

REGISTERED NUMBER: 04072979 (England and Wales)

**Strategic Report, Report of the Directors and  
Financial Statements for the Year Ended 31 December 2022**  
for  
**IP2IPO Limited**

TUESDAY



\*ACBXPYT6\*

A27

12/09/2023

#56

COMPANIES HOUSE

**IP2IPO Limited**

**Contents of the Financial Statements  
for the Year Ended 31 December 2022**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Strategic Report</b>	<b>2</b>
<b>Report of the Directors</b>	<b>6</b>
<b>Report of the Independent Auditors</b>	<b>8</b>
<b>Statement of Comprehensive Income</b>	<b>11</b>
<b>Balance Sheet</b>	<b>12</b>
<b>Statement of Changes in Equity</b>	<b>13</b>
<b>Notes to the Financial Statements</b>	<b>14</b>

**IP2IPO Limited**

**Company Information  
for the Year Ended 31 December 2022**

**DIRECTORS:**

D G Baynes  
G Smith  
C E Glasson  
A Leach

**SECRETARY:**

IP2IPO Services Limited

**REGISTERED OFFICE:**

2nd Floor, 3 Pancras Square,  
Kings Cross,  
London, England  
N1C 4AG

**REGISTERED NUMBER:**

04072979 (England and Wales)

**AUDITORS:**

KPMG LLP, Statutory Auditor,  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL

## **IP2IPO Limited**

### **Strategic Report for the Year Ended 31 December 2022**

The directors present their strategic report for the year ended 31 December 2022.

The principal activity of IP2IPO Limited ("the Company") during the period was commercialisation of intellectual property via its relationships with UK universities, other research institutions and our broader sourcing network. The Company continues to create spin-out companies and to provide development services to such spin-out companies.

#### **REVIEW OF BUSINESS**

The results for the year are set out on page 11. The Company's loss for the period was £353,262k (year ended 31 December 2021: profit of £357,477k). The directors do not propose a final dividend for the year ended 31 December 2022 (year ended 31 December 2021: £nil).

#### **MARKET ENVIRONMENT**

Whilst Covid-19 remained a feature of 2022 for some markets, for much of the rest of the world the impact of the pandemic shifted to its next phase, with disruption in global supply chains and labour markets giving rise to sustained inflationary pressure to a degree not seen since the early 1980s. Events in Ukraine exacerbated this picture, with natural gas prices in Europe quadrupling by August. The resulting monetary policy response has seen a sharp shift away from a near-zero interest rate environment, with the UK base rate standing at 3.5% by the end of the year.

The majority of the public market impact of these macroeconomic challenges was felt in the first half of the year, with the Nasdaq index down by 29.5% to the end of June followed by a further 4% fall in the second half of the year. Market data on private company valuations in 2022 was mixed, with Pitchbook's Q4 2022 valuation surveys indicating continued growth in valuations from 2021 levels in early-stage companies, but flagging declines in late-stage private valuations, particularly in the second half of the year.

2022 saw continued evidence of recognition amongst policymakers of the pivotal role that science-based innovation has to play in providing solutions to the major challenges facing the world. The US government announced the Inflation Reduction Act, whose aims include accelerating commercialisation of regenerative technologies and a \$280m funding package for nuclear fusion. The UK government has highlighted its intention to increase R&D funding to £20bn per year by 2024/25, and a policy focus around pension fund and regulatory reforms aimed at unlocking investment into the innovation ecosystem. We continue to believe that the Group remains well placed to play a key role in delivering on this agenda.

#### **STRATEGY**

The Company's business plan is to continue to create and develop spin-out companies via its relationships with UK universities, other research institutions and our broader sourcing network.

The Company have supported its limited partners (IP2IPO Portfolio LP) for their portfolio investments and will continue to provide financial and other support to IP2IPO Portfolio LP.

#### **KEY PERFORMANCE INDICATORS**

The directors of IP Group plc manage the group's operations on a consolidated basis. For this reason, the Company's directors believe that analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of IP Group plc, which includes the Company, is discussed in IP Group plc's 2022 annual report and financial statements which do not form part of this report.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the Company are considered to relate to the protection of intellectual property and market risk in respect of its equity investments. The principal risks and uncertainties are integrated with the principal risks and uncertainties of the larger group and are not managed separately. Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided on pages 85 to 98 of IP Group plc's 2022 annual report and financial statements which does not form part of this report.

## **IP2IPO Limited**

### **Strategic Report for the Year Ended 31 December 2022**

#### **FINANCIAL INSTRUMENTS**

The Company's primary exposure to financial instruments is in relation to the holding of equity and debt instruments in spin-out companies, cash and trade debtors.

The directors manage the risks inherent in the holding of equity and debt instruments through the establishment, at a Group-wide level, of investment appraisal processes and asset monitoring procedures which are subject to overall review by the Board. The Group has also established corporate finance and communications teams dedicated to supporting portfolio companies with fundraising activities and investor relations.

Furthermore, the Company maintains adequate liquid capital such that it is not reliant on external providers of liquidity to support its operations.

#### **FUTURE OUTLOOK**

The directors believe the Company will continue to trade for the foreseeable future.

#### **Statement by the Directors in performance of their duties in accordance with s172(1) Companies Act 2006**

The directors of IP2IPO Limited (the "Company") consider, both individually and together as a Board, that they have acted in the way that they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. This statement sets out how the Board has had regard to the matters set out in s172(1) Companies Act 2006 when performing its duties under s172 Companies Act 2006 ("s172") for the year ended 31 December 2022.

