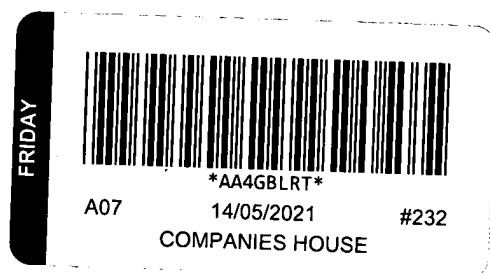


REGISTERED NUMBER: 04072979 (England and Wales)

**Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 December 2020**
for
IP2IPO Limited



**Contents of the Financial Statements
for the Year Ended 31 December 2020**

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IP2IPO Limited

**Company Information
for the Year Ended 31 December 2020**

DIRECTORS:

A J Aubrey
D G Baynes
G Smith
M C N Townend

SECRETARY:

IP2IPO Services Limited

REGISTERED OFFICE:

The Walbrook Building
25 Walbrook
London
EC4N 8AF

REGISTERED NUMBER:

04072979 (England and Wales)

AUDITORS:

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

**Strategic Report
for the Year Ended 31 December 2020**

The directors present their strategic report for the year ended 31 December 2020.

The principal activity of IP2IPO Limited ("the Company") during the period was commercialisation of intellectual property via long-term partnerships with universities. The Company continues to create spin-out companies from its partner, and occasionally non-partner, universities and to provide business support and development services to such spin-out companies.

RESULTS AND PERFORMANCE

The results for the year are set out on page 8. The Company's profit for the period was £217,637k (year ended 31 December 2019: £21,179k). The directors do not propose a final dividend for the year ended 31 December 2020 (year ended 31 December 2019: £nil).

MARKET ENVIRONMENT

The year was dominated by the COVID-19 pandemic and the consequent humanitarian crisis and increased political and economic uncertainty. In addition, significant geopolitical developments including the US/China trade war and the Brexit Agreement in the UK, increased the level of political and economic uncertainty.

The combination of these factors has led to a fast-changing environment with emerging, difficult-to-read and sometimes competing trends. The level of political and economic uncertainty has encouraged investors to be cautious and to retain strong liquidity, which is important to ensure that they are not disadvantaged by portfolio companies seeking to raise more capital earlier than might otherwise be the case. During 2020 IP Group also acted to ensure that we maintained a strong level of liquidity.

However, investors have also been looking toward sectors and companies likely to emerge stronger in a post-pandemic world. This trend has generated strong interest in companies involved in several areas, for example, the transition to net zero, the accelerated digitisation of economies and building resilience into health systems, particularly around protection against future pathogens.

The pandemic also sparked a bounce-back in the relative strength of public markets compared to private markets with companies using the markets to access capital. IP Group's quoted portfolio also benefitted from this trend with several portfolio companies carrying out placings in the year.

STRATEGY

The Company's business plan is to continue to create spin-out companies from its partner, and occasionally non-partner, universities and to provide business support and development services to such spin-out companies.

KEY PERFORMANCE INDICATORS

The directors of IP Group plc manage the group's operations on a divisional 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 2020 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 46 to 57 of IP Group plc's 2020 annual report and financial statements which does not form part of this report.

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.

**Strategic Report
for the Year Ended 31 December 2020**

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 2020.

The directors determined that the Company is required to produce a s172 statement for 2020 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.

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 2020, 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 2020. 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
- Universities and other research partners
- The environment and wider community
- The European Investment Bank and the European Investment Fund
- Regulators
- Industry Analysts
- Governance bodies including proxy advisors

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 are 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 2020 which can be found at <https://www.ipgroupplc.com/investor-relations/reports-and-presentations/2020>.

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 intellectual property-based businesses that will have a positive impact on the environment and society into robust businesses, from concept to maturity, with the aim of delivering attractive financial returns for the group. The Company adopted the strategy of IP Group plc for 2020 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 2020.

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 focus 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's strategy has an inbuilt focus on long-term investment and its core purpose, to evolve great ideas into world-changing businesses, requires strong engagement with portfolio companies. 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.

Training

All of the directors of the Company are also directors of IP Group plc. During 2020, the Board of IP Group plc received training on the s172 requirements, and all directors have therefore received training on their director duties.

**Strategic Report
for the Year Ended 31 December 2020**

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 and confidentiality obligations, the Board (via IP Group plc) seeks input and 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.

Disposal of certain assets

The Board debated the disposal or partial disposal of certain investments in portfolio companies, including certain strategic assets for which the Board of IP Group plc has direct oversight. In relation to decisions regarding disposals, 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. In certain circumstances, the Directors concluded that a partial disposal was the most appropriate action, achieving a financial return and strengthening the Group's cash position whilst allowing the Group to retain a significant shareholding (by size and value) in the company to further grow in value over the longer term.

- Portfolio companies: 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 considered in each case whether the disposal of the investment could be beneficial to the company, for example by allowing new investors to be introduced to the portfolio company, or whether it may have a possible negative effect, perhaps due to the perception in the market of the Group selling its shares. Engagement with the portfolio company would most typically take place by a direct communication prior to the decision taking place.

