

## IP Group

### 'Call option' on Pfizer's anti-obesity programme

**We believe that IP Group's shares currently offer a compelling asymmetric return profile stemming from its exposure to potential future income streams from the anti-obesity products of Metsera (acquired by Pfizer in November 2025 for up to \$10bn). Reflecting IP Group's listed holdings (primarily Oxford Nanopore), net cash and other net liabilities in line with end-2025 balance sheet values implies that the current share price (which is at a 54% discount to end-2025 NAV) attaches only c £250m fair value to IP Group's private portfolio (a discount of close to 70% to end-2025 valuations). At least 73% of this value (not adjusted for time value of money) is covered by expected exits in 2026–27 as management reiterated its target of more than £250m in proceeds between FY25 and FY27, of which it received £68.1m in FY25. This leaves an implied value of no more than £68m (or 7.7p/share) for IP Group's remaining unrealised private portfolio including the Metsera IP (ie c 12% of its end-2025 fair value).**

### Low-single-digit share of a multibillion opportunity

IP Group reported a 13.0% NAV total return in FY25, primarily on the back of a £126.4m increase in the value of its exposure to Metsera's IP. This more than offset the value reductions in 2025, including some related to funding (see below), as well as to Pulmocide's failed Phase III clinical study. As we pointed out in our [October 2025 note](#), Metsera's drug candidates represent a multibillion dollar revenue opportunity, of which IP Group will receive (assuming their successful launch) a low-single-digit percentage amount of royalty income (most of which in the 2030s). IP Group may also collect technical and commercial milestone payments, as well as an earn-out related to its previous equity investment in Zihipp (acquired by Metsera). All Metsera's products are at a pre-commercial stage. Pfizer initiated a Phase III study for Metsera's lead product, GLP-1 therapeutic candidate PF'3944, in late 2025. IP Group's rNPV valuation of PF'3944 (£76m fair value at end-2025) assumes a probability of success of 53%, a potential launch date in 2028 and peak sales of \$3.5bn. Pfizer plans to launch 10 different Phase III studies of PF'3944 by the end of 2026 (IP Group's management expects some or all of them to provide readouts in 2027). The commercial potential goes beyond the lead product. Apart from PF'3944, IP Group's end-2025 valuation includes £39m for the discounted value of a combination therapy (PF'3944 and PF'3945) which recently moved to Phase II, as well as £12m for the earlier-stage PF'3944o (an oral version of Metsera's lead drug). IP Group's valuation of Metsera's IP was validated externally.

### Guidance of over £250m exits in FY25–27 confirmed

A major highlight of IP Group's exit activity in 2025 and early 2026 was the full realisation of Hinge Health (which completed its IPO last year), yielding total proceeds of c £35m. Overall, IP Group realised £46m from this investment (in which it was a founding investor more than a decade ago), generating a c 50% IRR and a 53x multiple on invested capital. Other major realisations included four life sciences companies (Intelligent Ultrasound Group, Centessa Pharmaceuticals, OrganOX and Abliva). Moreover, IP Group sold Monolith (which offers purpose-built AI solutions to transform engineering workflows) for total anticipated proceeds of £24m (of which £3.4m was collected in 2025 and the rest is expected in 2026) to listed hyperscaler CoreWeave (booking a £17m gain in FY25 and achieving a c 70% IRR).

Not intended for persons in the EEA.

Investment companies  
Listed venture capital

23 March 2026

|                    |                  |
|--------------------|------------------|
| <b>Price</b>       | <b>51.00p</b>    |
| <b>Market cap</b>  | <b>£451m</b>     |
| 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   | 66.0p 34.5p      |

#### 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 United States.

#### 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 life sciences, deeptech and cleantech, nurtured over 15 years with several potential catalysts on the horizon.

#### Bear points

- IP Group is yet to build a solid 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.

#### Analysts

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## Funding environment mixed for IP Group’s holdings

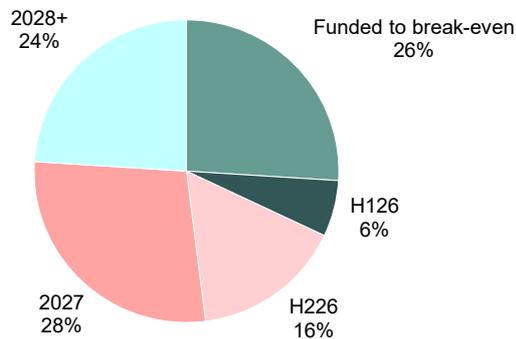
IP Group raised £29.0m across third-party funds in FY25, but third-party assets under management fell to £557m at end-2025 from £678m at end-2024 due to several successful realisations. We note IP Group’s announced collaboration with Aberdeen to manage a portfolio of early-stage and growth investments in the UK, which for now involves limited capital but, if successful, could ramp up substantially. Management reiterated that IP Group is well-placed to benefit from the Mansion House Accord signed by major pension providers. IP Group’s priorities for FY26 include first investments from a new scale-up capital vehicle, as well as announcing at least one further private capital vehicle.

IP Group remained disciplined in its capital allocation with £70.5m invested in FY25, a volume similar to its realisation proceeds last year. The vast majority was invested into existing holdings, most notably Oxa Autonomy (£7.5m), Artios Pharma (£5.4m), RAGE Biotech (£5.4m) and First Light Fusion (£5.0m). Furthermore, management remains committed to share buybacks, with £45.7m spent in FY25 on retiring 9% of the share capital (as part of a £75m programme), and a further £30m in cash accumulated from exits for future share repurchases. Overall, IP Group’s net cash reached £88.3m at end-2025.

IP Group’s portfolio companies raised £914m in total in 2025, up 17% versus £784m in 2024, though the increase was aided by Hinge Health’s IPO (£204m). Management describes the funding environment as challenging throughout 2025, as illustrated by the meaningful share of down rounds at 31% (eight out of 26 funding rounds) versus 32% in 2024, with funding-related valuation reductions for Oxa Autonomy (£30.5m), Bramble (£12.4m), as well as First Light Fusion (£10.8m), which is pursuing a capital-light business model but is yet to secure funding. Oxa completed the first close of its \$103m series D round, backed by the UK’s National Wealth Fund and NVentures, the venture capital arm of NVIDIA. Artios Pharma raised \$115m in an oversubscribed series D funding round following positive clinical study readouts, allowing for Phase II expansion cohorts in pancreatic and colorectal cancer. That said, the round resulted in a £9.4m downward fair value adjustment for IP Group. Other major funding rounds in 2025 included OXCCU (£20.75m), AccelerComm (\$15m) and Lumai (\$10m).

IP Group’s portfolio remains well-funded overall, with 26% of holdings by value funded to break-even, 24% funded to 2028 or beyond, and 28% funded until 2027 (see Exhibit 1).

### Exhibit 1: IP Group’s portfolio breakdown by cash runway at end-2025



Source: IP Group. Note: Includes portfolio companies in which IP Group’s investment holding value is greater than £4m.

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