The directors determined that the Company is required to produce a s172 statement for 2022 as it exceeds the thresholds for a small company and is part of an ineligible group (as defined in The Companies (Miscellaneous Reporting) Regulations 2018 (SI 2018/860)) as its parent company, IP Group plc, has shares admitted to trading on the Main Market of London Stock Exchange.

#### **Step - 1 Identifying key stakeholders**

The Company's stakeholders are people, communities and entities with an interest in the Company's purpose, strategy and business and who are or may be impacted by the Board's decisions. The Board is responsible for creating sustainable value for the Company's sole shareholder and in order to ensure the Company's long-term success, it is critical that the Board engages with and considers the interests of the Company's wider stakeholders when making decisions.

During 2022, the Company undertook a complete analysis of its stakeholders, to ensure that those stakeholders whom it had previously identified remained accurately characterised and relevant in 2022. Following such analysis, the Board determined that the Company's key stakeholders are IP Group plc (as its sole shareholder) together with the following stakeholders (which are also the stakeholders of IP Group plc):

- Employees
- Portfolio Companies
- Co-investors and Third-Party Fund Managers
- Universities and other research partners
- The environment and wider community
- Debt Holders
- Regulators
- Brokers and advisors
- Governance bodies

## **IP2IPO Limited**

### **Strategic Report for the Year Ended 31 December 2022**

#### **Statement by the Directors in performance of their duties in accordance with s172(1) Companies Act 2006 - Continues**

The Board is aware that, when considering potential decisions, there may be other stakeholders not included in the key stakeholder list above whose interests may be relevant and the Company will engage with and consider such stakeholders' views in its deliberations as necessary.

Engagement with those stakeholders that the Company shares with IP Group plc is carried out by IP Group plc on behalf of its wider group ("Group"). Details of these engagements with stakeholders, examples of stakeholder engagement in action and how stakeholder views are reported to the IP Group plc Board and influence its agenda are set out in the annual report of IP Group plc to 31 December 2022 which can be found at <https://www.ipgroupplc.com/investor-relations/reports-and-presentations>.

#### **Consideration of long-term consequences in decision-making**

The long-term strategy of IP Group plc and the wider Group is to develop and support some of the world's most exciting businesses in Deeptech, life sciences and cleantech, with the aim of delivering significant financial returns and impact through tackling some of the world's most significant unmet needs. The Company adopted the strategy of IP Group plc for 2022 without amendment.

The Group considers environmental, social and governance (ESG) factors at both group level and across its portfolio and investment approach. Further details can be found in the annual report of IP Group plc to 31 December 2022.

The Company also plays a role as a 'responsible steward' to its portfolio companies. This includes setting expectations of high levels of corporate governance, taking up director positions on the boards of the Company's priority companies to ensure robust corporate governance processes are in place, facilitating introductions to external advisors and sharing any best practice or helpful tips on new legislation.

#### **Culture**

The Company is increasingly focussing capital, resources, and expertise on clear thematic areas, focusing on companies whose products and services will meaningfully contribute to a healthier, tech-enriched and regenerative future. The Company prides itself on its high standards of business conduct and expects that its portfolio companies, co-investors and suppliers hold the same high standards when conducting their respective businesses.

#### **Board's decision-making**

The Board considers s172 factors in all of its decisions and once a decision has been made, the decision is documented in the Board minutes and the Board feeds back to the relevant stakeholders as appropriate as part of its continued meaningful stakeholder engagement process. Where appropriate and being mindful of legislative obligations, together with confidentiality, the Board (via IP Group plc) seeks feedback from stakeholders prior to a decision being implemented. The Board then documents its decision-making process for its principal decisions in its s172 statement.

The Board meets once per quarter to formally adopt the strategy of IP Group plc and will hold additional meetings as required to debate and agree any principal decisions.

#### **Principal Decisions**

Detailed in the case study below is an overview of the relevant stakeholder interests which were considered by the Board when it took the decisions to dispose of certain assets.

#### **Investment into and disposal of certain assets**

In debating a significant disposal of a portfolio company, the Board considered the following factors to be relevant:

- IP Group plc as sole shareholder, the shareholders of IP Group plc and consideration of long-term effects of the decision and link with Group's strategy: Alongside the specific stakeholder interests, the Directors considered any long-term effects of the disposal and how this linked to the Group's strategy. One consideration was how these assets fit in with the Group's ESG policy and ethical framework whilst noting that a key part of the Group's strategy is to return financial value from its investee companies to shareholders and a disposal would meet this aim.

The Directors considered how a short-term decision to sell an asset and achieve a financial return linked into the longer-term strategy to create long-term value for its shareholders. The Directors concluded that a disposal was the most appropriate action, achieving a financial return and strengthening the Group's cash position.

- Portfolio company: As any disposal decision relates to a sale of the Group's shares in another company, the interests of the underlying company are highly relevant and need to be considered. The Directors therefore considered whether the disposal of the investment was in the best interests of the company prior to making its decision.

**IP2IPO Limited**

**Strategic Report  
for the Year Ended 31 December 2022**

- Co-investors: The Directors also considered the interests of any co-investors invested in the relevant portfolio company and whether they would also benefit from the Group's decision to sell its shares in the portfolio company.

- Employees: When considering the disposal, the Directors considered the impact on its employees generally and in particular any employees who were working with the portfolio company or acting as a director of the portfolio company.


**Consideration of any conflicts**

Any director who had a conflict in the potential disposal declared this conflict, and if necessary, was excluded from the decision-making process. In addition, any employee of the Company who was conflicted in the decision making process due to their role with the relevant portfolio company recused themselves from the decision making process.