- Co-investors: The Directors also considered the interests of any co-investors invested in the relevant portfolio company. Depending on the portfolio company in question, a disposal may be beneficial for co-investors, for example, giving them the opportunity to increase their own shareholdings in the company or alternatively co-investors may be concerned about the wider perception as a result of the Group's sale of shares.

- Employees: When considering disposals, the Directors considered the impact on its employees generally and in particular any employees who may be working with the asset being discussed or acting as a director of such company. In addition, the impact on any other internal teams providing services to portfolio companies (such as IP Capital) were considered. To understand the views of employees, where appropriate, the directors sought feedback via IP Connect or otherwise liaised directly with specific employees.

Consideration of any conflicts

When making decisions, the directors were aware of the duty to act fairly between members of the company. This was relevant in particular where a shareholder of the Group was also a shareholder in the portfolio company or otherwise had an interest in the disposal. Any Director who had or may have a conflict declared this conflict, and if necessary, was excluded from the decision-making process.

Feedback:

Once the Board had agreed to dispose of certain of its shares in an asset, direct feedback was delivered to the portfolio company, employees and any co-investors.

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 2020 for further details of the Group's long-term strategic aims and capital allocation. The Company does not currently pay a dividend.

IP2IPO Limited (Registered number: 04072979)

Strategic Report
for the Year Ended 31 December 2020

ON BEHALF OF THE BOARD:



.....
G Smith - Director

11 May 2021

**Report of the Directors
for the Year Ended 31 December 2020**

The directors present their report with the financial statements of the company for the year ended 31 December 2020.

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 2020 (year ended 31 December 2019: £nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

A J Aubrey
D G Baynes
G Smith
M C N Townend

POLITICAL AND CHARITABLE CONTRIBUTIONS

During 2020 the Company made no political donations (2019: £nil) and charitable donations of £20,961 (2019: £33,559).

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 2020 was 35 days (2019: 21 days).

GOING CONCERN

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 2020 amounted to £619,395,782. 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

IP2IPO Limited (Registered number: 04072979)

**Report of the Directors
for the Year Ended 31 December 2020**

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 ought to have taken as a director in order to make himself 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:



.....
G Smith - Director

11 May 2021

**Report of the Independent Auditors to the Members of
IP2IPO Limited (Registered number: 04072979)**

Opinion

We have audited the financial statements of IP2IPO Limited ("the company") for the year ended 31 December 2020 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 2020 and of its profit 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 directors' 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 members 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 Company's meeting 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 and taking into account our overall knowledge of the control environment, 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 members and other management (as required by auditing standards), and from inspection of the Company's regulatory correspondence, and discussed with the members and other management the policies and procedures regarding compliance with laws and regulations.

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

**Report of the Independent Auditors to the Members of
IP2IPO Limited (Registered number: 04072979)**

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 Limited Liability Partnerships 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, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of Company's legislation recognising the financial and regulated 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 members 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.

Other information

The members are responsible for the other information, which comprises the members' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information.

Strategic report and directors' report

The directors are responsible for the other information, which comprises the strategic report and the directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information;
- in our opinion the information given in the strategic report and the directors' report 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 [X], 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.

**Report of the Independent Auditors to the Members of
IP2IPO Limited (Registered number: 04072979)**

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.

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.

Mark Noonan

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

11 May 2021

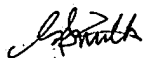
**Statement of Comprehensive Income
for the Year Ended 31 December 2020**

	Notes	2020 £'000	2019 £'000
TURNOVER	3	907	1,015
Administrative expenses	8	<u>(22,730)</u>	<u>(20,421)</u>
		(21,823)	(19,406)
Change in fair value of investments	13	<u>215,212</u>	<u>11,278</u>
OPERATING PROFIT/(LOSS)		193,389	(8,128)
Profit/(loss) on disposal of investments	5	<u>306</u>	<u>(617)</u>
		193,695	(8,745)
Gain on release of loan obligation	5	23,858	31,473
Interest receivable and similar income	6	<u>658</u>	<u>842</u>
		218,211	23,570
Loss on release of loan obligation	5	<u>-</u>	<u>(1,172)</u>
		218,211	22,398
Interest payable and similar expenses	7	<u>(58)</u>	<u>(93)</u>
PROFIT BEFORE TAXATION	8	218,153	22,305
Tax on profit	10	<u>(516)</u>	<u>(1,126)</u>
PROFIT FOR THE FINANCIAL YEAR		217,637	21,179
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>217,637</u>	<u>21,179</u>

