IP Group

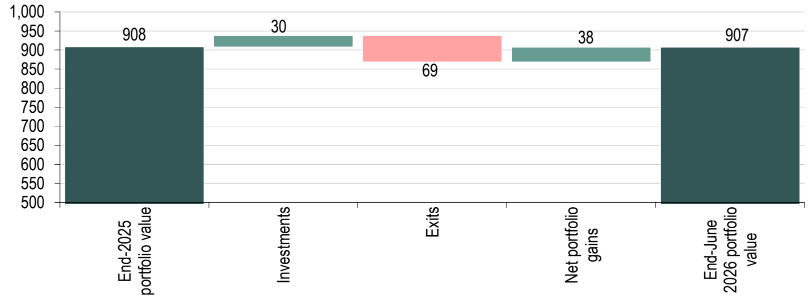
Cash realisations reinforce portfolio momentum

Investment companies
Listed venture capital/TMT

23 September 2026

IP Group's results for the first half of 2026 (H126) provided further evidence of improving cash conversion and portfolio maturity. Net asset value (NAV) per share increased 3.2% to 113.9p, while management estimated a further rise to c 117p at 11 September, supported by a £26.4m post-period increase in the fair value of its Oxford Nanopore (ONT) holding. Cash proceeds reached £68.7m in H126, slightly above the £68.1m realised in the whole of FY25, with a further £17.1m received since end-June. Meanwhile, the Pfizer obesity royalty asset was valued at £152m at end-June after a £27m fair-value uplift during H126. IP Group ended June with £239m of gross cash and deposits, while deploying £30m into the portfolio.

Exhibit 1: IP Group's portfolio value movements in H126



Source: Company data

Realisations strengthen financial flexibility

Cumulative proceeds since the beginning of 2025 now stand at c £154m, representing substantial progress towards management's target of more than £250m by end-2027. Recent realisations have come through different routes, including Hinge Health's listing in 2025 and the trade sales of Monolith to CoreWeave and Centessa to Eli Lilly, providing further evidence that value can be crystallised from different parts of the portfolio. The funding profile of the larger holdings also remained reasonably robust, with c 75% by value funded into H227 or beyond, or to expected profitability.

Discount continues to imply a substantial haircut to private assets

Based on 22 September closing prices, IP Group traded at a c 38.0% discount to an estimated 118.8p NAV, based on management's c 117p estimate at 11 September and adjusted for ONT's subsequent share-price movement. We estimate that the share price implied c £407m for IP Group's end-June private-asset pool, including the Pfizer royalty asset, equivalent to only c 50% of its carrying value after adjusting for listed holdings and other balance-sheet items. While private-company valuations remain inherently uncertain and the investment cases for some of IP Group's holdings have a binary outcome, recent realisations and portfolio de-risking provide additional evidence against which these carrying values can be assessed. We believe the current rating continues to leave meaningful upside if IP Group sustains its recent progress on cash realisations and key portfolio milestones.

Price		**73.70p**
Market cap		**£651m**
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	74.0p	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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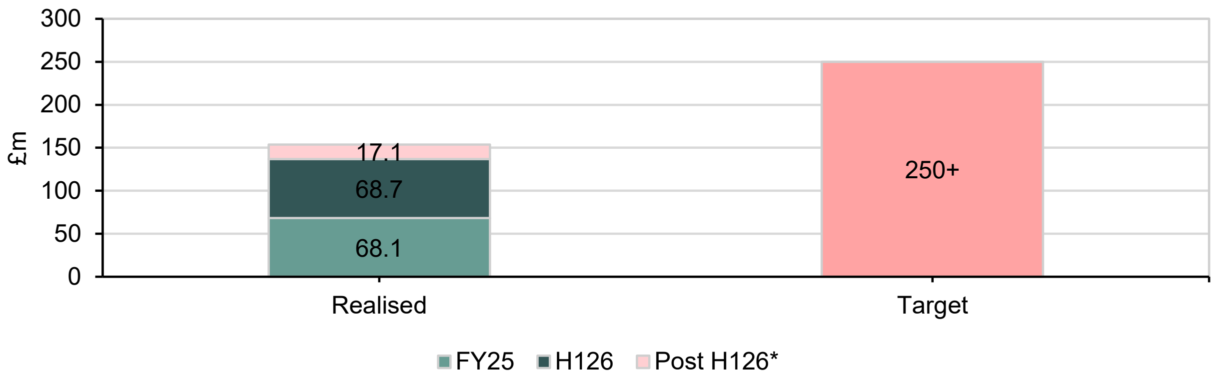
Cash realisations provide increasing evidence of portfolio maturity