**Capital Allocation and Dividend Policy**

The Board seeks to ensure that the Company has sufficient capital to optimally pursue its long-term strategic aims. Please refer to the annual report of IP Group plc to 31 December 2022 for further details of the Group's long-term strategic aims and capital allocation. The Company does not currently pay a dividend.

**ON BEHALF OF THE BOARD:**

  
David Baynes (Jul 28, 2023 17:17 GMT+1)

.....  
D G Baynes - Director

Date: Jul 28, 2023  
.....

## **IP2IPO Limited**

### **Report of the Directors for the Year Ended 31 December 2022**

The directors present their report with the financial statements of the company for the year ended 31 December 2022.

#### **BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

The Directors' report should be read in conjunction with the Strategic report on page 2 (which is incorporated in this Directors' report by reference), which together, include information about the Company's business, its financial performance during the year, and developments in the future.

#### **DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2022.

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

D G Baynes  
G Smith  
C E Glasson  
A Leach

#### **POLITICAL DONATIONS AND EXPENDITURE**

During 2022 the Company made no political donations (2021: £nil) and charitable donations of £44,514 (2021: £57,650).

#### **PAYMENT OF CREDITORS**

It is the Company's current policy to establish payment terms with suppliers when agreeing terms of supply, to ensure that suppliers are made aware of the terms of payment, and to adhere to those terms. The Company's average creditor payment period at 31 December 2022 was 19 days (2021: 16 days).

#### **GOING CONCERN**

Notwithstanding net current liabilities of £395,951k (Current assets £315,756k less current liabilities £711,707k) as at 31 December 2022, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the company's ultimate parent company, IP Group plc not seeking repayment of the amounts currently due to the group, which at 31 December 2022 amounted to £597,545,068. IP Group plc has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

**IP2IPO Limited**

**Report of the Directors  
for the Year Ended 31 December 2022**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued**

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditor KPMG LLP is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

**ON BEHALF OF THE BOARD:**

  
David Baynes (Jul 28, 2023 17:17 GMT+1)

D G Baynes - Director

Date: Jul 28, 2023

**Report of the Independent Auditors to the Members of  
IP2IPO Limited**

**Opinion**

We have audited the financial statements of IP2IPO Limited ("the company") for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- " give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- " have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- " have been prepared in accordance with the requirements of the Companies Act 2006,

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

**Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the partners' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- " we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- " we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

**Fraud and breaches of laws and regulations - ability to detect**

**Identifying and responding to risks of material misstatement due to fraud**

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- " Enquiring of directors as to the Company's policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud;
- " Reading the Board and Audit & Risk Committee minutes;
- " Using analytical procedures to identify any usual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue is generated from few sources and transactions are easily verifiable to external sources or agreements with little or no requirement for estimation from management.

We did not identify any additional fraud risks.

We performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journals posted to revenue and cash.

**Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations**

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards) and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

## **Report of the Independent Auditors to the Members of IP2IPO Limited**

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law and certain aspects of Company's legislation recognising the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### **.Context of the ability of the audit to detect fraud or breaches of law or regulation.**

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- " we have not identified material misstatements in the strategic report and the directors' report;
- " in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- " in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

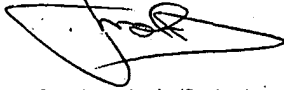
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**Report of the Independent Auditors to the Members of  
IP2IPO Limited**

**The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Jonathan Martin (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL

Date: 31st July 2023

**IP2IPO Limited****Statement of Comprehensive Income  
for the Year Ended 31 December 2022**

	Notes	2022 £'000	2021 £'000
<b>TURNOVER</b>	3	465	745
Administrative expenses		<u>(19,418)</u>	<u>(20,016)</u>
		(18,953)	(19,271)
Change in fair value of investments		(331,623)	366,432
Foreign exchange loss	5	2,957	(453)
Profit/(loss) on disposal of investments	5	<u>(7,163)</u>	<u>12,265</u>
<b>OPERATING (LOSS)/PROFIT</b>		(354,782)	358,973
Interest receivable and similar income	6	<u>1,878</u>	<u>322</u>
		(352,904)	359,295
Interest payable and similar expenses	7	<u>(65)</u>	<u>(34)</u>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>	8	(352,969)	359,261
Tax on (loss)/profit	10	<u>(293)</u>	<u>(1,784)</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		(353,262)	357,477
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>(353,262)</u>	<u>357,477</u>

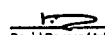
The notes form part of these financial statements

**IP2IPO Limited (Registered number: 04072979)**

**Balance Sheet  
31 December 2022**

	Notes	2022 £'000	2021 £'000
<b>FIXED ASSETS</b>			
Intangible assets	11	85	64
Tangible assets	12	277	155
Investments	13	<u>826,114</u>	<u>1,097,547</u>
		826,476	1,097,766
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	14	3,139	3,012
Debtors: amounts falling due after more than one year	14	114,296	95,496
Deposits	15	143,000	201,000
Cash at bank		<u>55,321</u>	<u>41,304</u>
		315,756	340,812
<b>CREDITORS</b>			
Amounts falling due within one year	16	<u>711,707</u>	<u>656,703</u>
<b>NET CURRENT LIABILITIES</b>		<u>(395,951)</u>	<u>(315,891)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		430,525	781,875
<b>CREDITORS</b>			
Amounts falling due after more than one year	17	(434)	(863)
<b>PROVISIONS FOR LIABILITIES</b>	20	<u>(5,558)</u>	<u>(5,362)</u>
<b>NET ASSETS</b>		<u>424,533</u>	<u>775,650</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	21	40	40
Share premium		3,960	3,960
Retained earnings		<u>420,533</u>	<u>771,650</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>424,533</u>	<u>775,650</u>