Balance Sheet
31 December 2020

	Notes	2020 £'000	2019 £'000
FIXED ASSETS			
Intangible assets	11	24	2
Tangible assets	12	714	891
Investments	13	<u>789,358</u>	<u>682,162</u>
		790,096	683,055
CURRENT ASSETS			
Debtors: amounts falling due within one year	14	1,972	24,432
Debtors: amounts falling due after more than one year	14	75,944	62,660
Deposits	15	118,500	62,000
Cash at bank		<u>66,932</u>	<u>30,151</u>
		263,348	179,243
CREDITORS			
Amounts falling due within one year	16	<u>634,477</u>	<u>661,928</u>
NET CURRENT LIABILITIES		<u>(371,129)</u>	<u>(482,685)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		418,967	200,370
CREDITORS			
Amounts falling due after more than one year	17	-	(3,879)
PROVISIONS FOR LIABILITIES	20	<u>(2,956)</u>	<u>-</u>
NET ASSETS		<u>416,011</u>	<u>196,491</u>
CAPITAL AND RESERVES			
Called up share capital	21	40	40
Share premium		3,960	3,960
Retained earnings		<u>412,011</u>	<u>192,491</u>
SHAREHOLDERS' FUNDS		<u>416,011</u>	<u>196,491</u>

The financial statements were approved by the Board of Directors on 11 May 2021 and were signed on its behalf by:



.....
G Smith - Director

Statement of Changes in Equity
for the Year Ended 31 December 2020

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Total equity £'000
Balance at 1 January 2019	40	169,892	3,960	173,892
Changes in equity				
Total comprehensive income	-	21,179	-	21,179
Share-based payment charge	-	1,420	-	1,420
Balance at 31 December 2019	40	192,491	3,960	196,491
Changes in equity				
Total comprehensive income	-	217,637	-	217,637
Share-based payment charge	-	1,883	-	1,883
Balance at 31 December 2020	40	412,011	3,960	416,011

**Notes to the Financial Statements
for the Year Ended 31 December 2020**

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

The Financial Statements of IP2IPO Limited (the "Company") are for the year ended 31 December 2020. The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

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 2020

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2020 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

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 considered the impact of the of COVID-19 pandemic on the Company, and have completed a financial forecast alongside severe but plausible scenario-based downside stress-testing, including the impact of declining portfolio values and a reduced ability to generate portfolio realisations.

The Director has considered the impact of the emergence and spread of COVID-19 pandemic and potential implications on future partnership operations. After reviewing the Company's performance projections, taking into account a cash balance of £67m as at 31 December 2020, forecast committed expenses, noting IP Group are not seeking repayment of amounts due to group, the Directors are satisfied that the Company has adequate access to resources to enable it to meet its obligations and to continue in operational existence for a period at least the next 12 months. Whilst there are significant wider market uncertainties which may impact portfolio company investments and fund investors due to the impact of the emergence and spread of COVID-19, the Company does not believe this will significantly impact the liquidity of the Company over the next 12 months. For this reason, the Company has adopted the going concern basis in preparing these financial statements.

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 2020 amounted to £619,395,782. 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.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

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 the financing round to which the advisory fees apply.

Intangible assets

Other intangible assets

Other intangible assets represent contractual arrangements and memorandums of understanding with UK universities acquired through acquisition of subsidiaries. At the date of acquisition, the cost of these intangibles as a share of the larger acquisition was calculated and subsequently the assets are held at amortised cost.

Impairment of intangible assets

Assets that are subject to amortisation are tested for impairment when events or a change in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the value in use. For the purposes of assessing impairments, assets are grouped at the lowest levels for which there are identifiable cash flows (i.e. CGUs).

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

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

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 2018).

Where the equity structure of a portfolio company involves different class rights in a sale or liquidity event, the Partnership 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 IPEV guidelines and including IPEV's special guidance issued in March 2020 in response to Covid-19. 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 Partnership 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. Multiple valuation techniques may be used so that the results of one technique may be used as a cross check/corroboration of an alternative technique.

Valuation techniques used include:

- Quoted investments: the fair values of quoted investments are based on bid prices in an active market at the reporting date.
- Milestone approach: an assessment is made 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.
- Last funding round (per IPEV a form of price of recent investment) involving significant funds from third parties not involved in previous rounds, or where funding was not prorated to previous rounds, is considered by the designated members to provide indicator of fair value
- Scenario analysis: 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, as well as full scenario analysis via the use of the probability-weighted expected return method (PWERM).
- Current value method: the estimation and allocation of the equity value to the various equity interests in a business as though the business were to be sold on the Measurement Date.
- Discounted cash flows: deriving the value of a business by calculating the present value of expected future cash flows.
- Multiples: 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 Partnership refers to the valuation basis as 'Recent Financing'.

Price of recent investment as an input in assessing fair value

The Partnership 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 Partnership'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 Partnership 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.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

2. **ACCOUNTING POLICIES - continued**

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

Where a deterioration in value has occurred, the Partnership reduces the carrying value of the investment to reflect the estimated decrease. If there is evidence of value creation the Partnership 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 Partnerships and Limited Liability Partnerships

Valuations in respect of Limited and Limited Liability Funds are based on IP Group's share of the Net Asset Value of the fund as per the audited financial statements prepared by the fund manager. The key judgments in the preparation of these accounts relate to the valuation of unquoted investments. Investments in these Limited and Limited Liability Partnerships are recognised at fair value through profit and loss in accordance with FRS 101.

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 Partnership 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.