Cash generation was a key positive in H126, with IP Group receiving £68.7m of proceeds, equivalent to c 7% of opening NAV and slightly above the £68.1m generated in the whole of FY25. A further £17.1m has been received since end-June, taking proceeds since the beginning of 2025 to c £154m, equivalent to more than 60% of £250m (see Exhibit 2). Management continues to see a healthy pipeline of potential realisations over the next 12–18 months. It indicated that its forecasting incorporates around 15–20 potential events on a probability-weighted basis, although the timing of individual private-company exits remains inherently difficult to predict.

Importantly, recent proceeds have come through several exit routes. Monolith, acquired by CoreWeave in 2025, generated c £23m in H126 as IP Group sold the CoreWeave shares received as consideration. The completion of Eli Lilly's acquisition of Centessa Pharmaceuticals generated a further c £18m, while IP Group completed its exit from Hinge Health following its 2025 IPO, receiving £17m in H126 and £46m in total. The latter represented a 53x multiple on invested capital and a 46% internal rate of return. These transactions span trade sales and a public-market exit and, in our view, provide useful evidence that value can be crystallised from different parts of IP Group's portfolio and via different routes.

Realisations also comfortably exceeded the £29.9m invested from the balance sheet during H126, contributing to an increase in gross cash and deposits from £211.0m at end-2025 to £238.9m at end-June, while net cash increased from £88.2m to £119.1m. This gives IP Group considerable flexibility to continue backing selected portfolio companies and pursue new opportunities while returning capital to shareholders. Around £50m of realisation proceeds has now been accumulated for future shareholder returns under the group's capital allocation policy, although the proposed buyback authority failed to secure sufficient shareholder support at the June AGM. The board is engaging with shareholders on the appropriate form and timing of future returns.

Exhibit 2: IP Group's reported cash realisations since the start of FY25 vs FY25–27 target



Source: Company data; Note: *Post-H126 proceeds received between 30 June and 15 September 2026.

Pfizer obesity exposure continues to de-risk

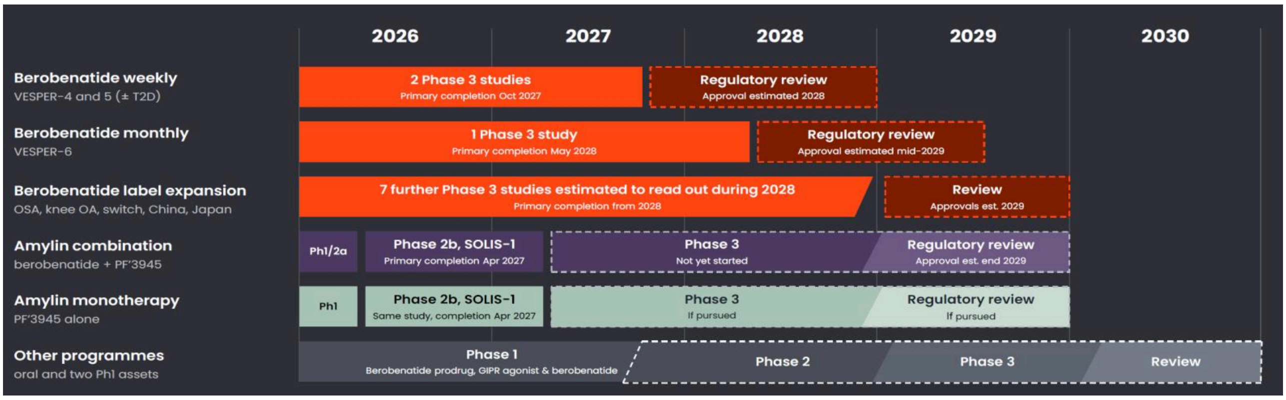
IP Group's exposure to Pfizer's obesity franchise de-risked further in H126, with the royalty and milestone asset recording a £27.3m fair-value uplift. After £3.4m of cash receipts, its carrying value increased from £128.2m at end-2025 to £152.1m at end-June. The uplift was driven predominantly by the berobenatide/amylin combination, which advanced from Phase I into Phase IIb development in May. This increased IP Group's assumed probability of ultimate approval for the programme from 25% to 39%, lifting its risk-adjusted value from £38.4m at end-2025 to £61.5m at end-June. The valuation of lead asset berobenatide remained broadly unchanged at £76.1m.