The financial statements were approved by the Board of Directors and authorised for issue on Jul 28, 2023 and were signed on its behalf by:

  
David Baynes (Jul 28, 2023 17:17 GMT+1)

D G Baynes - Director

The notes form part of these financial statements

**IP2IPO Limited**

**Statement of Changes in Equity  
for the Year Ended 31 December 2022**

	<b>Called up share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Share premium £'000</b>	<b>Total equity £'000</b>
<b>Balance at 1 January 2021</b>	40	412,011	3,960	416,011
<b>Changes in equity</b>				
Total comprehensive income	-	357,477	-	357,477
Share-based payment charge	-	<u>2,162</u>	-	<u>2,162</u>
<b>Balance at 31 December 2021</b>	<u>40</u>	<u>771,650</u>	<u>3,960</u>	<u>775,650</u>
<b>Changes in equity</b>				
Total comprehensive income	-	(353,262)	-	(353,262)
Share-based payment charge	-	<u>2,145</u>	-	<u>2,145</u>
<b>Balance at 31 December 2022</b>	<u>40</u>	<u>420,533</u>	<u>3,960</u>	<u>424,533</u>

The notes form part of these financial statements

## **IP2IPO Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022**

#### **1. STATUTORY INFORMATION**

IP2IPO Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

#### **2. ACCOUNTING POLICIES**

##### **Basis of preparation**

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures: a Cash Flow Statement and related notes; disclosures in respect of transactions with wholly owned subsidiaries; disclosures in respect of capital management; the effects of new but not yet effective IFRSs; and disclosures of transactions with a management entity that provides key management personnel services to the company. The Company has also applied the exemption from the requirements of IFRS 7 Financial Instruments: Disclosures, the equivalent disclosures are included in the IP Group plc consolidated financial statements.

The financial statements are prepared on a going concern basis, as the directors are satisfied that the Group and parent Company have the resources to continue in business for the foreseeable future. In making this assessment, the directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

##### **Changes in accounting policies**

###### **(i) New standards, interpretations and amendments effective from 1 January 2022**

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022 that have had a material impact on the Company'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.

##### **Going concern**

Notwithstanding net current liabilities of £395,951k (Current assets £315,756k less current liabilities £711,707k) as at 31 December 2022, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the company's ultimate parent company, IP Group plc not seeking repayment of the amounts currently due to the group, which at 31 December 2022 amounted to £597,545,068. IP Group plc has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**IP2IPO Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022**

**2. ACCOUNTING POLICIES - continued**

**Portfolio return and revenue**

**Change in fair value**

Change in fair value of equity and debt investments represents revaluation gains and losses on the Company's portfolio of investments. Gains on disposal of equity investments represent the difference between the fair value of consideration received and the carrying value at the start of the accounting period on the disposal of equity investments. Change in fair value of Limited Partnership investments represents revaluation gains and losses on the Company's investments in Limited Partnership funds. Changes in fair values of assets do not constitute revenue.

**Revenue from services and other income**

All revenue from services 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 and US operations. Revenue is recognised when the Company satisfies its performance obligations, in line with IFRS 15. Revenue from services and other income comprises:

**Advisory fees**

Fees earned from the provision of business support services including IP Assist and IP Exec 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.

**Financial assets**

In respect of regular way purchases or sales, the Company uses trade date accounting to recognise or derecognise financial assets. The Company classifies its financial assets into one of the categories listed below, depending on the purpose for which the asset was acquired.

**(i) 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 Company 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 Company'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.

**Fair value hierarchy**

The Company 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.

**Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment: Over 3 to 5 years

Computer equipment: Over 3 to 5 years

**IP2IPO Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022**

**2. ACCOUNTING POLICIES - continued**

**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 2022 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:**

- o Quoted bid price: The fair values of quoted investments are based on bid prices in an active market at the reporting date.
- o Recent financing: 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.
- o 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.
- o Other: Adjusted recent financing price based on past performance: 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.
- o Other: Discounted cash flows: deriving the value of a business by calculating the present value of expected future cash flows.
- o 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 recent financing, the Group refers to the valuation basis as 'Recent Financing'.

**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.

## **IP2IPO Limited**

### **Notes to the Financial Statements - continued for the Year Ended 31 December 2022**

#### **2. ACCOUNTING POLICIES - continued**

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.

##### **Limited and limited liability partnership interests**

Valuations in respect of Limited and Limited Liability Funds are based on company's share of the Net Asset Value of the fund as per the audited financial statements prepared by the fund manager. The key judgements in the preparation of these accounts relate to the valuation of unquoted 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 Income Statement represents revaluation gains and losses on the Group's investment in Limited Partnership funds.

##### **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.

##### **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 amounts held on deposit are presented within Investing activities in the Consolidated statement of cash flows.

##### **Taxation**

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

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.

**IP2IPO Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022**

**2. ACCOUNTING POLICIES - continued**

**Employee benefits**

**(i) Pension obligations**

The Company 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 Company in independently administered funds. The Company currently makes contributions on behalf of employees to this scheme or to employee personal pension schemes on an individual basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

**(ii) Share-based payments**

The Company 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 Company'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.