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.

Deferred tax

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

Leases

Following the adoption of IFRS 16 all operating leases in excess of one year, where the Company is the lessee, are included on the Company's statement of financial position, and recognised as a right-of-use ("ROU") asset and a related lease liability representing the obligation to make lease payments. The ROU asset is amortised on a straight-line basis with the lease liability being amortised using the effective interest method. Short-term leases (lease terms less than 12 months) and small-value leases are exempt from IFRS 16 and are charged to the statement of comprehensive income on a straight-line basis over the term of the lease.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

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

	2020	2019
	£'000	£'000
Wages and salaries	8,168	8,847
Social security costs	1,220	1,073
Share based payment charge	1,884	1,601
Other pension costs	555	665
	<u>11,827</u>	<u>12,186</u>

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

	2020	2019
Management and administration	<u>58</u>	<u>87</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

4. EMPLOYEES AND DIRECTORS (continued)

The aggregate emoluments of the directors of the Company are shown below. The remuneration of the highest paid director was £760k (2019: £462k) and a £37k (2019: £36k) cash equivalent was paid in lieu of company pension contributions.

	2020 £'000	2019 £'000
Remuneration in respect of directors:		
Salary & annual bonus	2,460	1,565
Pensions *	<u>116</u>	<u>114</u>
	<u>2,576</u>	<u>1,679</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

	2020 £'000	2019 £'000
Gain on release of loan obligation	23,858	31,473
Profit/(loss) on disposal of investments in spin-out companies	<u>306</u>	<u>(617)</u>
	<u>24,164</u>	<u>30,856</u>

Gain on release of loan obligation relates to amounts owed to IP Assist Services Limited £22,632k, IP Venture Fund (GP) Limited £693k and North East Technology (GP) Limited £533k which were released during the year resulting in an income statement gain. The directors of IP Assist Services Limited and IP Venture Fund (GP) Limited agreed to release the amounts as part of their planned closure before being dissolved, while the directors of North East Technology (GP) Limited agreed to release the amount before the company was sold.

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020 £'000	2019 £'000
Deposit account interest	<u>658</u>	<u>842</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 £'000	2019 £'000
Interest on lease liabilities	<u>58</u>	<u>93</u>

8. PROFIT BEFORE TAXATION

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

	2020 £'000	2019 £'000
Hire of plant and machinery	8	18
Depreciation - operating lease asset	672	675
Depreciation - owned assets	209	258
Computer software amortisation	7	36
Foreign exchange differences	<u>(119)</u>	<u>354</u>

9. AUDITORS' REMUNERATION

	2020 £'000	2019 £'000
Fees payable to the Company's auditors for the audit of the Company's financial statements	<u>30</u>	<u>13</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

10. TAXATION

Analysis of tax expense

	2020 £'000	2019 £'000
Current tax:		
Tax	(2,440)	1,126
Deferred tax	2,956	-
Total tax expense in statement of comprehensive income	<u>516</u>	<u>1,126</u>

Factors affecting the tax expense

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

	2020 £'000	2019 £'000
Profit before income tax	<u>218,153</u>	<u>22,305</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	41,449	4,238
Effects of:		
Expenses not deductible for tax purposes	40	1,164
Income not taxable for tax purposes	(45,430)	(8,587)
Adjustments to tax charge in respect of previous periods	(2,487)	1,483
Deferred tax not recognised	(2,804)	2,460
Permanent difference on share options exercised in the year	756	368
Unrealised gains	<u>8,992</u>	-
Tax expense	<u>516</u>	<u>1,126</u>

There is a potential deferred tax asset at 31 December 2020 of £56k (2019: £24,316k), in respect of short term timing differences of 2,979k (2019: £4,407k), losses of £13,819k (2019: £120,434k), capital losses of £47,086k (2019: £18,147k) and fixed asset timing differences of £32k (2019: £48k). 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.

11. INTANGIBLE FIXED ASSETS

	Computer software £'000
Cost	
At 1 January 2020	58
Additions	<u>28</u>
At 31 December 2020	<u>86</u>
Amortisation	
At 1 January 2020	56
Amortisation for year	<u>6</u>
At 31 December 2020	<u>62</u>
Net book value	
At 31 December 2020	<u>24</u>
At 31 December 2019	<u>2</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

12. TANGIBLE FIXED ASSETS

	Fixtures and fittings £'000	Computer equipment £'000	Totals £'000
Cost			
At 1 January 2020	1,221	368	1,589
Additions	-	33	33
At 31 December 2020	<u>1,221</u>	<u>401</u>	<u>1,622</u>
Depreciation			
At 1 January 2020	458	240	698
Charge for year	<u>160</u>	<u>50</u>	<u>210</u>
At 31 December 2020	<u>618</u>	<u>290</u>	<u>908</u>
Net book value			
At 31 December 2020	<u>603</u>	<u>111</u>	<u>714</u>
At 31 December 2019	<u>763</u>	<u>128</u>	<u>891</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

