

Syncona Limited

Interim Results for the six months ended 30 September 2020

Significant progress across portfolio: addition of new companies and key clinical and financial milestones achieved

Syncona Ltd, ("Syncona"), a leading healthcare company focused on founding, building and funding a portfolio of global leaders in life science, today announces its Interim Results for the six months ended 30 September 2020.

Financial performance

- Net assets of £1,366.7 million (31 March 2020: £1,246.5 million), 203.4p per share¹ (31 March 2020: 185.6p), a NAV total return of 9.6 per cent in the period²
- Life science portfolio valued at £666.6 million (31 March 2020: £479.5 million), a return of 24.8 per cent³ in the period
- Performance was driven by the increase in the Autolus Therapeutics (Autolus) share price (Syncona valuation increase of £66.7 million⁴) and the write-up of Freeline Therapeutics (Freeline) from its recent Series C financing and initial public offering (IPO) on NASDAQ (Syncona valuation increase of £57.9 million⁵)
- Capital base of £700.1 million⁶ (31 March 2020: £767.0 million); £68.9 million of capital deployed in the period⁷

Strong clinical progress with significant data generation and new programmes initiated

- Clinical trials across the portfolio are resuming or continuing where possible following delays caused by the initial period of restrictions from the COVID-19 pandemic
- Significant progress made with 10 live clinical trials, including:
 - Data from Autolus in AUTO1 adult acute lymphoblastic leukaemia (adult ALL) and AUTO3 diffuse large B-cell lymphoma (DLBCL)
 - Freeline reported encouraging data in its lead programme in haemophilia B
 - Gyroscope Therapeutics (Gyroscope) dosed its first patient in its Phase II trial in its dry age-related macular degeneration (AMD) programme where patients have a mutation in the Complement Factor I (CFI) gene and low CFI levels; the company have completed dose escalation in its Phase I/II trial
 - Achilles Therapeutics (Achilles) dosed patients in its first two programmes; non-small cell lung cancer (NSCLC) and melanoma demonstrating the capability to manufacture an entirely personalised T-cell therapy

Expansion of cell therapy portfolio

- Foundation of macrophage cell therapy company Resolution Therapeutics (Resolution), with a £26.8 million commitment in a Series A financing; £1.8 million invested by Syncona to date
- Co-led \$110.0 million Series A financing for T-cell receptor (TCR) company Neogene Therapeutics (Neogene), with a \$19.0 million commitment; first tranche of \$15.2 million (£11.8 million)⁸ invested by Syncona

¹ Fully diluted, please refer to note 9 in the financial statements

² Alternative performance measure, refer to the glossary

³ Alternative performance measure, refer to the glossary

⁴ Including FX impact

⁵ Refer to footnote 4

⁶ Refer to the glossary

⁷ Alternative performance measure, refer to glossary

⁸ The remaining commitment will be invested upon the delivery of key milestones; FX rates as at 30 September 2020

Significant financial and operational milestones achieved

- Freeline raised \$299.1 million⁹ in an expanded Series C financing and an initial public offering; bringing in specialist institutional investors and enabling the company to progress its clinical programmes and develop its manufacturing platform
 - Syncona was the largest investor in these rounds, investing \$64.3 million (£49.8 million)¹⁰ bringing our total investment to £167.6 million
 - Syncona's holding valued at £227.2 million on 30 September 2020, a £57.9 million (8.6p per share) valuation uplift to 31 March 2020 value
- Freeline announced their supply agreement with Thermo Fisher Scientific; providing capacity for the planned Phase IIb/III pivotal clinical trial and potential commercialisation of the company's haemophilia B programme
- Gyroscope granted U.S Food and Drug Administration (FDA) Fast Track designation for its gene therapy product targeting the treatment of dry AMD

Effective risk management underpins strategy

- Closed down Azeria Therapeutics (Azeria), resulting in a £4.5 million write off
 - Initial investment of £6.5 million as part of £29.5 million Series B financing in November 2019 minimised capital at risk
 - Pre-clinical data generated by the company and reviewed by the Azeria management team and Syncona did not support further investment
 - Syncona team worked closely with the Azeria team to recover as much value as possible from the investment and limit further costs

Attracting high-calibre, global leaders to our companies

- Achilles appointed Carsten Boess to its Board, who brings 30 years of experience including senior roles at Synageva, Kiniksa and Novo Nordisk
- Achilles appointed Karl Peggs, an internationally recognised leader in the field of cancer immunology and a founder of the company, as Chief Medical Officer (CMO)
- Gyroscope appointed Sean Bohan (previously CMO, at AstraZeneca) to its board of directors
- Quell appointed two new directors to its Board: Dr Dhaval Patel, Chief Scientific Officer (CSO) UCB, and Professor Sir Robert Lechler, formerly Senior Vice President/Provost (Health) and Executive Director of King's Health Partners Academic Health Sciences Centre
- SwanBio Therapeutics (SwanBio) appointed Steven Zelenkofske, D.O., M.S. as CMO, who brings more than 20 years' experience in clinical development (formerly CMO at Achillion and uniQure)

Post period end: continued momentum across the portfolio

- Foundation of Purespring, one of the first kidney focussed gene therapy companies globally, with a £45.0 million Series A commitment
- £5.5 million Series A commitment to Forcefield Therapeutics to fund discovery and pre-clinical work around highly innovative targets
- Achilles raised £52.7 million in a Series C financing, led by specialist life science investors, further strengthening the syndicate of investors and the company's capital position
 - Series C priced at a premium to Syncona's holding value
 - Final tranche of Series B invested of £11.7 million and holding in Achilles revalued to £94.8 million, a £10.7 million (1.6p per share) uplift to 30 September 2020 value

⁹ Gross proceeds

¹⁰ FX rates as at 30 September 2020

- Syncona has not invested further capital in the Series C and following the financing will retain a 34 per cent holding in Achilles
- Anaveon published encouraging pre-clinical data on its selective interleukin (IL-2) agonist at the Society for Immunotherapy of Cancer (SITC) demonstrating a high level of activity and excellent safety profile
- Gyroscope announced the first patient dosed in its second Phase II programme for dry AMD treating a broad patient population¹¹
- Neogene appointed Franz B. Humer, Ph.D., (previously Chairman and Chief Executive Officer (CEO) of Roche over a 16-year period), as Executive Chairman to its board of directors

Outlook

Whilst the duration and impact of the COVID-19 pandemic continues to be uncertain, we have been pleased to see almost all clinical trials across the portfolio have resumed. As always, data generated from our clinical pipeline will be a critical driver of value and while not without risk, we have a number of portfolio companies approaching key milestones:

- Autolus to progress its pivotal study in AUTO1 adult ALL and to take a decision on whether to initiate a Phase II trial in AUTO3 DLBCL in this financial year
- Freeline's lead programme in haemophilia B to publish further data before the end of calendar 2020 and initiate pivotal study in calendar year 2021
- Achilles aims to report initial data on its NSCLC and melanoma programmes in the first half of calendar year 2021
- Gyroscope will report initial data from its lead phase I/II programme targeting dry AMD in this financial year

Our deep, liquid capital pool provides us with significant strategic advantage, and we continue to fund our companies to progress their business plans and grow in value. We deployed £68.9 million during the first half and continue to expect to deploy between £150 million and £250 million this financial year based on further investment in our existing portfolio and the syndication decisions we take for these companies, along with the opportunities we see in our investment pipeline.

Martin Murphy, Chief Executive Officer, Syncona Investment Management Limited, said:

“Syncona has delivered a robust performance, underpinned by a strong balance sheet and disciplined capital allocation. We have recently founded and invested in two exciting new companies with ambitions to deliver transformational treatments to patients. We also made an investment in an exceptional emerging cell therapy company and continued to invest and support our portfolio companies as they achieved key clinical and financial milestones, despite the unprecedented backdrop of the COVID-19 pandemic.

Driven by our purpose to invest to extend and enhance human life, we remain focused on the long-term as we seek to build a dynamic portfolio of 15-20 companies in innovative areas of healthcare.”

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About Syncona:

¹¹ In patients who have variants in their complement genes

Syncona (LON: SYNC) is a healthcare company focused on founding, building and funding a portfolio of global leaders in life science. Our purpose is to invest to extend and enhance human life. We do this by founding and building companies to deliver transformational treatments to patients in areas of high unmet need.