Pfizer also reported further positive clinical data for berobenatide, supporting its potential to combine competitive weight-loss efficacy and favourable tolerability with a monthly maintenance regimen. It is progressing 10 Phase III studies, including two weekly-dosing studies with primary completion currently expected in October 2027 and a monthly-dosing study due to complete in May 2028. Management highlighted that recruitment across the first three of the berobenatide Phase III programmes was essentially completed by September, reducing one important source of timetable risk. IP Group continues to assume a potential first launch in 2028, while the Phase IIb SOLIS-1 study of the berobenatide/

amylin combination is expected to complete in April 2027.

Importantly, IP Group's economic exposure is not limited to the lead injectable. The end-June valuation also includes £12.4m for oral berobenatide and only c £2m for other programmes, while some earlier-stage assets currently have no value attributed to them. This provides several potential routes to further value creation if the broader Pfizer pipeline progresses, although clinical, regulatory and commercial risks remain significant and failure to reach the market would result in a zero value for the affected programme under IP Group's discounted cash flow methodology. Management's default approach remains to hold the asset and receive potential royalties, which could begin from 2028 if development and launch proceed as anticipated, while retaining flexibility to consider other monetisation options as the programmes mature.

Exhibit 3: Pfizer's obesity programme



Source: Company data
Note: Trial primary completion dates are sponsor estimates per ClinicalTrials.gov as at August 2026 and are subject to revision. Dashed boxes denote programmes or regulatory reviews not yet initiated; where such a box is divided, the diagonal indicates that the split between phases is indicative only. Approval dates, phase progression and launch dates reflect management estimates only; regulatory approval is not assured and there can be no guarantee that any royalties will be received. Pfizer programme names: MET-097i = PF'3944 (berobenatide), MET-233i = PF'3945 (amylin), MET-034i = PF'4696 (GIPR agonist), MET-815i = PF'6795 (berobenatide prodrug).

Oxford Nanopore: Sharper focus alongside improving profitability

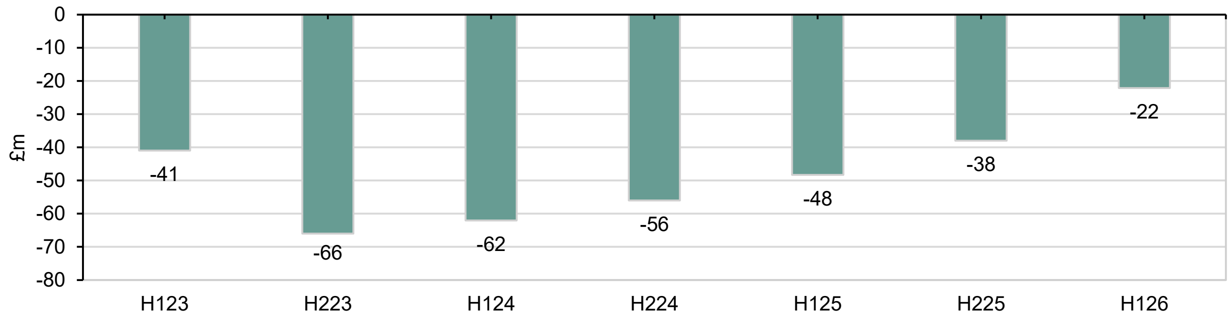
ONT made good progress towards sustainable profitability in H126. Revenue increased 12.3% y-o-y at constant currency to £116.7m, while gross margin expanded by 400bp to 62.2%. More importantly, adjusted EBITDA loss more than halved to £22.1m from £48.3m in H125 and improved from £38.4m in H225 (see Exhibit 4). This reflected both higher gross profit and tighter cost control, with adjusted operating costs down 6.9% y-o-y. ONT continues to target adjusted EBITDA breakeven in FY27 and positive free cash flow from FY28.

