

Quarterly Update

Significant clinical, financial and personnel milestones demonstrate strong value progression

10 August 2020

Syncona Ltd, a leading healthcare company focused on founding, building and funding a portfolio of global leaders in life science, today issues its quarterly update covering the period from 31 March 2020 to 30 June 2020.

Life science portfolio increases in value by 35% since year end:

- Net assets of £1,414.9 million, 210.7 p per share, a NAV return of 13.5 per cent in the period
- Life science portfolio valued at £677.0 million as at 30 June 2020, a return of 35.1 per cent in the period, with performance driven by the increase in the Autolus Therapeutics (Autolus) share price and the write-up of Freeline Therapeutics (Freeline) in its recent Series C financing
- Capital base of £737.9 million as at 30 June 2020; £29.2 million of capital deployed in the quarter

Strong clinical progress with significant data generation and new programmes initiated

- Autolus reported positive data across its pipeline of programmes:
 - AUTO1 adult acute lymphoblastic leukaemia (ALL) data, reported at the European Haematology conference, confirmed a positive safety profile and showed encouraging durability; supporting the thesis this therapy could be stand-alone treatment. Autolus has now progressed the programme to a pivotal study, AUTO1-AL1
 - AUTO3 diffuse large B-cell lymphoma (DLBCL) data, reported at the American Society of Clinical Oncology conference, showed good efficacy and safety with early signs of durability
 - In AUTO 3 DLBCL, the business initiated an outpatient cohort which would expand the total addressable patient population
 - Presented pre-clinical data in its AUTO5, AUTO6NG and AUTO7 programmes
- Achilles Therapeutics (Achilles) dosed the first patients in its melanoma and non-small cell lung cancer (NSCLC) studies; demonstrating the capability to manufacture an entirely personalised T cell therapy
- Anaveon and Quell Therapeutics (Quell) nominated clinical candidates for lead programmes
- Post period end, Freeline presented further encouraging data from its FLT180a, Haemophilia B study at the International Society on Thrombosis and Haemostasis (ISTH) 2020 Congress
 - The data demonstrated the potential of the therapy to deliver sustained Factor IX (FIX) activity levels in the normal range
 - Freeline believes that a dose above 7.5×10^{11} up to and including 9.75×10^{11} has the potential to create sustained FIX activity levels in the normal range in patients with severe Haemophilia B
 - The data supports progression to a Phase 3 pivotal study
- Clinical trials across the portfolio are resuming or continuing where possible following short delays caused by the COVID-19 pandemic; whilst the duration and impact of the pandemic remains uncertain, these delays are not currently expected to impact critical pathways or valuations of the portfolio companies

As Freeline scales, company secures significant funding; post period end lists on NASDAQ

- Freeline raised \$80 million from specialist global institutional investors, led by Novo Holding A/S, Eventide Asset Management and Wellington Management Company, in an expanded \$120m Series C financing in June
- Syncona was the largest investor in the financing; \$40 million Series C investment from Syncona in December 2019; Syncona's holding in Freeline written up by £29.9 million to £180.6 million at 30 June 2020

- Post period end, Freeline carried out an initial public offering ("IPO") on NASDAQ raising total gross proceeds of approximately \$158.8 million (£120.8 million)
- Syncona has agreed to invest \$24.3 million (£18.5 million) in the IPO; following the IPO Syncona will retain a 49 per cent stake^[1] in Freeline valued at £257.7 million^[2], including a valuation increase of £57.7 million to the Series C valuation (reported 30 June 2020)
- This funding will enable Freeline to progress its lead programme in Haemophilia B to a pivotal study, complete dose escalation in its second programme in Fabry disease when the study restarts and continue to develop its robust manufacturing platform

Building and deepening an expert team

- Kemal Malik appointed as Non-Executive Director of Syncona Ltd bringing 30 years of experience in global pharmaceutical research and development (formerly Head of Global Development and Chief Medical Officer at Bayer Healthcare)
- Strong appointees across the portfolio:
 - Achilles appointed Carsten Boess to its Board, who brings 30 years of experience including senior roles at Synageva, Kiniksa and Novo Nordisk
 - Quell appointed two new directors to its Board: seasoned industry expert, Dr Dhaval Patel, Chief Scientific Officer UCB, and Professor Sir Robert Lechler, Senior Vice President/Provost (Health) and Executive Director of King's Health Partners Academic Health Sciences Centre
 - SwanBio Therapeutics appointed Steven Zelenkofske, D.O., M.S. as Chief Medical Officer (CMO), who brings more than 20 years' experience in clinical development (formerly CMO at Achillion and uniQure)
 - Gyroscope Therapeutics announced the appointment of leading experts in retinal disease, gene therapy and the complement system to its Clinical and Scientific Advisory Boards

A new macrophage cell therapy opportunity

Despite the disruptions caused by the COVID-19 pandemic, Syncona is still looking to invest in new opportunities. The team have completed due diligence on an opportunity derived from a collaboration agreement with the University of Edinburgh based on highly innovative research into therapeutic uses of macrophages for the treatment of patients with end stage liver disease by world class founder, Professor Stuart Forbes. Since 2018, Syncona has funded this research with a small seed investment of £1.4 million.