**Related party transactions**

In accordance with IAS 24 "Related Parties Disclosures", the Company discloses details of material transactions between the reporting entity and related parties. However, transactions between the Company and other Group companies have not been disclosed in accordance with the exemption in IAS 24 paragraph 16.

**3. TURNOVER**

The total turnover of the Company for the period has been derived from the provision of business support and advisory services wholly undertaken in the United Kingdom.

**4. EMPLOYEES AND DIRECTORS**

	2022	2021
	£'000	£'000
Wages and salaries	9,031	9,079
Social security costs	1,282	1,392
Share based payment charge	2,646	2,161
Other pension costs	603	565
	<u>13,562</u>	<u>13,197</u>

The average number of employees during the year was as follows:

	2022	2021
Management and administration	<u>57</u>	<u>60</u>

**IP2IPO Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022**

The aggregate emoluments of the directors of the Company are shown below. The remuneration of the highest paid director was £958k (2021: £747k) this includes company pension contributions of £46k (2021: £33k) which were made to a money purchase scheme on his behalf.

	2022 £'000	2021 £'000
Remuneration in respect of directors:		
Salary & annual bonus	1,667	2,653
Pensions *	118	117
Share-based payment	616	-
	<u>2,401</u>	<u>2,770</u>

\* Pensions includes payments made to defined contribution schemes on behalf of the directors or the value of a cash equivalent, if applicable.

**5. EXCEPTIONAL ITEMS**

	2022 £'000	2021 £'000
Profit/(loss) on disposal of investments	(7,163)	12,265
Foreign exchange gain/(loss) primarily on intercompany loans	<u>2,957</u>	<u>(453)</u>

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2022 £'000	2021 £'000
Deposit account interest	<u>1,878</u>	<u>322</u>

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2022 £'000	2021 £'000
Bank loan interest	8	-
Interest on lease liabilities	<u>57</u>	<u>34</u>
	<u>65</u>	<u>34</u>

**8. (LOSS)/PROFIT BEFORE TAXATION**

The profit before taxation is stated after charging/(crediting):

	2022 £'000	2021 £'000
Hire of office equipment	15	9
Depreciation - operating lease asset	397	711
Depreciation - owned assets	102	697
Other operating leases	18	42
Computer software amortization	<u>42</u>	<u>16</u>

**9. AUDITORS' REMUNERATION**

	2022 £'000	2021 £'000
Fees payable to the Company's auditors for the audit of the Company's financial statements	<u>36</u>	<u>33</u>

IP2IPO Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022

10. TAXATION

Analysis of tax expense

	2022 £'000	2021 £'000
Current tax:		
Tax	97	(621)
Deferred tax	<u>196</u>	<u>2,405</u>
Total tax expense in statement of comprehensive income	<u>293</u>	<u>1,784</u>

Factors affecting the tax expense

The tax assessed for the year is higher (2021 - lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £'000	2021 £'000
(Loss)/profit before income tax	<u>(352,969)</u>	<u>359,261</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	(67,064)	68,260
Effects of:		
Expenses not deductible for tax purposes	(81)	-
Income not taxable for tax purposes	64,369	(69,216)
Unrealized Gains	(322)	5,280
Deferred tax not recognized	2,188	(1,730)
Permanent difference on share-based payments in the year	1,411	(499)
Adjustments to tax charge in respect of previous periods	306	(13)
Fixed asset difference	15	121
Chargeable gains/(losses)	-	(420)
Expenses and income transferred from limited partnerships	(54)	-
Corporate interest restriction reactivation	<u>(475)</u>	<u>-</u>
Tax expense	<u>293</u>	<u>1,784</u>

There is a potential deferred tax asset at 31 December 2022 of £1,592k (2021: £2,934k) in respect of short-term timing differences of 6,370k (2021: £11,737k), losses of £29,409k (2021: £25,429k), capital losses of £117,639k (2021: £101,718k) and fixed asset timing differences of £Nil (2021: £10k). This asset has not been recognised in the financial statements due to current uncertainties surrounding the reversal of the underlying timing differences. The deferred tax asset would be recovered if there were future taxable profits from which the reversal of the underlying timing differences could be deducted.

**IP2IPO Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022**

**11. INTANGIBLE FIXED ASSETS**

	Computer software £'000
<b>Cost</b>	
At 1 January 2022	143
Additions	63
At 31 December 2022	206
<b>Amortisation</b>	
At 1 January 2022	79
Amortisation for year	42
At 31 December 2022	121
<b>Net book value</b>	
At 31 December 2022	85
At 31 December 2021	64

**12. TANGIBLE FIXED ASSETS**

	Fixtures and fittings £'000	Computer equipment £'000	Totals £'000
<b>Cost</b>			
At 1 January 2022	108	123	231
Additions	206	18	224
At 31 December 2022	314	141	455
<b>Depreciation</b>			
At 1 January 2022	6	70	76
Charge for year	69	33	102
At 31 December 2022	75	103	178
<b>Net book value</b>			
At 31 December 2022	239	38	277
At 31 December 2021	102	53	155