The operational improvement coincides with a more focused strategy under Francis Van Parys, who became CEO in March 2026. ONT is concentrating resources on applications where it believes its technology offers the clearest customer value and commercial potential, particularly within clinical and biopharma markets, which grew revenue by 35.4% y-o-y and 25.0% y-o-y, respectively, in H126. IP Group highlighted that ONT has narrowed the 47 applications in which its technology could potentially compete to 18 priority areas. Importantly, c 40–45% of revenue generated over the last three years already came from these areas, suggesting that the strategy represents a refinement of the existing business rather than a dependence on entirely new markets.

ONT also announced a potentially important cross-licensing agreement with an unnamed global diagnostics company. It will receive a US$20m licensing fee in H226 and US$15m of committed product purchases across FY27–28, as well as low- to mid-single-digit royalties on revenues from certain products incorporating the licensed intellectual property. The US$20m licensing fee is excluded from ONT's underlying guidance, as is any associated royalty revenue. The latter therefore provides potential additional upside if products incorporating the licensed intellectual property gain commercial traction. ONT also introduced a new target of more than US$700m of revenue and an adjusted EBITDA margin above 15% by 2030. Post results, ONT also secured a preliminary injunction from the Unified Patent Court restricting MGI Tech's Cyclone sequencing systems in several European markets over alleged infringement of two ONT patents. The ruling remains preliminary, with a trial on a permanent injunction scheduled for October 2027.

IP Group's 8.3% stake in ONT was valued at £100.2m at end-June. ONT's subsequent share-price rise increased its fair value by a further £26.4m by 11 September, contributing materially to IP Group's estimated NAV increase to c 117p per share. We continue to view delivery of ONT's profitability and cash-generation targets as important for both further value creation and, over time, more attractive monetisation opportunities for IP Group.

Exhibit 4: ONT's adjusted EBITDA loss



Source: ONT

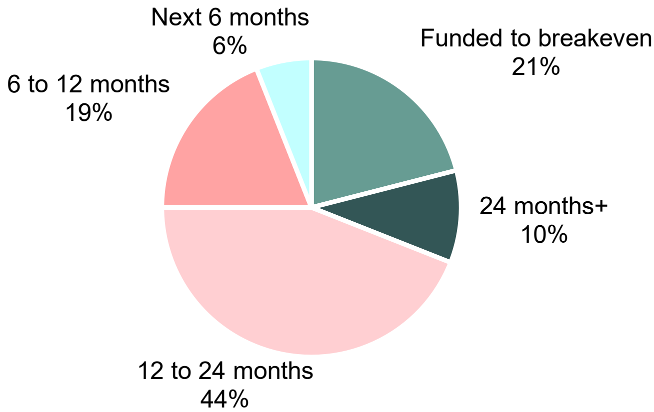
Portfolio funding remains selective, while near-term needs are contained

The broader venture capital (VC) funding environment remains selective despite very strong headline investment volumes. According to KPMG, global VC investment reached US$227.4bn in Q226, the second-highest quarterly total on record, while deal activity fell materially quarter-on-quarter, and the 10 largest transactions accounted for US$105bn of investment. A similar pattern was evident in Europe, where investment was broadly stable at US$25.6bn q-o-q, but the number of deals fell from 2,433 to 1,636 as investors concentrated capital on fewer opportunities. AI remained the dominant area of investment globally, while European activity was also strong in defence technology, biotechnology and alternative energy.