Our strategy is to found, build and fund companies around exceptional science to create a dynamic portfolio of 15-20 globally leading healthcare businesses for the benefit of all our stakeholders. We focus on developing treatments for patients by working in close partnership with world-class academic founders and management teams. Our strategic balance sheet underpins our strategy enabling us to take a long-term view as we look to improve the lives of patients with no or few treatment options, build sustainable life science companies and deliver strong risk-adjusted returns to shareholders.

The Syncona Foundation

The Syncona Foundation was set up in 2012 with charitable objectives focusing on the prevention, treatment, cure and ultimately eradication of cancer and other diseases, as well as other charitable activities. Since that time, it has donated over £31 million to charities which are having a significant impact across the UK and throughout the world. The Foundation is independent from Syncona but closely aligned with Syncona's purpose to extend and enhance human life.

Copies of this press release, a company results presentation, 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.

Strategic and operational review **Martin Murphy, CEO of Syncona Investment Management Limited**

I am pleased to report an increase in net assets to £1,366.7 million or 203.4 per share¹², a 9.6 per cent NAV total return¹³ in the six months (31 March 2020: net assets of £1,246.5 million, NAV per share of 185.6p). Performance has been driven by the 24.8 per cent return from our life science portfolio companies, which have continued to make significant clinical, operational and financial progress, despite the unprecedented backdrop of the COVID-19 pandemic.

COVID-19 pandemic

As the COVID-19 pandemic continues to impact societies and businesses around the world, we have worked hard to maintain business activity and culture with the health and safety of our team our top priority. The team have worked productively remotely, and we have also seen significant benefits from the in-person collaboration it has been possible to facilitate safely over the past few months.

Our purpose to invest to extend and enhance human life through building companies that can deliver transformational treatments to patients is as important as ever. Whilst the duration and impact of the COVID-19 pandemic continues to be uncertain, we have been pleased to see clinical trials across the portfolio are resuming or continuing where possible following delays caused by the initial period of restrictions.

¹² Refer to footnote 1

¹³ Refer to footnote 2

Broadly, we have seen a more limited impact on trials in the oncology setting, where the acute unmet need for patients in these disease settings is severe, whilst in indications where there is an existing treatment or a lower mortality risk, we have seen trials halted and expect them to be more gradually re-established. The Syncona team have worked closely with the leadership teams of our companies to support them as they navigate through these unprecedented circumstances and shared knowledge and learnings across the portfolio.

New companies and sourcing

Building a sustainable portfolio of 15-20 companies is a core 10-year target for Syncona and we are very pleased to have announced the foundation of two new Syncona companies. We founded Resolution, a cell therapy company investigating the use of macrophages, a key immune cell type, for the treatment of patients with end stage liver disease, during the period with a £26.8 million Series A commitment. We also founded Purespring, one of the first kidney focused gene therapy companies globally with a £45.0 million Series A financing commitment post period end. Senior members of the Syncona team will take up roles as non-executive Directors on the board of these companies with Syncona Partner, Ed Hodgkin, recently appointed as the CEO at Resolution.

Our model and investment process typically involve 9-12 months of rigorous due diligence once we have identified a compelling new area of science or technology within which a differentiated business can be built. During this diligence period we define the commercial opportunity, develop the strategy and write the business plan for the company. This process has meant that we have been able to bring two new companies into the portfolio, having met and worked closely with the globally leading academic founders over the last year and, in the case of Resolution, over the last three years.

Additionally, we completed a new investment in Neogene, a TCR cell therapy company, co-leading the \$110 million Series A financing round with a \$19.0 million commitment from Syncona. Reflecting our agility and resilience as a business during the pandemic, the diligence for this investment was undertaken on a virtual basis. Our expertise in the area of cancer neoantigens and cell therapy, along with our strong existing relationships with the founding investors, enabled us to undertake a fundamental analysis of the company and the available data in a short and focused process.

Despite the current restrictions from COVID-19, the need for new medicines has continued unabated and the team is working hard to generate compelling new opportunities, both targeting areas where we have expertise and conducting widespread outreach to leading universities and academic institutions across Europe. We are excited about the outcome of this work and believe it will generate excellent opportunities to found new companies in the years to come.

Value of the Syncona platform

As our portfolio and team have developed in the last few years, we have generated significant value and built a strong platform capability across cell and gene therapy and immuno-oncology. We leverage this expertise and know-how to identify globally leading academics and high-quality opportunities in these fields, as demonstrated by the foundation of new companies, Resolution, and Purespring, and our investment in Neogene.

These ever-growing capabilities also increase both the speed at which we are able to translate basic scientific research into a company with a commercial business plan and the quality of the companies we build. We apply learnings from our first- and second-generation companies to the new companies we are founding and building.

Significant capital requirements as next generation of companies scale

A strong capital base is integral to our strategy and a strategic advantage in the current environment. Whilst we are committed to funding our companies ambitiously over the long-term, we continue to maintain a rigorous and disciplined approach to the allocation of capital to each portfolio company and across the portfolio.

The capital requirements for our companies are significant. This is always true for life science companies, but in the fields of cell and gene therapy, developing robust manufacturing platforms and pre-clinical and clinical development for multiple programmes is particularly capital intensive. As our portfolio companies scale, we recognise the importance of bringing in specialist institutional investors, providing our companies with strong syndicates, working alongside Syncona to support them in achieving their ambitions.

In order to build global leaders in the UK at the scale of the best US businesses, it is important for our portfolio companies to be able to access capital at the same cost as competitors. NASDAQ is currently the deepest, most liquid pool of expert capital in life science. We, therefore, expect listing our companies on NASDAQ to continue as a core mechanism of funding our companies to deliver their products to market. We typically invest in an IPO and they are critical financing events bringing global, long term capital alongside us as we scale our businesses. One of Syncona's key differentiators has been our ability to systematically access this pool of capital and Freeline is the third Syncona company (and the 12th UK life science company) to list on NASDAQ.

Whilst listing companies on NASDAQ can bring volatility to our NAV, we take a long-term approach focusing on our companies' fundamentals and believe the returns from building and owning companies to the point of product approval will expose our shareholders to the out returns available through investing in life science.

Managing risk

During the period, we took the decision to close down Azeria, a small molecule drug discovery company targeting treatment of oestrogen receptor positive breast cancer, resulting in a £4.5 million write off.

As part of a £29.5 million Series B financing commitment in November 2019 to Azeria, we invested an initial tranche of £6.5 million, thereby limiting capital at risk, and set milestones for the drawdown of the next tranche of funding that were explicitly designed to test the core investment thesis. At the point of our investment, the company had made promising target validation and drug discovery progress and, following our investment, a programme of further work commenced to extend the initial findings with the expectation that we would build further confidence to support entry to the clinic.

The Azeria team implemented an extremely rigorous research plan to deliver high quality, robust and reproducible data. In partnership with the company's management team, we carefully reviewed data from pre-clinical studies which, unfortunately, did not support further investment. We worked collaboratively with the management team to quickly recover as much value as possible from the investment, so that we can reallocate our time, investment capacity and capital to other opportunities. Whilst this is clearly a disappointing outcome, not least for the Azeria team who are passionate and high performing, it is the nature of life science businesses that some do not succeed.

Disciplined allocation of capital and taking action quickly when data does not support our investment theses, are two core principles in life science investment and our skill set, experience and culture puts these disciplines at the centre of our investment and risk management processes.

Long-term vision to deliver value

Our aim to create a sustainable portfolio of 15-20 companies supports our approach to risk management and we believe will ultimately enable us to deliver our primary goal of 3-5 marketed product companies, where Syncona has a significant ownership position, over a rolling 10-year period.

The COVID-19 pandemic has highlighted the importance of the life science industry and the need for new treatments and innovative clinical solutions. We remain focused on leveraging our expertise and differentiated model to build a portfolio of globally competitive businesses that can deliver transformational treatments to patients. We believe this will enable us to capture the

significant value creation available from commercialising innovative life science and deliver strong risk-adjusted returns for our shareholders over the long-term.