**IP2IPO Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022**

**13. INVESTMENTS**

	Shares in group undertakings £'000	Limited participation interests £'000	Equity investments in quoted spin out companies £'000
<b>Cost or valuation</b>			
At 1 January 2022	331	377,683	594,939
Additions	-	77,630	3,204
Disposals	-	-	(14,860)
Distributions from Limited Partnerships	-	(6,375)	-
Change in fair value during the year	-	46,847	(374,999)
Exchange differences	-	577	-
At 31 December 2022	<u>331</u>	<u>496,362</u>	<u>208,284</u>
<b>Net book value</b>			
At 31 December 2022	<u>331</u>	<u>496,362</u>	<u>208,284</u>
At 31 December 2021	<u>331</u>	<u>377,683</u>	<u>594,939</u>
	Equity investments in unquoted spin out companies £'000	Unquoted debt investments in spin out companies £'000	Totals £'000
<b>Cost or valuation</b>			
At 1 January 2022	124,587	7	1,097,547
Additions	-	-	80,834
Disposals	-	-	(14,860)
Distributions from Limited Partnerships	-	-	(6,375)
Change in fair value during the year	(3,472)	-	(331,624)
Impairments	15	-	15
Exchange differences	-	-	577
At 31 December 2022	<u>121,130</u>	<u>7</u>	<u>826,114</u>
<b>Net book value</b>			
At 31 December 2022	<u>121,130</u>	<u>7</u>	<u>826,114</u>
At 31 December 2021	<u>124,587</u>	<u>7</u>	<u>1,097,547</u>

**IP2IPO Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022**

**13. INVESTMENTS - continued**

**Significant equity investments**

At 31 December 2022, the Company has investments where it holds 20% or more of the issued share capital in the following companies:

Name of undertaking	Registered address	Proportion of nominal value held %
Alesi Surgical Limited	Cardiff Medicentre, Heath Park, Cardiff, CF14 4UJ	17.3%
Ordinary Shares		57.0%
A Ordinary Shares		100.0%
Preferred Ordinary Shares		32.7%
Preferred Ordinary Shares - Issue price 2		48.9%
Preferred Ordinary Shares - Issue price 3		70.1%
Preferred Ordinary Shares - Issue price 4		50.0%
Preferred B Shares		9.7%
Preferred C Shares		0.0%
Amaethon Limited	Popeshead Court Offices, Peter Lane, York, United Kingdom, YO1 8SU	27.6%
A Ordinary Shares		52.9%
B Shares		27.6%
Art of Xen Limited	NHS Liaison Unit, 4th Floor, Mckenzie House, 30-36 Newport Road, Cardiff, United Kingdom, CF24 0DE	99.8%
A Preference Shares		100.0%
B Preference Shares		100.0%
Deferred Shares		100.0%
C-Capture Limited	Windsor House, Cornwall Road, Harrogate, England, HG1 2PW	31.5%
Ordinary shares		32.4%
Series A Preference Shares - Non voting		0.0%
Series A Preference Shares		31.3%
Crysalin Limited	The White Building, 1-4 Cumberland Place, Southampton, United Kingdom, SO15 2NP	25.3%
Ordinary Shares		27.0%
Emdot Limited	3 Pancras Square, King's Cross, London, England, NIC 4AG	26.3%
Ordinary shares		26.3%
Istesso Limited	3 Pancras Square, Kings Cross, United Kingdom, EC4N 8AF	25.3%
A Shares		75.6%
Ordinary shares		38.8%
Magnomatics Limited	Park House, Bernard Road, Sheffield, United Kingdom, S2 5BQ	30.2%
Ordinary Shares		16.2%
A Shares		39.1%
B Shares		100.0%
C Ordinary Shares		70.0%
C Ordinary Shares - Issue price 2		70.0%
Ph Therapeutics Limited	Windsor House, Cornwall Road, Harrogate, England, HG1 2PW	60.0%
Ordinary Shares		60.0%

**IP2IPO Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022**

<b>13. INVESTMENTS - continued</b>		
Surrey Nanosystems Limited	Unit B East Side Business Park, Beach Rd, Newhaven BN9 0FB	21.1%
A Ordinary Shares		13.9%
A Ordinary Shares - Issue Price 2		28.7%
A Ordinary Shares - CLN		35.2%
A2 Shares		9.1%
Ordinary Shares		32.2%

Note 1: All holdings are via ordinary shares unless separate classes are specified in the table.

All companies above are incorporated in the United Kingdom. The significant influence noted above has been determined in line with IAS 28 and Schedule 4 of The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008

<b>14. DEBTORS</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year:		
Trade debtors	174	334
Operating lease asset	735	1,131
Other debtors	1,168	891
Receivable on sale of debt and equity investments	463	306
Prepayments and accrued income	599	350
	<u>3,139</u>	<u>3,012</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>114,296</u>	<u>95,496</u>
Aggregate amounts	<u>117,435</u>	<u>98,508</u>

<b>15. CURRENT ASSET INVESTMENTS</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Deposits	<u>143,000</u>	<u>201,000</u>

Deposits comprise longer-term deposits held with financial institutions with an original maturity of greater than three months.

<b>16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Leases (see note 18)	485	336
Trade creditors	271	203
Amounts owed to group undertakings	707,861	650,450
Social security and other taxes	353	346
Other creditors	198	487
Long Term Incentive Carry Scheme	-	1,353
Accruals and deferred income	<u>2,539</u>	<u>3,528</u>
	<u>711,707</u>	<u>656,703</u>

**IP2IPO Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022**

**17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2022 £'000	2021 £'000
Leases (see note 18)	<u>434</u>	<u>863</u>

**18. FINANCIAL LIABILITIES - BORROWINGS**

	2022 £'000	2021 £'000
Current:		
Leases (see note 19)	<u>485</u>	<u>336</u>
Non-current:		
Leases (see note 19)	<u>434</u>	<u>863</u>

**Terms and debt repayment schedule**

	1 year or less £'000	1-2 years £'000	Totals £'000
Leases	<u>485</u>	<u>434</u>	<u>919</u>