13. INVESTMENTS

	Shares in group undertakings £'000	Limited participation interests £'000	Equity investments in quoted spin out companies £'000
Cost or valuation			
At 1 January 2020	464	262,101	25,349
Additions	-	31,336	98
Disposals	-	-	(4,151)
Repayments from Limited Partnerships	-	(128,062)	-
Change in fair value during the year	(133)	117,183	16,238
At 31 December 2020	<u>331</u>	<u>282,558</u>	<u>37,534</u>
Net book value			
At 31 December 2020	<u>331</u>	<u>282,558</u>	<u>37,534</u>
At 31 December 2019	<u>464</u>	<u>262,101</u>	<u>25,349</u>
	Equity investments in unquoted spin out £'000	Unquoted debt investments in spin out £'000	Totals £'000
Cost or valuation			
At 1 January 2020	392,327	1,921	682,162
Additions	-	9	31,443
Disposals	(7,260)	-	(11,411)
Repayments from Limited Partnerships	-	-	(128,062)
Change in fair value during the year	80,182	1,742	215,212
Exchange differences	14	-	14
Transaction-based reclassifications during the year	<u>614</u>	<u>(614)</u>	<u>-</u>
At 31 December 2020	<u>465,877</u>	<u>3,058</u>	<u>789,358</u>
Net book value			
At 31 December 2020	<u>465,877</u>	<u>3,058</u>	<u>789,358</u>
At 31 December 2019	<u>392,327</u>	<u>1,921</u>	<u>682,162</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

13. INVESTMENTS - continued

Significant equity investments

At 31 December 2020, 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 % (note 1)
Absynth Biologics Limited	Biohub at Alderley Park, Macclesfield, Cheshire, SK10 4TG	54.9%
A Ordinary shares		37.4%
B Ordinary shares		100.0%
Ordinary shares		43.3%
Accelercomm Limited	Ground Floor Epsilon House Enterprise Road, Chilworth, Sout	32.9%
Ordinary A Shares		30.9%
Ordinary Shares		35.4%
Actual Experience plc	Quay House, The Ambury, Bath, Somerset, BA1 1UA	21.2%
Alesi Surgical Limited	Cardiff Medicentre, Heath Park, Cardiff, CF14 4UJ	41.0%
B shares		100.0%
Ordinary shares		57.0%
Preferred B shares		9.7%
Preferred Ordinary shares		40.3%
Amaethon Limited	Heslington Hall, Heslington, York, YO10 5DD	27.5%
A Ordinary shares		52.9%
B Ordinary shares		27.6%
Ordinary shares		0.0%
Anacail Limited	C/O Wri Associates Ltd Third Floor, Turnberry House, 175 West George Street, Glasgow, G2 2LB	39.7%
A Shares		40.7%
Ordinary Shares		38.8%
Aperio Pharma Limited	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	46.1%
Arkivum Limited	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	33.5%
A Ordinary shares		36.0%
Ordinary shares		35.1%
Art of Xen Limited	NHS Liaison Unit 4th Floor Mckenzie House 30-36 Newport	99.8%
A Preference shares		100.0%
B Preference shares		100.0%
Asterion Limited	The Innovation Centre, 217 Portobello, Sheffield, S1 4DP	66.8%
AudioScenic Limited	Suite A, Epsilon House Enterprise Road, Southampton Science Park, Southampton, SO16 7NS	36.1%
A Ordinary Shares		33.1%
Ordinary Shares		38.5%
Boxarr Limited	65 London Road, St Albans, Hertfordshire, AL1 1LJ	45.4%
Bramble Energy Limited	6 Satellite Business Village, Fleming Way, Crawley, RH10 9NE	27.5%
A Ordinary Shares		30.9%
Ordinary Shares		21.6%
Capsant Neurotechnologies Ltd	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	50.0%
C-Capture Limited	Leeds Innovation Centre, 103 Clarendon Road, Leeds, LS2 9DF	38.1%

