interests after the Imperial College London revenue share, berobenatide's projected 2033 sales of $4.6bn on a non-risk-adjusted basis would imply annual royalty income of $81m to $93m attributable to IP Group (Exhibit 5).

These calculations are illustrative rather than forecasts of actual receipts, with contractual entitlements dependent on net product sales and applicable royalty tiers. They exclude potential milestone payments (which would offer further upside) and are presented before tax. Actual income will depend on clinical and regulatory success, launch timing, and commercial uptake. The corresponding risk-adjusted scenarios incorporate the probability that berobenatide does not reach commercialisation.

Exhibit 5: Illustrative annual royalty income from berobenatide

Scenario	2027	2028	2029	2030	2031	2032	2033
Risk-adjusted							
Projected WW sales (US$m)	10	250	666	972	1,325	1,661	2,028
IP Group retained at 1.75%	**0**	**4**	**12**	**17**	**23**	**29**	**35**
IP Group retained at 2.00%	**0**	**5**	**13**	**19**	**27**	**33**	**41**
Non risk-adjusted							
Projected WW sales (US$m)	20	518	1,398	2,091	2,920	3,733	4,647
IP Group retained at 1.75%	**0**	**9**	**24**	**37**	**51**	**65**	**81**
IP Group retained at 2.00%	**0**	**10**	**28**	**42**	**58**	**75**	**93**

Source: Evaluate Pharma, Edison Investment Research
Note: Royalty rates of 1.75% and 2.00% are illustrative and encompass IP Group's direct licence and Zihipp-related interests, after the Imperial College London revenue share. Figures are presented before tax and exclude potential milestone payments. Actual receipts will depend on contractual terms and commercial outcomes.

We highlight that the above illustration relates to berobenatide only. See below for a brief discussion around the potential for further upside, in particular with management's view on the berobenatide/amylin analogue combination.

A broader programme offers further opportunities

Combination therapy could extend the commercial opportunity

The combination of berobenatide with Pfizer's amylin analogue PF'3945 targets complementary pathways involved in appetite regulation. Berobenatide acts through the GLP-1 receptor, while amylin promotes satiety, potentially enhancing weight loss compared with either treatment alone. Again, we emphasise that this potential benefit requires confirmation in clinical studies.

The combination progressed into the SOLIS-1 Phase IIb trial in May 2026. IP Group subsequently increased its assumed probability of success to 39%, from 25%, contributing to a £27.3m fair-value uplift in its Pfizer obesity royalty asset during H126. The combination's carrying value increased to £61.5m at 30 June 2026, from £38.4m at end-2025. Management assumes a potential launch in 2030, subject to successful clinical trials and regulatory approval.

Management considers the combination's commercial potential to be at double that of standalone berobenatide, suggesting an overall opportunity significantly higher than that illustrated in Exhibit 5, before considering the other programmes.

Earlier-stage programmes provide additional optionality

Beyond the lead and amylin combination programmes, IP Group's valuation includes £12.4m for a potential oral formulation of berobenatide, although Pfizer has not provided a recent development update on this candidate. Other earlier-stage assets include an amylin monotherapy and a berobenatide prodrug (PF'6795) designed for potential quarterly dosing. These additional programmes account for just £2.1m of IP Group's end-June valuation, providing scope for further value creation as development progresses. However, clinical uncertainty remains considerable, particularly as programmes sharing berobenatide may face correlated development risks.

Competition and access will shape commercial outcomes

The anti-obesity market continues to evolve

Competition in anti-obesity medicines is increasingly focused on dosing convenience, tolerability, sustained treatment and benefits in obesity-related conditions, alongside weight-loss efficacy. Recent transactions illustrate pharmaceutical companies' interest in differentiated approaches. As discussed above, Pfizer acquired Metsera in November 2025 for potential consideration of c $10bn, while Roche agreed a collaboration with Zealand Pharma in March 2025 worth up to $5.3bn to develop the amylin analogue petrelintide, both alone and in combination with an incretin therapy.

These commitments highlight the strategic importance of next-generation treatments, although clinical outcomes and market access will determine commercial success. We discuss the wider landscape in our September 2026 Edison Explains note.

The investment case remains dependent on clinical execution

Berobenatide remains subject to significant development risks, despite its encouraging Phase IIb data. Phase III studies must confirm efficacy, safety and tolerability in larger populations, while disappointing results or regulatory delays could prevent or postpone commercialisation. If approved, uptake will depend on reimbursement, realised pricing, manufacturing capacity and differentiation from established treatments and competing pipelines. Longer-term adherence, particularly with monthly dosing, also remains to be demonstrated.

IP Group does not bear Pfizer's ongoing clinical development costs, limiting its direct financial commitment. Nevertheless, future royalties and milestone receipts depend on successful development and commercial uptake. At £152m, the Pfizer obesity royalty asset represented c 15% of IP Group's end-June 2026 NAV. Positive Phase III readouts could support higher probabilities of approval and material NAV uplifts ahead of commercialisation, while clinical setbacks could result in valuation reductions.

Conclusion: A potentially material long-term income stream

IP Group's interests in Pfizer's Metsera-derived programmes offer exposure to a potentially substantial, long-term income stream without the need to fund ongoing clinical development. Berobenatide represents the most advanced opportunity, supported by encouraging Phase IIb data of berobenatide alone and an extensive Phase III programme. Evaluate Pharma's risk-adjusted forecasts imply worldwide sales exceeding $2bn by 2033, with a considerably larger commercial opportunity conditional on successful approval and launch. The combination and earlier-stage programmes provide further potential upside, although development risks remain significant.

We believe the opportunity could make a material contribution to IP Group's long-term returns. However, pivotal clinical readouts, regulatory approvals and subsequent commercial uptake, including reimbursement and competitive positioning, will ultimately determine whether these interests translate into substantial recurring royalty income.

More broadly, our analysis suggests that IP Group's share price attributes only c 43% of carrying value to its private asset portfolio, including the recognised Pfizer royalty interest, after adjusting for listed holdings and other balance-sheet items. While private asset valuations remain inherently uncertain, further portfolio realisations and successful progression through Pfizer's clinical milestones could provide additional support for these carrying values, potentially narrowing the group's substantial discount to NAV.

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