Life science portfolio review

Chris Hollowood, CIO of Syncona Investment Management Limited

The Syncona team are operating productively with a continued focus on sourcing innovative science and intensively managing the portfolio. During the period, Danny Bar-Zohar, a Syncona Partner, who joined earlier this year left to take up the role of Head of Global Development at Merck KGaA, a global pharmaceutical company. He will take on a Special Advisor role with Syncona which will involve a valuable time commitment and he will remain on the Board of SwanBio, where he has differentiated knowledge and expertise in the CNS space. We are pleased to continue working with him going forward.

Our companies have made strong progress during the period with management teams across the portfolio responding and adapting well to an unprecedented backdrop. We have seen significant clinical, financial and operational milestones achieved, which are a testament to our companies' resilience and innovation.

At the period end, we had a high-quality portfolio with 10 live clinical trials. Our companies are diversified across different stages of the development cycle: four clinical stage, four pre-clinical and one focused on developing its drug discovery platform. Each of these companies has a vision to deliver one or more potentially transformative treatments for patients in areas where they have few options or are poorly served.

Clinical

Autolus (10.5% of NAV, 27% shareholding)

Autolus is developing next generation programmed T-cell therapies for the treatment of cancer. During the period, the company presented data in its AUTO1 adult ALL and AUTO3 DLBCL programmes. AUTO1 data from its Phase I/II trial, reported at the European Haematology conference, confirmed a positive safety profile and showed encouraging durability. This data supports the thesis that this therapy could be a stand-alone treatment for patients that could reduce healthcare resource consumption and patient burden. Autolus continues to enrol patients for the run-in phase to its pivotal study, AUTO1-AL1, for this product and it has also recently been awarded orphan drug designation for this programme by the FDA.

In AUTO3, the business reported encouraging data from its Phase I/II trial, including its recommended Phase II dose cohort, at the European Society for Medical Oncology Virtual Congress in September 2020, showing a positive safety profile. Autolus has initiated an outpatient cohort which would expand the total addressable patient population for its product. The company will report longer-term follow up data from both AUTO1 and AUTO3 at the American Society of Haematology in December 2020.

Autolus is also progressing its Phase I/II AUTO4 programme targeting the treatment of T-cell Lymphoma and also has plans to progress the solid tumour programmes, AUTO6NG in GD2 positive tumours and AUTO7 in prostate cancer, into the clinic in 2021.

Freeline (16.6% of NAV, 48% shareholding)

Freeline, our gene therapy company focused on liver expression for a range of chronic systemic diseases, has made strong financial progress during the period. The company successfully undertook a Series C financing, bringing in specialist institutional investors and listed on NASDAQ in August, raising \$299.1 million¹⁴ (£231.4 million¹⁵) in total, giving the company a strong capital position to progress its clinical programmes and develop its manufacturing platform.

¹⁴ See footnote 9

¹⁵ Foreign exchange rates as at 30 September 2020

The data the company has published in its haemophilia B programme to date shows the company's capsid and platform can deliver high protein expression through low doses, improving safety and efficacy as well as the range of addressable diseases. The company's clinical activity has been impacted by the COVID-19 pandemic and its second programme for the treatment of Fabry disease will resume dosing patients when it is safe to do so.

The next step in the haemophilia B programme is to report further durability data in the Phase I/II study and to receive regulatory feedback from the FDA to enable the initiation of registration studies.

Gyroscope (6.0% of NAV, 80% shareholding)

Gyroscope is developing gene therapy beyond rare disease and using it to treat a leading cause of blindness, dry AMD, where there are no approved treatments.

The business has completed dose escalation in its Phase I/II trial for the treatment of dry AMD and patients are now being enrolled in additional cohorts in the trial, including a dose expansion cohort and two cohorts which will use the company's proprietary Orbit™ Subretinal Delivery System to deliver its investigational gene therapy.

To date, the company has seen no safety concerns and has initiated its Phase II trial evaluating its gene therapy in people with geographic atrophy secondary to dry AMD with a mutation in the CFI gene and low CFI levels. The first patient was dosed in this trial during the period and Gyroscope initiated a second Phase II trial in a broader population with geographic atrophy post period end. These are significant achievements, particularly given the exceptional circumstances under which global healthcare systems are operating.

The company has also made strong operational and regulatory progress. During the period, Sean Bohan joined the board; Sean brings more than 30 years of experience in the discovery and development of new medicine and is CEO of Olema Oncology and formerly CMO at AstraZeneca.

We were pleased that the FDA granted the company Fast Track designation for its gene therapy product providing the company more frequent communication with the FDA as it progresses its clinical programmes, whilst the FDA also granted 510(k) clearance for the Orbit™ Subretinal Delivery System (Orbit SDS) authorising commercial use in the US.

Achilles (5.3% of NAV, 44% shareholding)

Achilles, an oncology company developing personalised cell therapies targeting clonal neoantigens, a novel class of tumour target, has made good clinical progress in the period.

The business has achieved an important milestone, dosing its first patients in its Phase I/II clinical studies in metastatic melanoma and NSCLC demonstrating the capability to manufacture an entirely personalised T-cell therapy. The company aims to report initial data from both programmes in the first half of CY2021.

Since the period end, Achilles has raised £52.7 million in a Series C financing further strengthening its syndicate of investors and capital position to progress its two lead clinical programmes with Syncona not investing further capital. Following the financing, Syncona will have a 34% shareholding in the company. Achilles has also appointed Karl Peggs to be CMO (effective January 2021). Professor Peggs is an internationally recognised leader in the field of cancer immunology and a founder of the company.

Pre-clinical

SwanBio (2.4 % of NAV, 79% shareholding)

SwanBio is a gene therapy company focused on neurological disorders. Its lead programme is targeting the treatment of Adrenomyeloneuropathy (AMN), a genetic neuro-degenerative disease affecting the spine. This disease impacts 10,000-20,000 patients in the US and EU5 and there are currently no approved treatments. The business has continued to progress the pre-clinical development of its lead programme, and the build out of a commercial manufacturing platform. It has also successfully completed an engineering run of its product, which is a key milestone for

the business, made strong progress on the clinical trial design for its phase I/II study and natural history trial. It is on track for an Investigational New Drug (“IND”) filing in FY2022.

The company has also announced the appointment of Steven Zelenkofske, D.O, as CMO. Dr Zelenkofske brings more than 20 years of experience to the SwanBio team, most recently serving as the Chief Medical Officer at Achillion Pharmaceuticals and at UniQure, a clinical stage gene therapy company focused on genetic diseases.

Quell (1.5% of NAV, 69% shareholding)

Quell has been established with the aim of developing engineered T-regulatory (Treg) cell therapies to treat a range of conditions such as solid organ transplant rejection, autoimmune and inflammatory diseases. The build out has been driven effectively and we are delighted that Sir Robert Lechler, formerly Senior Vice President/Provost (Health) of Kings College London and Executive Director of King's Health Partners Academic Health Sciences Centre, and Dr Dhaval Patel (CSO, UCB Pharmaceuticals) have been appointed to the board of the company.

The business is targeting a first indication in liver transplantation and has made strong progress on this strategy, nominating its lead candidate in the period. In parallel the company has also been building out its manufacturing capabilities. Quell is well placed for clinical entry in its lead programme in FY2022.

Anaveon (0.9% of NAV, 51% shareholding)

Anaveon is developing a selective Interleukin 2 ("IL-2") Receptor Agonist, a type of protein that could enhance a patient's immune system to respond therapeutically to cancer. The business has progressed well nominating a clinical candidate, ANV419 and post period end, the company published encouraging pre-clinical data at the SITC conference, demonstrating ANV419's high level of activity, selectivity and excellent safety profile. The company is targeting clinical entry in FY2022.

Resolution (0.1% of NAV, 79% shareholding)

Following a collaboration agreement with the University of Edinburgh in 2018, Resolution was founded by Syncona during the period, as a cell therapy company investigating the use of macrophages for the treatment of patients with end stage liver disease. Liver disease is a major burden on society, with 1-2 million people diagnosed with compensated liver cirrhosis in the US and EU5 per year. Current treatments, including lifestyle changes in the first instance, do not actively repair the liver, relying on early diagnosis before the onset of cirrhosis to be effective. There is therefore a strong unmet need for a regenerative therapy for patients with end stage liver disease.

Syncona founded Resolution with a £26.8 million commitment to a Series A financing. Martin Murphy has joined the Resolution Board as non-executive Director and Ed Hodgkin, Partner at Syncona, has taken up the role of CEO and will be responsible for operationalising the company.