**19. LEASING**

**Lease liabilities**

**Minimum lease payments fall due as follows:**

	2022 £'000	2021 £'000
Gross obligations repayable:		
Within one year	520	392
Between one and five years	444	908
	<u>964</u>	<u>1,300</u>

**Finance charges repayable:**

Within one year	35	56
Between one and five years	<u>10</u>	<u>45</u>
	<u>45</u>	<u>101</u>

**Net obligations repayable:**

Within one year	485	336
Between one and five years	<u>434</u>	<u>863</u>
	<u>919</u>	<u>1,199</u>

**IP2IPO Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022.**

**20. PROVISIONS FOR LIABILITIES**

	2022 £'000	2021 £'000
Deferred tax	<u>5,558</u>	<u>5,362</u>
		Deferred tax
Balance at 1 January 2022		£'000
Charge to Statement of Comprehensive Income during year		<u>5,362</u>
		<u>196</u>
Balance at 31 December 2022		<u>5,558</u>

**21. CALLED UP SHARE CAPITAL**

**Allotted, issued and fully paid:**

Number:	Class:	Nominal value:	2022 £'000	2021 £'000
40,100	Ordinary	£1	<u>40</u>	<u>40</u>

The Company has one class of ordinary shares with a par value of £1 ("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.

**22. CAPITAL COMMITMENTS**

Pursuant to the terms of their Limited Partnership agreements, the Company has committed to invest the following amounts into Limited Partnerships as at 31 December 2022:

Partnership	Year of commencement of partnership	Original commitment £'m	Invested to date £'m	Remaining commitment £'m
IP Venture Fund II L.P.	2013	<u>10.0</u>	<u>9.8</u>	<u>0.2</u>
		<u>10.0</u>	<u>9.8</u>	<u>0.2</u>

As at 31 December 2021:

Partnership	Year of commencement of partnership	Original commitment £'m	Invested to date £'m	Remaining commitment £'m
IP Venture Fund II L.P.	2013	<u>10.0</u>	<u>9.4</u>	<u>0.6</u>
		<u>10.0</u>	<u>9.4</u>	<u>0.6</u>

IP2IPO Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022

23. RELATED PARTY DISCLOSURES

The Directors who held office at 31 December 2022 had beneficial shareholdings in the following spin-out companies as at 31 December 2022:

Director	Company name	Number of shares held at 01-Jan 2022	Number of shares acquired/(disposed of) in the period	Number of shares held at 31-Dec-22	%
Greg Smith	Alesi Surgical Limited	2	-	2	<0.1%
	Crysalin Limited1	149	-	149	<0.1%
	Diurnal Group plc2	15,000	(15,000)	-	0.0%
	EmDot Limited	4	-	4	0.23%
	Istesso Limited	313,425	-	313,425	0.28%
	Itaconix plc	4,500	-	4,500	<0.1%
	Mirriad Advertising plc	16,667	-	16,667	<0.1%
	Oxbotica Limited	8	-	8	<0.1%
	Oxford Nanopore Technologies plc	27,008	-	27,008	<0.1%
	Rio AI Limited4	144,246	-	144,246	<0.1%
	Surrey Nanosystems Limited	88	-	88	<0.1%
	Tissue Regenix Group plc	50,000	-	50,000	<0.1%
	Xeros Technology plc 3	13	-	13	<0.1%
David Baynes	Alesi Surgical Limited	4	-	4	<0.1%
	Arkivum Limited	377	-	377	<0.1%
	Creavo Medical Technologies Limited1	46	-	46	<0.1%
	Diurnal Group plc2	73,000	(73,000)	-	0.0%
	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%
Chris Glasson	8Power Limited	400	-	400	<0.1%
	Audioscenic Limited	967	-	967	<0.1%
	Creavo Medical Technologies1	105	-	105	<0.1%
	Istesso Limited	9,009	-	9,009	<0.1%
	Mirriad Advertising plc	8,064	-	8,064	<0.1%
	Oxbotica Limited	34	-	34	<0.1%
	Oxehealth Limited	328	-	328	<0.1%
	Topivert Limited - B2 Preferred Shares1	3,000	-	3,000	<0.1%
	Ultraleap Holdings Limited	1,585	-	1,585	<0.1%
Angela Leach	Amaethon Limited - Ordinary Shares1	2	-	2	<0.1%
	Amaethon Limited - B Shares	1,394	-	1,394	<0.1%
	Amaethon Limited - A Ordinary Shares	12	-	12	<0.1%
	Alesi Surgical Limited	2	-	2	<0.1%
	AudioScenic Limited	-	53	53	<0.1%
	Barcoal	-	1,010	1,010	<0.1%
	Boxarr Limited	102	-	102	<0.1%
	Bramble Energy Limited	8	5	13	<0.1%
	Creavo Medical Technologies Limited	23	-	23	<0.1%
	Crysalin Limited1	149	-	149	<0.1%
	Deep Matter Group plc	68,101	-	68,101	<0.1%