IP Group's portfolio reflected this concentration. Its companies raised £543m in H126, up from £372m in H125, while IP Group itself provided only c 5% of the capital raised, which we believe illustrates the strength of the funding ecosystem of its portfolio companies. However, £345m, or c 64%, came from the Series C rounds of Oxford Quantum Circuits and Quantum Motion alone (IP Group highlighted that in the end-June 2026 carrying value, quantum companies represented in total only 2p per IP Group's share). We therefore see the headline fundraising figure primarily as evidence that selected high-quality assets can attract substantial external capital rather than as an indication of uniformly easier funding conditions across the portfolio. Funding-round pricing also remains mixed: three of the seven qualifying priced rounds in H126 were down rounds (43%), although the related impairments had already been recognised at FY25.

Near-term funding requirements remain broadly manageable, although the proportion expected to require additional capital within 12 months increased modestly to 25% from 22% at end-2025. Among holdings valued above £4m, which represent more than 87% of IP Group's equity and debt investments, 21% by value was funded to expected profitability at end-June, while 10% had more than two years of runway and 44% was funded for 12–24 months. In aggregate, c 75% was therefore funded into H227 or beyond, or to expected profitability. The cash-runway data are based on portfolio-company forecasts and should therefore be viewed as indicative rather than committed funding.

Exhibit 5: IP Group's portfolio breakdown by cash runway as of end-June 2026



Source: Company data

Broader portfolio continues to deliver value-driving milestones

Progress across the portfolio was not confined to Pfizer and Oxford Nanopore. Several holdings reached clinical or commercial milestones during H126 and the period since, providing a reasonably broad pipeline of potential value drivers through 2027. Importantly, these developments span different stages of maturity: Hysata has moved from technology validation towards commercial deployment, Mission has monetised part of its drug-development platform, while Istesso, Enterprise Therapeutics and Microbiotica remain dependent on further clinical evidence. IP Group's largest private holdings at end-June included Istesso at £88.6m, Hysata at £79.2m and Mission Therapeutics at £26.2m. IP Group also increased the pace of new investment, completing five new balance-sheet investments in H126, with 45% of deployment directed towards new opportunities.

Exhibit 6: Selected recent developments across IP Group's portfolio

Holding	Recent progress	Next milestone / investment relevance
Istesso	Started the IST-03 Phase II study of leramistat in patients with rheumatoid arthritis, with a particular focus on muscle quality, repair and function. Its £88.6m carrying value fell £4.4m in H126, reflecting an FX update.	Readout expected in H227. Positive human evidence on muscle quality and repair would strengthen the case for leramistat in secondary sarcopenia and support the broader tissue-repair thesis.
Hysata	Secured its first binding megawatt-scale commercial electrolyser order, marking the move from technology validation towards commercial supply.	Delivery to a global industrial customer is targeted for H127, providing an important test of commercial execution and scalability.
Mission Therapeutics	Divested Phase II-ready acute kidney injury asset MTX652 to Dimerix for up to US$292m in upfront and milestone payments, plus potential royalties.	The transaction extends Mission's funding runway and allows greater focus on MTX325, its Phase I Parkinson's disease programme.
Oxa	Following its strategic reset towards industrial mobility automation, formed SHIFFT, a joint venture with Dubai Future Foundation targeting autonomous logistics in ports and airports.	First scalable commercial deployment is planned before end-2027. Successful execution would provide evidence that the revised strategy can translate into meaningful commercial adoption.
Nexeon	Completed a £100m funding round after the period end, including £52.6m from the UK National Wealth Fund, to support scale-up and commercialisation of its silicon-anode technology.	Focus shifts increasingly towards high-volume manufacturing and customer adoption, including development of a UK pilot facility.
Enterprise Therapeutics	Its Phase II trial of inhaled ETD001 in cystic fibrosis met its primary efficacy endpoint, demonstrating improved lung function over 28 days versus placebo.	The company plans longer-duration Phase IIb studies and evaluation alongside existing cystic fibrosis therapies, as well as in other respiratory indications.
Microbiotica	Reported two positive Phase Ib readouts: MB310 in ulcerative colitis and MB097 in combination with Keytruda in advanced melanoma.	Larger controlled studies will be required to confirm efficacy, but the two readouts provide encouraging clinical validation of its microbiome platform across separate indications.