Drug discovery:

OMass (1.1% of NAV, 49% shareholding)

OMass, our biopharmaceutical company using structural mass spectrometry to drive drug discovery for immunology and genetic diseases, has continued work to develop its strategy and approach to progress a pipeline of small molecule therapeutics.

Investments

Neogene (0.9% of NAV, 11% shareholding)

Neogene is developing an engineered cell therapy product for solid tumours based on a patient's own neoantigens. The company was founded in 2019 around the work of world-class founders, Dr Ton Schumacher and Dr Carsten Linnemann.

During the period, Syncona co-led the \$110.0 million Series A financing round of Neogene, with a commitment of \$19.0 million alongside specialist investors including EcoR1, Jeito Capital, Vida Ventures, Bellco Capital, Two River, and TPG, of which the first tranche of \$15.2 million (£11.8 million)¹⁶ has been invested (equal to current holding value).

The Series A financing is intended to fund pre-clinical validation of the company's proprietary tumour-specific T-cell receptor gene isolation platform and a future Phase I study. The company has since announced the appointment of Franz B. Humer, Ph.D., as Executive Chairman of the Board of Directors. Dr Humer has 30 years' experience in drug development and significant leadership expertise, having served most recently as Chairman and CEO of Roche for 16 years.

Whilst we typically found companies around technology with a significant ownership position, Neogene operates in an area where we have deep domain expertise and is aligned to our view that neoantigens represent one of the best targets for solid tumour cell therapy. Syncona Partner, Elisa Petris has taken up the role of non-executive Director on the Neogene Board enabling us to bring to bear our expertise, as the company develops.

Next key milestones for clinical programmes at 30 September 2020

Autolus - cell therapy / oncology	
AUTO1 / Adult ALL	Further data at the ASH conference in December 2020; pivotal study to dose first patient in FY2021
AUTO3 - Adult DLBCL	Further data at the ASH conference in December 2020; decision on whether to initiate a Phase II trial in AUTO3 DLBCL in FY2021
AUTO4 - T cell Lymphoma	Initial AUTO4 Phase I data H1 CY2021
Freeline - gene therapy / systemic diseases	
B-AMAZE - haemophilia B	Further data expected FY2021 and initiate pivotal study in CY2021
Fabry disease	Freeline will look to dose patients when it is safe to do so
Gyroscope - gene therapy / retinal diseases	
FOCUS - Dry Age-Related Macular Degeneration	Expect to report 12-month data on Phase I/II study in dry AMD, progress phase II trial in rare variant population and initiate phase II trial in broad population of dry AMD patients in FY2021
Achilles - cell therapy / oncology	
Non-small cell lung cancer	Aims to report initial data from the trial in H1 CY2021
Melanoma	Aims to report initial data from the trial in H1 CY2021

Next key milestones for pre-clinical programmes at 30 September 2020

SwanBio - gene therapy / neurological diseases	
Adrenomyeloneuropathy (AMN)	Investigational New Drug filing expected in FY2022
Quell - cell therapy / autoimmune diseases	
Liver transplant	Phase I/II initiation of lead programme targeting liver transplant; well-placed for clinical entry in its lead programme in FY2022
Anaveon – biologics	
Selective IL-2 agonist	Phase I/II initiation for development of selective IL-2 agonist; progressing towards initiation of clinical trials in FY2022

Financial review

John Bradshaw, CFO of Syncona Investment Management Limited

Strong performance driven by significant financial progress

At 30 September 2020, Syncona had net assets of £1,366.7 million, or 203.4p per share (31 March 2020: £1,246.5 million – 185.6p per share), reporting a total return of 9.6 per cent in the

¹⁶ FX rates as at 30 September 2020

six months with performance driven by a recovery in Autolus' share price and the positive impact from the Freeline Series C financing and IPO.

From a valuation perspective, 37.4 per cent of the life science portfolio is valued on the basis of capital invested (cost) or at the value of a recent third-party financing, in the case of financing rounds that have been syndicated.

With the IPO of Freeline on NASDAQ, the percentage of the life science portfolio valued on a quoted basis has risen to 56.9 per cent. Syncona builds and funds its portfolio companies for long-term success, and whilst holding a number of listed companies may bring volatility to our NAV, we are aiming to deliver strong capital appreciation through the growth of value of our companies over the long-term.

Uncalled commitments and capital deployment

At 30 September 2020, we had uncalled commitments of £87.1 million (31 March 2020: £147.3 million), of which £76.2 million are milestone payments for the portfolio companies, which are subject to the satisfaction of key commercial and clinical milestones, mitigating financial risks. The remaining £10.9 million of commitments are split £6.9 million to the CRT Pioneer Fund and £4.0 million to two legacy investments.

We continue to work with our companies to closely monitor the impact of the COVID-19 pandemic on the timelines they can develop their assets and corresponding funding requirements. We deployed £68.9 million during the first half and continue to expect to deploy between £150 million and £250 million this financial year based on further investment in our existing portfolio and the syndication decisions we take for these companies, along with the opportunities we see in our investment pipeline.

Continuous and proactive management of our strong capital base

At 30 September 2020, our capital pool stood at £700.1 million¹⁷ and we continue to manage it effectively for liquidity and capital preservation. Following the outbreak of COVID-19 and the significant increase in volatility in public markets, we moved quickly to preserve liquidity and protect the capital pool from market conditions. As a result, the capital pool is now 88 per cent in cash and short-term UK treasury bills with the remainder in legacy investments. We continually monitor and assess the parameters of our capital pool based on our objectives and market conditions. We have developed strategies and approaches to ensure that we are able to act quickly to reallocate our capital to meet our objectives in the event of a significant change in the market environment.

Incentive Scheme

The incentive scheme provides the opportunity for long-term rewards to the investment team to align them with shareholders and vests on a straight-line basis over a four-year period with awards settled in cash and Syncona shares; with the Syncona shares required to be held over a 12-month period. The total liability for the cash settled element of the vested incentive plan was £29.7 million at the end of this financial period with the £4.2 million payment made to participants in the period offset by an increase in eligible management equity shares (MES), as the vesting schedule matures. In addition, 914,880 Syncona Limited shares were issued to employees in connection with MES realisations in the year. At the end of the period, the number of Syncona shares that could potentially be issued in connection with the MES that had met or exceeded the hurdle rate, stood at 7,463,741, taking the total number of fully diluted shares, for the purposes of calculating NAV per share, to 672,044,158.

Life science portfolio valuations:

¹⁷ Alternative performance measure, see glossary

Company	31 Mar 2020	Net investment in the period	Valuation change	FX movement	30 Sep 2020	% of Group NAV	Valuation basis ^{18, 19} ₂₀	Fully diluted ownership stake	Focus area
	(£m)	(£m)	(£m)	(£m)	(£m)			(%)	
Portfolio Companies									
Clinical									
Autolus	77.0		72.6	(5.9)	143.7	10.5	Quoted	27	Cell therapy
Freeline	150.7	18.6	65.1	(7.2)	227.2	16.6	Quoted	48	Gene therapy
Gyroscope	73.0	9.0			82.0	6.0	Cost	80	Gene therapy
Achilles	72.4				72.4	5.3	PRI	44	Cell therapy
Pre-Clinical									
SwanBio	18.5	15.8		(1.3)	33.0	2.4	Cost	79	Gene therapy
OMass	14.6				14.6	1.1	Cost	49	Therapeutics
Anaveon	12.3			0.1	12.4	0.9	Cost	51	Immunology
Quell	8.3	11.6			19.9	1.5	Cost	69	Cell therapy
Azeria	6.5		(4.5)		2.0	0.1	Cost	60	Small molecule
Resolution	1.4	0.4			1.8	0.1	Cost	79	Cell therapy
Life Science Investment									
CRT Pioneer Fund	40.0	2.1	(6.3)		35.8	2.6	Adj Third Party	64	
CEGX	1.5				1.5	0.1	Adj. PRI		
Adaptimmune	3.3	(0.9)	6.4	(0.3)	8.5	0.6	Quoted		
Neogene	-	11.4		0.4	11.8	0.9	Cost		Cell therapy
Total Life Science Portfolio	479.5	68.0	133.3	(14.2)	666.6	48.7			

The Board and ESG

Melanie Gee, Chair of Syncona

Board activity

The Board of Syncona was pleased to appoint Dr Kemal Malik as a Non-Executive Director. Kemal has 30 years of experience in global pharmaceutical research and development and has been responsible for bringing many innovative medicines through clinical development and regulatory review to commercialisation. Post period end, it was announced that Ellen Strahlman has retired as a Non-Executive Director from the Board with effect from 2 November 2020. Ellen has provided expert support and made a significant contribution to the Company and Syncona life science business since its inception. On behalf of the Board and management team, we wish her well for the future.