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

13. INVESTMENTS - continued

A Preference shares		37.0%
Ordinary shares		36.3%
Celltron Networks Limited	PO Box 4385, Cardiff, CF14 8LH	30.0%
Ceryx Medical Limited	4th Floor, 14, Museum Place, Cardiff, CF10 3BH	20.6%
A Ordinary Shares		26.8%
Ordinary Shares		12.1%
Chromosol Limited	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	34.6%
Creavo Medical Technologies Limited	Cel House Westwood Way, Westwood Business Park, Coventr	34.9%
A Shares		70.0%
Ordinary Shares		28.4%
Crysalin Limited	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	28.5%
A shares		0.0%
Ordinary shares		30.6%
Defenition Limited	Windsor House, Cornwall Road, Harrogate, HG1 2PW	82.9%
B Ordinary Shares		100.0%
Ordinary Shares		48.5%
Diurnal Group plc	Cardiff Medicentre, Heath Park, Cardiff, CF14 4UJ	31.9%
Dynamic Vision Systems Limited	Windsor House, Cornwall Road, Harrogate, HG1 2PW	21.5%
Edgetic Limited	Unit 2 Flexspace, Albion Way, Leeds, LS12 2EJ	52.8%
B Ordinary Shares		100.0%
Ordinary Shares		55.8%
Emdot Limited	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	26.3%
FaultCurrent Limited	Bedwas House Industrial Estate Greenway, Bedwas, Caerphilly	30.6%
A Shares		30.0%
Ordinary Shares		32.6%
First Light Fusion Limited	Unit 10 Mead Road, Yarnton, Kidlington, OX5 1QU	33.1%
Fluid Pharma Limited	Windsor House, Cornwall Road, Harrogate, HG1 2PW	69.4%
B Ordinary Shares		87.1%
Ordinary Shares		39.6%
Helio Display Materials Limited	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	21.2%
I2L Research Limited	Capital Business Park, Wentloog, Cardiff, CF3 2PX	31.0%
A Ordinary shares		84.0%
B Ordinary shares		13.3%
Ibex Innovations Limited	Explorer 2 - Netpark Thomas Wright Way, Sedgefield, Stockto	39.1%
Iksuda Therapeutics Limited	The Biosphere Draymans Way, Newcastle Helix, Newcastle U	32.2%
A Ordinary share		50.0%
Ordinary shares		23.1%
Intrinsic Semiconductor Technologies Lim	Ucl Business Plc, The Network Building,, 97 Tottenham Court	27.4%
Ionix Advanced Technologies Limited	Windsor House, Cornwall Road, Harrogate, HG1 2PW	30.0%
B Ordinary Shares		79.0%
Ordinary Shares		20.4%
Istesso Limited	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	56.4%
A shares		75.6%
Ordinary shares		42.7%

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

13. INVESTMENTS - continued

Magnomatics Limited	Park House, Bernard Road, Sheffield, S2 5BQ	42.0%
A shares		39.1%
B shares		100.0%
C Ordinary shares		70.0%
Ordinary shares		15.3%
Microbiotica Limited	Chesterford Research Park Chesterford Park, Little Chesterford	27.4%
Mixergy Limited	30 Upper High Street, Thame, OX9 3EZ	24.8%
A Ordinary Shares		21.1%
Ordinary Shares		27.9%
NGenics Global Limited	The Catalyst Baird Lane, Heslington, York, YO10 5GA	20.7%
Oxehealth Limited	Magdalen Centre North, Oxford Science Park, Oxford, OX4 4	24.2%
OxSyBio Limited	The Walbrook Building, 25 Walbrook, London, EC4N 8AF	37.8%
A Shares		70.0%
Ordinary Shares		36.7%
Preference shares		28.0%
Perlemax Limited	318 Broad Lane, Kroto Innovation Centre, Sheffield, S3 7HQ	34.5%
Perpetuum Limited	2 Venture Road, Southampton Science Park, Chilworth, Southampton, SO16 7NP	22.0%
Ordinary shares		33.1%
Series B shares		13.4%
Series C shares		30.4%
PH Therapeutics Limited	The Innovation Centre, 217 Portobello, Sheffield, England, S1 4DP	60.0%
Quantima Limited	Windsor House, Cornwall Road, Harrogate, HG1 2PW	42.9%
RFC Power Limited	Windsor House, Cornwall Road, Harrogate, HG1 2PW	23.4%
Seren Photonics Limited	37b Uk Technology Centre Pencoed Technology Park, Pencoed	25.2%
A Ordinary shares		47.9%
Spinetic Energy Limited	The Old Post Office, 41-43 Market Place, Chippenham, SN1	29.6%
Stratium Limited	C/O Uhy Hacker Young Lanyon House, Mission Court, New	52.9%
Ubiquigent Limited	Dundee University Incubator Dundee Technopole, James Lin	27.5%
Ultraleap Holdings Limited	The West Wing, Glass Wharf, Bristol, BS2 0EL	20.0%
C Series Preferred Shares		1.3%
Ordinary Shares		32.9%
Preference Shares		20.0%
UMIP Project 003 Limited	PO Box 4385, Cardiff, CF14 8LH	33.3%
Uniphy Limited	Nexus, Discovery Way, Leeds, LS2 3AA	31.8%
A Shares		16.0%
Ordinary Shares		39.1%
Zeetta Networks Limited	First Floor Templeback, 10 Temple Back, Bristol, BS1 6FL	26.6%
Ordinary Shares		12.3%
Preference Shares		33.9%

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

13. INVESTMENTS - continued

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

14. DEBTORS

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Trade debtors	345	310
Operating lease asset	653	1,374
Other debtors	350	236
Receivable on sale of debt and equity investments	100	22,093
Prepayments and accrued income	<u>524</u>	<u>419</u>
	<u>1,972</u>	<u>24,432</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>75,944</u>	<u>62,660</u>
Aggregate amounts	<u>77,916</u>	<u>87,092</u>

15. CURRENT ASSET INVESTMENTS

	2020 £'000	2019 £'000
Deposits	<u>118,500</u>	<u>62,000</u>

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

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Hire purchase contracts (see note 18)	658	689
Trade creditors	437	262
Amounts owed to group undertakings	630,504	658,694
Social security and other taxes	519	332
Other creditors	41	175
Accruals and deferred income	<u>2,318</u>	<u>1,776</u>
	<u>634,477</u>	<u>661,928</u>