Source: Company data, Edison Investment Research

We view the breadth of these developments positively, although the potential NAV impact varies considerably by holding and remains dependent on successful execution. In particular, the clinical-stage assets continue to carry meaningful binary risk, while commercial milestones at Hysata and Oxa now place greater emphasis on successful deployment and customer adoption.

Third-party capital broadens the funding model

IP Group continued to develop its third-party capital platform in H126, which should gradually allow it to support a broader set of scale-up opportunities without relying solely on its own balance sheet. The group managed or advised £553m of third-party capital at end-June, broadly unchanged from £557m at end-2025, including £363m managed by Parkwalk. Its strategic relationship with Aberdeen is progressing towards the launch of a defined-contribution mandate, with management expecting the initial portfolio to be operational by end-2026.

In Australia, IP Group launched the Climate Catalyst Fund with the Clean Energy Finance Corporation, reaching a first close of A$50m, including A$30m from IP Group and A$20m from the corporation, against a target size of up to A$150m. The fund will focus on early-stage technologies addressing hard-to-abate industries. While third-party capital remains a relatively small component of the current shareholder value proposition, we believe it could become increasingly important by widening the capital available to promising portfolio companies, while generating management fees and, subject to performance, potential performance-fee income over time.

Discount continues to imply a substantial haircut to private assets

IP Group's discount remains wide despite the improvement in portfolio momentum. Based on 22 September closing prices and management's estimated NAV of c 117p per share at 11 September, adjusted for subsequent movement in the ONT share price, the shares traded at a c 38.0% discount. Management's estimated NAV incorporates the £26.4m increase in the fair value of Oxford Nanopore since end-June, but does not attempt to update the value of IP Group's private holdings beyond reported or announced developments.

Adjusting IP Group's market capitalisation for the 22 September value of its listed holdings and end-June cash and other net balance-sheet items, we estimate that the current share price implies c £407m for IP Group's end-June private-asset pool, including the Pfizer obesity royalty asset. This is equivalent to only c 50% of its carrying value. While this calculation should not be interpreted as a direct-market valuation of individual private holdings, it illustrates the sizeable haircut embedded in the current share price despite the recent evidence from cash realisations, portfolio-company funding and operational milestones.

We can also compare the implied private-portfolio value with management's >£250m FY25–27 realisation target. After allowing for the c £137m of proceeds received by end-June, c £113m remained to reach £250m. Illustratively assuming these proceeds are realised at current carrying value, deducting £113m from both the implied and reported private-portfolio values leaves c £293m, or 33.2p per share, implied for the remaining private portfolio, equivalent to c 42% of its corresponding carrying value. We therefore continue to see the current valuation as offering meaningful upside if IP Group sustains its recent pace of realisations and key holdings continue to de-risk, although private-company valuations and the timing of exits remain inherently uncertain.

Exhibit 7: IP Group's discrete performance data versus selected public indices, in total return, sterling terms (%)

12 months ending	IP Group NAV TR (GBP)	IP Group share price TR (GBP)	MSCI World TR (GBP)	FTSE All-Share TR (GBP)
30/06/2022	1.0%	-39.9%	-2.1%	1.6%
30/06/2023	-7.3%	-19.3%	13.8%	7.9%
30/06/2024	-17.4%	-26.4%	21.4%	13.0%
30/06/2025	-8.1%	25.0%	7.7%	11.2%
30/06/2026	18.4%	26.0%	25.8%	21.9%

Source: Company data, LSEG Data & Analytics, Edison Investment Research.

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