We continue to expect to recruit new Directors to ensure that the Board has the appropriate diverse perspectives and expertise to provide valuable insights, knowledge and support to the management team.

¹⁸ Primary input to fair value

¹⁹ The basis of valuation is stated to be "Cost", this means the primary input to fair value is capital invested (cost) which is then calibrated in accordance with our Valuation Policy

²⁰ The basis of valuation is stated to be "PRI", this means the primary input to fair value is price of recent investment which is then calibrated in accordance with our Valuation Policy

In terms of other Board matters, given the impact of the COVID-19, my colleagues on the Audit Committee have taken the decision to delay audit re-tender until the next financial year.

Developing our approach to environment, social and governance issues and evolving our key performance indicators

The Syncona team and Board have been formalising the Company's overall approach to environmental, social and governance ('ESG') practices. As part of this work, we took the opportunity to refine the articulation of our purpose, strategy and values. Syncona's purpose is to invest to extend and enhance human life and our strategy and values are aligned to delivering positive impacts to society.

Our purpose, strategy and values have been integral to the work we have done on ESG and our ESG policy and approach will focus on the issues of greatest importance in terms of potential impact to our business and to stakeholders. These areas of focus include: high quality governance of the Syncona business; maintaining a strong culture; ensuring we continue to be a responsible partner and investor to our portfolio companies and continuing our wider social impact through our commitment to the UK life science community; our support for charity through the Syncona Foundation; and, ultimately, the patients we serve through our mission. We will publish our ESG policy and further information about our practices and our ambitions for the future in our annual report and accounts in June 2021.

The team have also reviewed our key performance indicators ('KPIs') that we report, to ensure that they reflect the core pillars of the strategy given the evolution of the business over the last three years. These will also be published in our annual report and accounts in June 2021.

A resolute focus on the long-term

The Syncona team and our portfolio are well positioned as we enter the second half of our financial year. Whilst the impact and duration of the pandemic still remains uncertain, we believe our strategy to build a diverse portfolio of global leading healthcare companies with ambitions to deliver transformational treatments to patients, will deliver sustainable value for all our stakeholders over the long-term.

Managing risk and uncertainty around the disclosure of clinical trial data

Currently, our portfolio companies are progressing 10 clinical trials. These trials represent both a significant opportunity and risk for each company and for Syncona.

Unlike typical randomised controlled pharmaceutical clinical trials, currently all 10 clinical trials are open-label trials. Open label trials are clinical studies in which both the researchers and the patients are aware of the drug being given. In some cases, the number of patients in a trial may be relatively small. Data is generated as each patient is dosed with the drug in a trial and is collected over time as results of the treatment are analysed and, in the early stages of these studies, dose-ranging studies are completed.

Because of the trial design, clinical data in open-label trials is received by our portfolio companies on a frequent basis. However, individual data points need to be treated with caution, and it is typically only when all or substantially all of the data from a trial is available and can be analysed that meaningful conclusions can be drawn from that data about the prospect of success or otherwise of the trial. In particular it is highly possible that early developments (positive or negative) in a trial can be overtaken by later analysis with further data as the trial progresses.

Our portfolio companies may decide or be required to announce publicly interim clinical trial data, for example where the company or researchers connected with it are presenting at a scientific conference, and we will generally also issue a simultaneous announcement about that clinical trial data. We would also expect to announce our assessment of the results of a trial at the point we conclude on the data available to us that it has succeeded or failed. We would not generally expect to otherwise announce our assessment of interim clinical data in an ongoing

trial, although we review all such data to enable us to comply with our legal obligations under the EU Market Abuse Regulation or otherwise.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Company for the second half of the financial year are substantially the same as those disclosed in the Report and Accounts for the year ended 31 March 2020: <https://www.synconaltd.com/media/1461/6081-syn-ar20-spreads-20-06-23-web.pdf>. These include:

Enterprise risks:

- People at SIML
- Access to capital
- Strategy and governance
- COVID-19

Portfolio risks:

- Early stage investments
- Clinical trial and regulatory approval risks
- Commercialisation
- People in portfolio companies
- Capital pool

Operational risks:

- Systems and controls

Going Concern

The financial statements are prepared on a going concern basis. The Company's net assets currently consist of securities and cash, amounting to £1,366.7 million (31 March 2020: £1,246.5 million) of which 53.6 per cent (31 March 2020: 49.83 per cent) are readily realisable within three months in normal market conditions and liabilities including uncalled commitments to underlying investments and funds amounting to £87.1 million (31 March 2020: £147.3 million).

Furthermore, the Company considered the implications of the COVID-19 pandemic on the Company and each of its portfolio companies through a bottom up review determining the impact on the companies' businesses, cash requirements and the valuation of the related investments as at 31 March 2020. This analysis formed the basis of the 30 September 2020 assessment and was refreshed taking into account progress within the portfolio companies in the intervening period.

From this analysis the Company continues to believe that the impact will vary from investment to investment, and that certain programmes of work and associated additional capital requirements have been delayed by three to six months. This remains consistent with the assessment made at 31 March 2020. The Company has taken account of the COVID-19 pandemic in the valuation of its investments at period end. Given the Company's capital pool of £700.1 million the Directors consider that the Company has adequate financial resources to continue its operations, including existing commitments to its investments and additional capital requirements identified in the review, for 12 months following the approval of the financial statements. Hence, the Directors believe, having considered the impact of COVID-19, that it is appropriate to continue to adopt the going concern basis in preparing the Condensed Consolidated Financial Statements.

Supplementary information

Syncona life science portfolio returns (30 September 2020)

Company	Cost	Value	Multiple	IRR (gross)
Clinical				

Autolus	£106.0	£143.7	1.4	11%
Freeline	£167.7	£227.2	1.4	17%
Gyroscope	£82.0	£82.0	1.0	0%
Achilles	£49.0	£72.4	1.5	25%
Pre-clinical				
SwanBio	£33.6	£33.0	1.0	-2%
Anaveon	£11.7	£12.4	1.1	6%
Quell	£19.9	£19.9	1.0	0%
Azeria	£6.5	£2.0	0.3	-75%
Resolution	£1.8	£1.8	1.0	0%
Drug discovery				
OMass	£14.6	£14.6	1.0	0%
Realised companies				
Nightstar	£56.4	£255.8	4.5	72%
Blue Earth	£35.3	£351.0	9.9	87%
Investments				
Unrealised investments	£63.4	£57.6	0.9	(3)%
Realised investments	£13.3	£18.5	1.4	27%
Total	£661.2	£1,291.9	2.0	40%

Figures in the table reflect Syncona Partners original investment pre-merger with BACIT

Statement of Directors' Responsibilities

The directors confirm that to the best of their knowledge:

- (a) the condensed set of interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the European Union;
- (b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events and their impact during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- (c) the interim management report includes a fair review of the information required by DTR 4.2.8 (disclosure of related parties' transactions and changes therein).