**IP2IPO Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022**

Diffblue Limited	644	-	644	<0.1%
Diurnal Group plc <sup>2</sup>	11,500	(11,500)	-	0.0%
Emdot Limited <sup>1</sup>	4	-	4	0.23%
Featurespace Limited	-	240	240	<0.1%
First Light Fusion Limited	27	-	27	<0.1%
Ieso Digital Health Limited - B2.	-	-	-	-
Preferred Shares	29	-	29	<0.1%
Istesso Limited - A Shares	322,923	-	322,923	0.29%
Itaconix plc	4,500	-	4,500	<0.1%
Mixergy Limited	-	206	206	0.03%
Mirriad Advertising plc	16,667	-	16,667	<0.1%
Oxbotica Limited	3	-	3	<0.1%
Oxford Nanopore Technologies plc	37,800	29	37,909	<0.1%
OxONN Limited	-	20,000	20,000	<0.1%
Rio AI Limited <sup>4</sup>	180,308	-	180,308	<0.1%
Sunborne Systems Limited	-	2	2	<0.1%
Surrey Nanosystems Limited	78	-	78	<0.1%
Tissue Regenix Group plc	146,791	-	146,791	<0.1%
Ultraleap Holdings Limited	500	-	500	<0.1%
Xeros Technology Group plc	16	-	16	<0.1%

1 Company being closed down.

2 Acquired by Neurocrine in November 2022.

3 Restated opening position.

4 Previously called Ditto AI Limited.

## IP2IPO Limited

### Notes to the Financial Statements - continued for the Year Ended 31 December 2022

#### 24. SHARE-BASED PAYMENT TRANSACTIONS

##### Deferred Bonus Share Plan ("DBSP") awards

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).

As the 2022 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 2022.

##### IP Group Restricted Share Plan ("RSP")

As set out in the Group's Remuneration Policy, 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 commencing on 1 April 2023. Any RSP awards that vest will be subject to a further two-year holding period. Vesting will be subject to a financial underpin based on NAV growth over the vesting period. For 2022 awards, the financial underpin has been set such that NAV per share on the vesting date must be no lower than 100% of NAV per share on the award date, after making appropriate adjustments for dividends, buy-backs and any other distributions.

##### Pre 2022 Long Term Incentive Plan ("LTIP") awards

Awards under the LTIP take 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. Further information on the Group's LTIP is set out in the IP Group Plc 2022 Annual Report.

The 2021 LTIP awards were made on 6 May 2021. The awards will ordinarily vest on 31 March 2024, to the extent that the performance conditions have been met. The awards are based on the performance of the Group's NAV and Total Shareholder Return ("TSR"). Both performance measures are combined into a matrix format to most appropriately measure performance relative to the business, as shown in the Directors' Remuneration Report within the Group's 2021 Annual Report and Accounts. The 2021 LTIP matrix is designed such that up to 100% of the award of the will vest in full in the event of both NAV increasing by 15% per year on a cumulative basis, from 1 January 2021 to 31 December 2023, and TSR increasing by 15% per year on a cumulative basis from the date of award to 31 March 2024, using an industry-standard average price period at the beginning and end of the performance period. Further, the matrix is designed such that 30% of the award shall vest if the cumulative increase is 8% per annum for both measures over their respective performance periods ("threshold performance"). A straight-line sliding scale is applied for performance between the distinct points on the matrix of vesting targets.

The 2019 LTIP awards partially met the threshold performance target and 82,471 vested, 78,925 lapsed on 31 March 2022. NAV growth to 31 December 2021 was above the minimum threshold and below the maximum threshold. The one-month average share price at 31 March 2022 was below lower TSR target and that of the FTSE 250 TSR performance. The performance measures were achieved in full however the underpin was only partially achieved, as a result 51.1% of the 2019 LTIP awards vested on 31 March 2022. Vested shares are subject to a further two-year holding period until 31/03/2024 and will be issued to participants only at the end of this period.

The 2020 LTIP awards were made on 19 June 2020. The awards will ordinarily vest on 31 March 2023, to the extent that the performance conditions have been met. The awards are based on the performance of the Group's NAV and Total Shareholder Return ("TSR"). Both performance measures are combined into a matrix format to most appropriately measure performance relative to the business, as shown in the Directors' Remuneration Report within the Group's 2020 Annual Report and Accounts. The 2020 LTIP matrix is designed such that up to 100% of the award will vest in full in the event of both NAV increasing by 15% per year on a cumulative basis, from 1 January 2020 to 31 December 2022, and TSR increasing by 15% per year on a cumulative basis from the date of award to 31 March 2023, using an industry-standard average price period at the beginning and end of the performance period. Further, the matrix is designed such that 30% of the award shall vest if the cumulative increase is 8% per annum for both measures over their respective performance periods ("threshold performance"). A straight-line sliding scale is applied for performance between the distinct points on the matrix of vesting targets.

**IP2IPO Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2022**

The 2019 LTIP awards partially met the threshold performance target and 82,471 vested, 78,925 lapsed on 31 March 2022. NAV growth to 31 December 2021 was above the minimum threshold and below the maximum threshold. The one-month average share price at 31 March 2022 was below lower TSR target and that of the FTSE 250 TSR performance. The performance measures were achieved in full however the underpin was only partially achieved, as a result 51.1% of the 2019 LTIP awards vested on 31 March 2022. Vested shares are subject to a further two-year holding period until 31/03/2024 and will be issued to participants only at the end of this period.

**25. IMMEDIATE AND ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

The immediate and ultimate parent undertaking was IP Group plc, a public limited company registered in England and Wales. The smallest and largest group into which these accounts are consolidated is IP Group plc. Copies of the ultimate parent company's financial statements may be obtained from the secretary of IP Group plc, 3 Pancras Square, King Cross, London, N1C 4AG.

**26. EVENTS AFTER THE REPORTING PERIOD**

Since the year end, the value of the investment in quoted and private equity portfolio has been impacted by declining public market sentiments, which has seen the reduction in the portfolio value as at 30 June 2023. The impact of this is a reduction in the portfolio value of £31.3m.