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

	2020 £'000	2019 £'000
Hire purchase contracts (see note 18)	-	690
Long Term Incentive Carry Scheme Accrual	-	<u>3,189</u>
	-	<u>3,879</u>

The Long Term Incentive Carry Scheme Accrual has been transferred into the Company's Limited Participation Interest in IP2IPO Portfolio LP, with a corresponding decrease in the Limited Participation Interests investment.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

18. FINANCIAL LIABILITIES - BORROWINGS

	2020 £'000	2019 £'000
Current:		
Operating lease commitments (see note 19)	<u>658</u>	<u>689</u>
Non-current:		
Operating lease commitments (see note 19)	<u>-</u>	<u>690</u>

Terms and debt repayment schedule

	1 year or less £'000
Operating lease commitments	<u>658</u>

19. LEASING AGREEMENTS

Minimum lease payments under operating lease commitments fall due as follows:

	2020 £'000	2019 £'000
Net obligations repayable:		
Within one year	658	689
Between one and five years	<u>-</u>	<u>690</u>
	<u>658</u>	<u>1,379</u>

20. PROVISIONS FOR LIABILITIES

	2020 £'000	2019 £'000
Deferred tax	<u>2,956</u>	<u>-</u>

	Deferred tax £'000
Charge to Statement of Comprehensive Income during year	<u>2,956</u>
Balance at 31 December 2020	<u>2,956</u>

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2020 £'000	2019 £'000
Number:	Class:	Nominal value:		
40,100	Ordinary	£1	<u>40</u>	<u>40</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

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 2020:

Partnership	Year of commencement of partnership	Original commitment £'m	Invested to date £'m	Remaining commitment £'m
IP Venture Fund II L.P.	2013	10.0	8.8	1.2
		10.0	8.8	1.2

As at 31 December 2019:

Partnership	Year of commencement of partnership	Original commitment £'m	Invested to date £'m	Remaining commitment £'m
IP Venture Fund II L.P.	2013	10.0	8.4	1.6
		13.1	11.5	1.6

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

23. RELATED PARTY DISCLOSURES

The Directors who held office at 31 December 2020 had beneficial shareholdings in the following spin-out companies as at 31 December 2020:

Director	Company name	Number of shares held at 1 January 2020	Number of shares acquired/ (disposed in) the period	Number of shares held at 31 December 2020	%
Alan Aubrey	Accelercomm Limited	638	-	638	0.2%
	Alesi Surgical Limited	18	-	18	0.1%
	Amaethon Limited - A shares	104	-	104	3.1%
	Amaethon Limited - B shares	11,966	-	11,966	1.0%
	Amaethon Limited - Ordinary shares	21	-	21	0.3%
	Avacta Group plc ^{2,5,6}	271,334	-	271,334	<0.1%
	Boxarr Limited	1,732	-	1,732	0.2%
	Crysalin Limited	1,447	-	1,447	0.1%
	Deep Matter Group plc	2,172,809	-	2,172,809	0.3%
	Ditto AI Limited - Ordinary shares	1,097,912,028	-	1,097,912,028	12.4%
	Ditto AI Limited - B shares	98,876,568	-	98,876,568	1.1%
	Diurnal Group plc	15,000	-	15,000	<0.1%
	Emdot Limited	15	-	15	0.9%
	Istesso Limited	1,185,150	-	1,185,150	1.1%
	Itaconix plc	88,890	-	88,890	<0.1%
	Karus Therapeutics Limited	223	-	223	<0.1%
	Microbiotica Limited	10,000	-	10,000	<0.1%
	Mirriad Advertising plc	33,333	-	33,333	<0.1%
	Open Orphan plc ^{2,3,5}	91,785	-	91,785	<0.1%
	Oxbotica Limited	29	-	29	<0.1%
	Oxford Advanced Surfaces Ltd	1	-	1	<0.1%
	Oxford Nanopore Technologies Ltd	92,725	-	92,725	0.3%
	Perachem Holdings plc	108,350	-	108,350	0.3%
	Salunda Limited	53,639	-	53,639	<0.1%
	Surrey Nanosystems Limited	453	-	453	0.2%
	Tissue Regenix Group plc	2,389,259	9,785,600	12,174,859	0.2%
	Xeros Technology Group plc ⁴	228	-	228	<0.1%
	Zeetta Networks Limited	424	-	424	0.1%
Mike Townend	Amaethon Limited - A shares	104	-	104	3.1%
	Amaethon Limited - B shares	11,966	-	11,966	1.0%
	Amaethon Limited - Ordinary shares	21	-	21	0.3%
	Applied Graphene Materials plc	22,619	-	22,619	<0.1%
	Avacta Group plc ^{2,5}	20,001	-	20,001	<0.1%
	Creavo Medical Technologies Limited	117	-	117	<0.1%
	Crysalin Limited	1,286	-	1,286	0.1%
	Deep Matter Group plc	932,944	-	932,944	0.1%
	Ditto AI Limited	613,048	-	613,048	<0.1%
	Diurnal Group plc	15,000	-	15,000	<0.1%
	Emdot Limited	14	-	14	0.8%
	Istesso Limited	1,185,150	-	1,185,150	1.1%
	Itaconix plc	64,940	-	64,940	<0.1%
	Mirriad Advertising plc	25,000	-	25,000	<0.1%
	Oxbotica Limited	26	-	26	<0.1%
	Oxford Advanced Surfaces Ltd	1	-	1	<0.1%
	Open Ophan Plc ^{2,3,5}	91,785	-	91,785	<0.1%
	Oxford Nanopore Technologies Ltd	28,651	-	28,651	<0.1%
	Perachem Holdings plc	113,222	-	113,222	0.3%
	Surrey Nanosystems Ltd	404	-	404	0.2%