The Directors of Syncona Limited are:

Melanie Gee, Chair
Tom Henderson, Non-Executive Director
Rob Hutchinson, Non-Executive Director
Nigel Keen, Non-Executive Director
Nicholas Moss, Non-Executive Director

Gian Piero Reverberi, Non-Executive Director
Kemal Malik, Non-Executive Director

INDEPENDENT REVIEW REPORT TO SYNCONA LIMITED

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2020 which comprises the Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Changes in Net Assets Attributable to Holders of Ordinary Shares, Condensed Consolidated Statement of Cash Flows and related notes 1 to 14. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

SYNCONA LIMITED
UNAUDITED GROUP PORTFOLIO STATEMENT
As at 30 September 2020

	Fair value £'000	% of Group NAV 30 September 2020	Fair value £'000	% of Group NAV 30 September 2019	Fair value £'000	% of Group NAV 31 March 2020
Life science portfolio						
Life science companies						
Autolus Therapeutics plc	143,705	10.5	147,446	11.0	76,993	6.2
Freeline Therapeutics Holdings plc	227,248	16.6	118,500	8.9	150,723	12.1
Achilles Therapeutics Limited	72,413	5.3	72,413	5.4	72,413	5.8
Gyroscope Therapeutics Limited	81,975	6.0	55,975	4.2	72,975	5.9
SwanBio Therapeutics Limited	32,974	2.4	18,712	1.4	18,529	1.5
Companies of less than 1% of NAV	72,515	5.4	29,209	2.2	47,911	3.8
Total life science companies	630,830	46.2	442,255	33.1	439,544	35.3
CRT Pioneer Fund	35,761	2.6	39,089	2.9	40,023	3.2
Total life science portfolio ⁽¹⁾	666,591	48.8	481,344	36.0	479,567	38.5
Capital pool investments						
Fixed income funds	–	–	247,110	18.5	–	–
UK treasury bills	479,999	35.1	479,678	35.9	614,820	49.3
Legacy funds	87,457	6.4	104,185	7.8	73,979	6.0
Open forward currency contracts	–	–	1,820	0.1	–	–
Total capital pool investments	567,456	41.5	832,793	62.3	688,799	55.3
Other net assets						
Cash and cash equivalents ⁽²⁾	165,639	12.1	39,053	2.9	108,873	8.7
Charitable donations	(2,393)	(0.2)	(2,020)	(0.2)	(4,607)	(0.4)
Other assets and liabilities	(30,543)	(2.2)	(14,368)	(1.0)	(26,091)	(2.1)
Total other net assets	132,703	9.7	22,665	1.7	78,175	6.2
Total NAV of the Group	1,366,750	100.0	1,336,802	100.0	1,246,541	100.0

(1) The life science portfolio of £666,591,246 (30 September 2019: £481,343,686, 31 March 2020: £479,566,806) consists of life science investments totalling £630,829,763 (30 September 2019: £442,254,200, 31 March 2020: £439,543,507) held by Syncona Holdings Limited and the CRT Pioneer Fund of £35,761,483 (30 September 2019: £39,089,486, 31 March 2020: £40,023,299) held by Syncona Investments LP Incorporated.

(2) Cash amounting to £548,029 (30 September 2019: £12,570, 31 March 2020: £17,456) is held by Syncona Limited. The remaining £165,090,943 (30 September 2019: £39,040,313, 31 March 2020: £108,855,595) is held by its subsidiaries other than those companies within the life science portfolio ("Syncona Group Companies"). Cash held

by Syncona Group Companies is not shown in Syncona Limited's Condensed Consolidated Statement of Financial Position.

See note 1 for a description of Syncona Holdings Limited and Syncona Investments LP Incorporated.

SYNCONA LIMITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2020

	Notes	Revenue £'000	Capital £'000	Unaudited six months to 30 September 2020 £'000	Unaudited six months to 30 September 2019 £'000	Audited year to 31 March 2020 £'000
Investment income						
Other income		12,865	–	12,865	26,110	35,708
Total investment income		12,865	–	12,865	26,110	35,708
Net gains/(losses) on financial assets at fair value through profit or loss						
	5	–	122,823	122,823	(120,909)	(203,013)
Total gains/(losses)		–	122,823	122,823	(120,909)	(203,013)
Expenses						
Charitable donations	6	2,393	–	2,393	2,020	4,607
General expenses		13,376	–	13,376	8,361	23,644
Total expenses		15,769	–	15,769	10,381	28,251
Profit/(loss) for the period		(2,904)	122,823	119,919	(105,180)	(195,556)
Taxation		–	–	–	–	–
Profit/(loss) for the period, after tax		(2,904)	122,823	119,919	(105,180)	(195,556)
Earnings/(loss) per Ordinary Share						
	9	(0.44)p	18.50p	18.06p	(15.87)p	(29.54)p
Earnings/(loss) per Diluted Share						
	9	(0.43)p	18.30p	17.86p	(15.67)p	(29.19)p

The total columns of this statement represent the Group's Condensed Consolidated Statement of Comprehensive Income, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and interpretations adopted by the International Accounting Standards Board. Whilst the Company is not a member of the Association of Investment Companies (the "AIC"), the supplementary revenue and capital columns are both prepared under guidance published by the AIC.

The profit/(loss) for the period is equivalent to the "total comprehensive profit/(loss)" as defined by International Accounting Standards ("IAS") 1 "Presentation of Financial Statements". There is no other comprehensive profit/(loss) as defined by IFRS.

All the items in the above statement derive from continuing operations.

SYNCONA LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	Notes	Unaudited 30 September 2020 £'000	Unaudited 30 September 2019 £'000	Audited 31 March 2020 £'000
ASSETS				
Non-current assets				
Financial assets at fair value through profit or loss	7	1,391,333	1,347,503	1,267,703
Current assets				
Bank and cash deposits		548	13	17
Trade and other receivables		7,930	4,496	9,131
Total assets		1,399,811	1,352,012	1,276,851

LIABILITIES AND EQUITY

Non-current liabilities				
Share based payments	8	20,117	6,716	18,540
Current liabilities				
Share based payments	8	9,581	7,502	6,379
Payables		3,363	992	5,391
Total liabilities		<u>33,061</u>	<u>15,210</u>	<u>30,310</u>
EQUITY				
Share capital	9	767,999	767,999	767,999
Capital reserves		601,365	568,803	478,542
Revenue reserves		(2,614)	–	–
Total equity		<u>1,366,750</u>	<u>1,336,802</u>	<u>1,246,541</u>
Total liabilities and equity		<u>1,399,811</u>	<u>1,352,012</u>	<u>1,276,851</u>
Total net assets attributable to holders of Ordinary Shares		<u>1,366,750</u>	<u>1,336,802</u>	<u>1,246,541</u>
Number of Ordinary Shares in Issue	9	664,580,417	663,665,537	663,665,537
Net assets attributable to holders of Ordinary Shares (per share)	9	£2.06	£2.01	£1.88
Diluted NAV (per share)	9	£2.03	£1.99	£1.86

The unaudited Condensed Consolidated Financial Statements were approved on 18 November 2020.

SYNCONA LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF ORDINARY SHARES As at 30 September 2020

	Notes	Share capital £'000	Capital reserves £'000	Revenue reserves £'000	Total £'000
As at 31 March 2019 (audited)		766,037	689,076	–	1,455,113
Total comprehensive loss for the period		–	(120,909)	15,729	(105,180)
Transactions with shareholders:					
Distributions	10	–	636	(15,844)	(15,208)
Scrip dividend shares issued during the period	9	1,962	–	–	1,962
Share based payments		–	–	115	115
As at 30 September 2019 (unaudited)		767,999	568,803	–	1,336,802
Total comprehensive loss for the period		–	(82,104)	(8,272)	(90,376)
Transactions with shareholders:					
Distributions	10	–	(8,157)	8,157	–
Share based payments		–	–	115	115
As at 31 March 2020 (audited)		767,999	478,542	–	1,246,541
Total comprehensive income for the period		–	122,823	(2,904)	119,919
Transactions with shareholders:					
Share based payments		–	–	290	290
As at 30 September 2020 (unaudited)		767,999	601,365	(2,614)	1,366,750

SYNCONA LIMITED**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the period ended 30 September 2020

		Unaudited six months to 30 September 2020 £'000	Unaudited six months to 30 September 2019 £'000	Audited year to 31 March 2020 £'000
Cash flows from operating activities				
Profit/(loss) for the period		119,919	(105,180)	(195,556)
Adjusted for:				
(Gains)/losses on financial assets at fair value through profit or loss	5	(122,823)	120,909	203,013
Movement in share based provision		4,262	(1,186)	7,326
Operating cash flows before movements in working capital		1,358	14,543	14,783
Decrease/(increase) in other receivables		1,201	4,337	(298)
Decrease in other payables		(2,028)	(5,712)	(1,313)
Net cash generated from operating activities		531	13,168	13,172
Cash flows from investing activities				
Purchase of financial assets at fair value through profit or loss		–	(36,786)	(36,786)
Proceeds from sale of financial assets at fair value through profit or loss		–	–	–
Return of capital contribution		–	36,786	36,786
Net cash used in investing activities		–	–	–
Cash flows from financing activities				
Distributions	10	–	(13,246)	(13,246)
Net cash used in financing activities		–	(13,246)	(13,246)
Net increase/(decrease) in cash and cash equivalents		531	(78)	(74)
Cash and cash equivalents at the beginning of the period		17	91	91
Cash and cash equivalents at the end of the period		548	13	17
Supplemental disclosure of non-cash investing and financing activities				
Issuance of shares	9	–	1,962	1,962
Scrip dividend shares issued during the period	9,10	–	(1,962)	(1,962)
Net non-cash investing and financing activities		–	–	–

Cash held by the Company and Syncona Group Companies is disclosed in the Group portfolio statement.