In the coming weeks, Syncona expects to make a further investment to fund the development of a team and to secure key IP with a view to providing significant funding to the business when the COVID-19 pandemic and the corresponding restrictions have substantially stabilised, and operations will be able to commence.

Martin Murphy, CEO, Syncona Investment Management Limited, said: "The effects of COVID-19 have had a profound impact on society and the way we work. It is too early to assess its long-term impact, but against this unprecedented backdrop, Syncona has performed robustly and the value of developing long term clinical solutions has never been clearer. Our strong cash position and high calibre team, which we have enhanced during the quarter, continue to deliver and we are developing a pipeline of opportunities even as restrictions on travel and working practices remain.

We have demonstrated strong value progression for our shareholders in the first quarter, with a 35% increase in the value of our life sciences portfolio. Across our portfolio, we were pleased to see positive clinical data generation and the appointment of world-class leaders with the expertise to drive the continued development of innovative products.

Our strong capital base underpins our approach to pursue exciting new opportunities and continue to fund our companies, which are scaling rapidly. We believe our companies are well placed to execute on strategy and we will continue to maintain a disciplined approach to the allocation of capital across our portfolio to maximise risk-adjusted returns for shareholders."

Life science portfolio valuation table:

Company	31 Mar 2020 Value (£m)	Net investment period (£m)	Valuation change (£m)	FX movement (£m)	30 June 2020 value (£m)	% NAV	Valuation basis ^[3]	Fully diluted Ownership stake %	Focus area
Life science portfolio companies									
<i>Clinical</i>									
Autolus	77.0	-	129.1	0.2	206.3 ^[4]	14.6	Quoted	27	Cell therapy
Freeline	150.7	-	30.6	-0.7	180.6 ^[5]	12.8	PRI	60	Gene therapy
Gyroscope	73.0	-	-	-	73.0	5.2	Cost	80	Gene therapy
Achilles	72.4	-	-	-	72.4	5.1	PRI	44	Cell therapy
<i>Pre-clinical</i>									
SwanBio	18.5	15.8	-	0.1	34.4 ^[6]	2.4	Cost	79	Gene therapy
Anaveon	12.3	-	-	0.2	12.5 ^[7]	0.9	Cost	51	Immunoncology
Quell	8.3	11.6	-	-	19.9	1.4	Cost	69	Cell therapy
Azeria	6.5	-	-	-	6.5	0.5	Cost	60	Small molecule
<i>Drug discovery</i>									
OMass	14.6	-	-	-	14.6	1.0	Cost	49	Therapeutics
<i>Life Science Investments</i>^[8]									
CRT Pioneer Fund	40.0	1.8	-	-	41.8	2.9	Adj Third Party	64	
CEGX	1.5	-	-	-	1.5	0.1	Adj. PRI	9	
Adaptimmune	3.3	-	8.8	-	12.1 ^[9]	0.9	Quoted	0.2	
Syncona Collaborations	1.4	-	-	-	1.4	0.1	Cost	100	
Total	479.5	29.2	168.5	-0.2	677.0	47.9			

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Copies of this press release and other corporate information can be found on the company website at: www.synconaltd.com

Forward-looking statements - this announcement contains certain forward-looking statements with respect to the portfolio of investments of Syncona Limited. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may or may not occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. In particular, many companies in the Syncona Limited portfolio are conducting scientific research and clinical trials where the outcome is inherently uncertain and there is significant risk of negative results or adverse events arising. In addition, many companies in the Syncona Limited portfolio have yet to commercialise a product and their ability to do so may be affected by operational, commercial and other risks.

About Syncona

Syncona is a leading FTSE250 healthcare company focused on founding, building and funding a portfolio of global leaders in life science. Our vision is to build a sustainable, diverse portfolio of 15 - 20 companies focused on delivering transformational treatments to patients in truly innovative areas of healthcare, through which we are seeking to deliver strong risk-adjusted returns for shareholders.

We seek to partner with the best, brightest and most ambitious minds in science to build globally competitive businesses. We take a long-term view, underpinned by a strategic capital base which provides us with control and flexibility over the management of our portfolio. We focus on delivering dramatic efficacy for patients in areas of high unmet need