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

	Tissue Regenix Group plc	1,950,862	9,600,000	11,550,862	0.2%
	Ultraleap Holdings Limited ¹	1,224	-	1,224	<0.1%
	Xeros Technology Group plc ⁴	355	-	355	<0.1%
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Greg Smith	Alesi Surgical Limited	2	-	2	<0.1%
	Avacta Group plc ^{2,5}	3,904	(1,487)	2,417	<0.1%
	Crysalin Limited	149	-	149	<0.1%
	Ditto AI Limited	144,246	-	144,246	<0.1%
	Diurnal Group plc	15,000	-	15,000	<0.1%
	Emdot Limited	4	-	4	0.2%
	Istesso Limited	313,425	-	313,425	0.3%
	Itaconix plc	4,500	-	4,500	<0.1%
	Mirriad Advertising plc	16,667	-	16,667	<0.1%
	Open Orphan plc ^{2,3,5}	151,510	-	151,510	<0.1%
	Oxbotica Limited	8	-	8	<0.1%
	Oxford Nanopore Technologies Ltd	1,537	63	1,600	<0.1%
	Perachem Holdings plc	4,830	-	4,830	<0.1%
	Surrey Nanosystems Limited	88	-	88	<0.1%
	Tissue Regenix Group plc	50,000	-	50,000	<0.1%
	Xeros Technology Group plc ⁴	14	-	14	<0.1%
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David Baynes	Alesi Surgical Limited	4	-	4	<0.1%
	Arkivum Limited	377	-	377	<0.1%
	Creavo Medical Technologies Limited	46	-	46	<0.1%
	Diurnal Group plc	73,000	-	73,000	<0.1%
	Mirriad Advertising plc	16,667	-	16,667	<0.1%
	Oxford Nanopore Technologies Ltd	174	-	174	<0.1%
	Ultraleap Holdings Limited	2,600	-	2,600	<0.1%
	Zeetta Networks Limited ¹	424	-	424	0.1%

¹ Previously called Ultrahaptics Holdings Limited.

² No longer a portfolio company at the balance sheet date.

³ Open Orphan plc acquired hVivo plc. Shares were issued 1:2.47, hVivo plc : Open Orphan plc. Open Orphan plc opening position restated post acquisition of hVivo plc.

⁴ Xeros Technology Group plc opening position restated following 100:1 share consolidation.

⁵ Disclosed number reflects position at the point that the company ceased to be an IP Group holding.

⁶ Restated opening position.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

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 2020 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 2020.

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 Directors' Remuneration Report in the IP Group plc 2020 Annual Report.

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 Hard 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 total award is subject to an underpin based on the relative performance of the Group's TSR to that of the FTSE 250 index, which can reduce the awards by up to 50%. The 2020 LTIP matrix is designed such that up to 100% of the award (prior to the application of the underpin) will vest in full in the event of both Hard 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 (again prior to the application of the underpin) 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 were made on 26 April 2019. The awards will ordinarily vest on 31 March 2022, to the extent that the performance conditions have been met. The awards are based on the performance of the Group's Hard 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 2019 Annual Report and Accounts. The total award is subject to an underpin based on the relative performance of the Group's TSR to that of the FTSE 250 index, which can reduce the awards by up to 50%. The 2019 LTIP matrix is designed such that up to 100% of the award (prior to the application of the underpin) will vest in full in the event of both Hard NAV increasing by 15% per year on a cumulative basis, from 1 January 2019 to 31 December 2021, and TSR increasing by 15% per year on a cumulative basis from the date of award to 31 March 2022, 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 (again prior to the application of the underpin) 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 2017 and 2018 LTIP awards did not meet the threshold performance target and lapsed on 31 March 2020 and 31 March 2021 respectively.

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, The Walbrook Building, 25 Walbrook, London, EC4N 8AF.

26. EVENTS AFTER THE REPORTING PERIOD

In March 2021, IP2IPO Limited gave notice to its landlord of its intention to exercise the break clause in respect of the Group's UK head office at 25 Walbrook. As a result, accelerated depreciation in respect of the fitout of 25 Walbrook of £443k will be charged to the Company's income statement in 2021.