Notes 1 to 14 form an integral part of the Condensed Consolidated Financial Statements.

SYNCONA LIMITED**CONDENSED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the period ended 30 September 2020

1. GENERAL INFORMATION

Syncona Limited (the “Company”) is incorporated in Guernsey as a registered closed-ended investment company. The Company’s Ordinary Shares were listed on the premium segment of the London Stock Exchange (“LSE”) on 26 October 2012 when it commenced its business.

The Company makes its life science investments through Syncona Holdings Limited (the “Holding Company”), a subsidiary of the Company. The Company maintains its capital pool through Syncona Investments LP Incorporated (the “Partnership”) in which the Company is the sole limited partner. The general partner of the Partnership is Syncona GP Limited (the “General Partner”), a wholly-owned

subsidiary of the Company. Syncona Limited and Syncona GP Limited are collectively referred to as the “Group”.

Syncona Limited’s Investment Manager is Syncona Investment Management Limited (“SIML” or the “Investment Manager”), a subsidiary of the Holding Company.

2. ACCOUNTING POLICIES

The accounting policies applied in these interim results are the same as those applied by the Group in its Annual Report and Accounts for the year ended 31 March 2020 and shall form the basis of the 2021 Annual Report and Accounts. No new standards that have become effective in the period have had a material effect on the Group’s financial statements.

Information reported to the Board (the Chief Operating Decision Maker (“CODM”)) for the purpose of allocating resources and monitoring performance of the Group’s overall strategy to found, build and fund companies in innovative areas of healthcare, consists of financial information reported at the Group level. The Capital pool is fundamental to the delivery of the Group’s strategy and performance is reviewed by the CODM only to the extent this enables the allocation of those resources to support the Group’s investment in life science companies. There are no reconciling items between the results contained within this information and amounts reported in the financial statements. IFRS requires operating segments to be identified on the basis of the internal financial reports that are provided to the CODM, and as such the Directors present the results of the Group as a single operating segment.

The movement in the share based payment provision of the Group is a non-cash fair value movement to the reported liability, rather than a working capital balance movement. This movement is recognised directly in the Condensed Consolidated Statement of Comprehensive Income. Therefore, in the comparative figures for 31 March 2020 and 30 September 2019, £7.7 million and £1.2 million respectively has been removed from the changes in working capital section of the Condensed Consolidated Statement of Cash Flows and is instead shown as a direct adjustment to profit or loss.

Statement of compliance

The Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the European Union, and should be read in conjunction with the Annual Report and Accounts for the year ended March 2020, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union, and are in compliance with The Companies (Guernsey) Law 2008. The financial information in these interim accounts was approved by the Board and authorised for issue on 18 November 2020. The financial information is unaudited but has been subject to a review by the Group’s independent auditor.

Basis of preparation

The Condensed Consolidated Financial Statements have been prepared under the historical cost basis, except for investments and derivatives held at fair value through profit or loss, which have been measured at fair value.

Going concern

The financial statements are prepared on a going concern basis. The Company’s net assets currently consist of securities and cash, amounting to £1,366.8 million (30 September 2019: £1,336.8 million, 31 March 2020: £1,246.5 million) of which 53.6% (30 September 2019: 59.2%, 31 March 2020: 49.83%) are readily realisable within three months in normal market conditions and liabilities including uncalled commitments to underlying investments and funds amounting to £87.1 million (30 September 2019: £103.5 million, 31 March 2020: £147.3 million).

Furthermore, the Company considered the implications of the COVID-19 pandemic on the Company and each of its portfolio companies through a bottom up review determining the impact on the companies’ businesses, cash requirements and the valuation of the related investments as at 31 March 2020. This analysis formed the basis of the 30 September 2020 assessment and was refreshed taking into account progress within the portfolio companies in the intervening period. From this analysis the Company has concluded that the impact will vary from investment to investment, with delays in certain programs of work (expected to be 3 to 6 months in the majority of cases) and associated additional capital requirements. This remains consistent with the assessment made at 31 March 2020. The Company has taken account of the COVID-19 pandemic in the valuation of its investments at period end.

Basis of consolidation

The General Partner is consolidated in full; the Company and the General Partner are consolidated to form the Group. All intra-group transactions, balances and expenses are eliminated on consolidation. Entities that meet the definition of an Investment Entity under IFRS 10 “Consolidated Financial Statements” are held at fair value through profit or loss in accordance with IFRS 9 “Financial Instruments: Recognition and Measurement”. The Company, the Partnership and the Holding Company meet the definition of Investment

Entities. The General Partner does not meet the definition of an Investment Entity and is therefore consolidated.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the interim results requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses at the reporting date.

However, uncertainties about these assumptions and estimates, in particular relating to underlying investments of private equity investments and life science investments could result in outcomes that require a material adjustment to the carrying value of the assets or liabilities in future periods.

In preparing these interim results, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Annual Report and Accounts for the year ended 31 March 2020.

The key critical accounting judgement is the basis for determining the fair value of life science investments.

The key sources of estimation uncertainty are the valuation of the Holding Company's life science investments, the investment in the CRT Pioneer Fund, the Partnership's private equity investments and the valuation of the share based payment liability.

The inputs and assumptions which result in estimation uncertainty when determining the valuation of the share based payment liability are described in note 2 of the Annual Report and Accounts. Sensitivity of the share based payment liability to changes in these inputs is not currently material to the financial statements as a whole.

The unquoted investments within the life science portfolio are very illiquid. Many of the companies are early stage investments and privately owned. The Company has analysed the impact of the COVID-19 pandemic on the portfolio companies through a bottom-up review and does not consider that any COVID-19 revaluations are required, however the final impact of the pandemic is not yet certain and may have effects on the portfolio companies that have not been anticipated. Accordingly, a market value can be difficult to determine. The accounting policy for all investments is described in note 2 of the Annual Report and Accounts and the fair value of all investments is described in note 12. In the case where the Company is the sole institutional investor and substantive clinical data has been generated, the Company will use input from an independent valuation adviser in its determination of the fair value of investments. Sensitivity to a 20% movement in the valuation of private company investments is included in note 12.

4. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

The Company meets the definition of an investment entity in accordance with IFRS 10. Therefore, with the exception of the General Partner, the Company does not consolidate its subsidiaries and indirect associates, but rather recognises them as financial assets at fair value through profit or loss.

Direct interests in subsidiaries

Subsidiary	Principal place of business	Principal activity	Unaudited	Unaudited	Audited
			30 September 2020	30 September 2019	31 March 2020
			% interest ⁽¹⁾	% interest ⁽¹⁾	% interest ⁽¹⁾
Syncona GP Limited	Guernsey	General Partner	100%	100%	100%
Syncona Holdings Limited	Guernsey	Portfolio management	100%	100%	100%
Syncona Investments LP Incorporated	Guernsey	Portfolio management	100%	100%	100%

There are no significant restrictions on the ability of subsidiaries to transfer funds to the Company.

Indirect interests in subsidiaries

Indirect subsidiaries	Principal place of business	Immediate parent	Principal activity	Unaudited	Unaudited	Audited
				30 September 2020	30 September 2019	31 March 2020
				% interest ⁽¹⁾	% interest ⁽¹⁾	% interest ⁽¹⁾
Syncona Discovery Limited	United Kingdom	Syncona Investments LP Incorporated	Portfolio management	100%	100%	100%
Syncona Portfolio Limited	Guernsey	Syncona Holdings Limited	Portfolio management	100%	100%	100%
Syncona Investment Management Limited	United Kingdom	Syncona Holdings Limited	Portfolio management	100%	100%	100%
Syncona IP Holdco Limited	United Kingdom	Syncona Portfolio Limited	Portfolio management	100%	100%	100%

SwanBio Therapeutics Limited	United States	Syncona Portfolio Limited	Gene therapy	83%	78%	74%
Gyroscope Therapeutics Limited	United Kingdom	Syncona Portfolio Limited	Gene therapy	81%	85%	84%
Quell Therapeutics Limited	United Kingdom	Syncona Portfolio Limited	Cell therapy	74%	58%	58%
Freeline Therapeutics Holdings plc	United Kingdom	Syncona Portfolio Limited	Gene therapy	52%	88%	84%
Achilles Therapeutics Limited	United Kingdom	Syncona Portfolio Limited	Cell therapy	51%	54%	52%
Omass Therapeutics Limited	United Kingdom	Syncona Portfolio Limited	Small molecule	49%	47%	51%
Anaveon AG	Switzerland	Syncona Portfolio Limited	Biologics	41%	20%	41%
Resolution Therapeutic Limited (formerly Syncona Collaboration (E) Limited)	United Kingdom	Syncona Portfolio Limited	Cell therapy	37%	100%	100%

Indirect interests in associates

Indirect associates	Principal place of business	Immediate parent	Principal activity	Unaudited	Unaudited	Audited
				30 September 2020	30 September 2019	31 March 2020
				% interest ⁽¹⁾	% interest ⁽¹⁾	% interest ⁽¹⁾
Azeria Therapeutics Limited	United Kingdom	Syncona Portfolio Limited	Small molecule	34%	–	34%
Autolus Therapeutics plc	United Kingdom	Syncona Portfolio Limited	Cell therapy	27%	32%	27%
Neogene Therapeutics Inc	United Kingdom	Syncona Portfolio Limited	Cell therapy	10%	–	–

⁽¹⁾ Based on undiluted issued share capital and excluding the Management Equity Shares (“MES”) issued by Syncona Holdings Limited (see note 8).

5. NET GAINS/(LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The net gains/(losses) on financial assets at fair value through profit or loss arise from the Group’s holdings in the Holding Company and Partnership.

	Notes	Unaudited six months to 30 September 2020 £’000	Unaudited six months to 30 September 2019 £’000	Audited year to 31 March 2020 £’000
Net gains/(losses) from:				
The Holding Company	5.a	124,232	(109,565)	(191,176)
The Partnership	5.b	(1,409)	(11,344)	(11,837)
		<u>122,823</u>	<u>(120,909)</u>	<u>(203,013)</u>

5.a Movements in the Holding Company:

	Unaudited six months to 30 September 2020 £’000	Unaudited six months to 30 September 2019 £’000	Audited year to 31 March 2020 £’000
Expenses	(45)	(1)	(3)
Movement in unrealised gains/(losses) on life science investments at fair value through profit or loss	<u>124,277</u>	<u>(109,564)</u>	<u>(191,173)</u>
Net gains/(losses) on financial assets at fair value through profit or loss	<u>124,232</u>	<u>(109,565)</u>	<u>(191,176)</u>

5.b Movements in the Partnership:

	Unaudited six months to 30 September 2020 £’000	Unaudited six months to 30 September 2019 £’000	Audited year to 31 March 2020 £’000
Investment income	55	246	469
Rebates and donations	(11)	236	384
Expenses	(141)	(31)	(95)
Realised gains on financial assets at fair value through profit or loss	6,235	20,064	33,889
Movement in unrealised gains/(losses) on financial assets at fair value through profit or loss	7,073	142	(6,300)

Losses on forward currency contracts	–	(8,338)	(6,389)
(Losses)/gains on foreign currency	(1,755)	2,447	1,913
Gains on financial assets at fair value through profit or loss	11,456	14,766	23,871
Distributions	(12,865)	(26,110)	(35,708)
Net losses on financial assets at fair value through profit or loss	(1,409)	(11,344)	(11,837)

6. CHARITABLE DONATIONS

For the year ended 31 March 2021, the Group has agreed to make a donation to charity of 0.35% of the total net asset value (“NAV”) of the Group calculated on a monthly basis, 0.15% to be donated to The Institute of Cancer Research and 0.20% to be donated to The Syncona Foundation, and these donations are made by the General Partner.

During the period, accrued charitable donations amounted to £2,392,865 (30 September 2019: £2,020,265, 31 March 2020: £4,607,416). As at 30 September 2020, £2,392,865 (30 September 2019: £2,020,265, 31 March 2020: £4,607,416) remained payable.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	Unaudited six months to 30 September 2020 £'000	Unaudited six months to 30 September 2019 £'000	Audited year to 31 March 2020 £'000
The Holding Company	7.a	1,019,129	975,382	894,090
The Partnership	7.b	372,204	372,121	373,613
		<u>1,391,333</u>	<u>1,347,503</u>	<u>1,267,703</u>

7.a The net assets of the Holding Company

	Unaudited six months to 30 September 2020 £'000	Unaudited six months to 30 September 2019 £'000	Audited year to 31 March 2020 £'000
Cost of the Holding Company's investment at the start of the period	493,310	456,932	456,932
Purchases during the period	1,500	36,378	36,378
Cost of the Holding Company's investments at the end of the period	494,810	493,310	493,310
Net unrealised gains on investments at the end of the period	528,696	484,903	403,613
Fair value of the Holding Company's investments at the end of the period	1,023,506	978,213	896,923
Other current liabilities	(4,377)	(2,831)	(2,833)
Financial assets at fair value through profit or loss at the end of the period	<u>1,019,129</u>	<u>975,382</u>	<u>894,090</u>

7.b The net assets of the Partnership

	Unaudited six months to 30 September 2020 £'000	Unaudited six months to 30 September 2019 £'000	Audited year to 31 March 2020 £'000
Cost of the Partnership's investments at the start of the period	682,750	183,257	183,257
Purchases during the period	677,160	1,229,834	2,349,530
Sales during the period	(810,000)	(608,873)	(1,869,399)
Return of capital	(6,073)	(6,735)	(14,527)
Net realised gains on disposals during the period	<u>6,235</u>	<u>20,064</u>	<u>33,889</u>

Cost of the Partnership's investments at the end of the period	550,072	817,547	682,750
Net unrealised gains on investments at the end of the period	53,145	52,515	46,072
Fair value of the Partnership's investments at the end of the period	603,217	870,062	728,822
Open forward currency contracts	–	1,820	–
Cash and cash equivalents	156,640	34,118	103,101
Other current liabilities, net	(387,653)	(533,879)	(458,310)
Financial assets at fair value through profit or loss at the end of the period	372,204	372,121	373,613

8. SHARE BASED PAYMENTS

Share based payments are associated with awards of MES in the Holding Company, relevant details of which are set out in note 2 of the Annual Report and Accounts for the year ended 31 March 2020.

The total cost recognised within general expenses in the Condensed Consolidated Statement of Comprehensive Income is shown below:

	Unaudited six months to 30 September 2020 £'000	Unaudited six months to 30 September 2019 £'000	Audited year to 31 March 2020 £'000
Charge related to revaluation of the liability for cash settled share awards	8,541	2,937	13,434
Total	<u>8,541</u>	<u>2,937</u>	<u>13,434</u>

Amounts recognised in the Condensed Consolidated Statement of Financial Position, representing the carrying amount of liabilities arising from share based payments transactions are shown below:

	Unaudited six months to 30 September 2020 £'000	Unaudited six months to 30 September 2019 £'000	Audited year to 31 March 2020 £'000
Share based payments - current	9,581	7,502	6,379
Share based payments - non-current	20,117	6,716	18,540
Total	<u>29,698</u>	<u>14,218</u>	<u>24,919</u>

When a participant elects to realise vested MES by sale of the MES to the Company, half of the proceeds (net of anticipated taxes) will be settled in shares of the Company, with the balance settled in cash.

The fair value of MES has been established using an externally developed model, which is consistent with that used as at 31 March 2020. Key inputs described in note 2 of the Annual Report have been determined based on a combination of independent third-party advice and internally generated data as at 30 September 2020. Vesting is subject only to the condition that employees must remain in employment at the vesting date. Each MES is entitled to share equally in value attributable to the Holding Company above the applicable base line value at the date of award provided that the applicable hurdle value of 15% or 30% growth in the value of the Holding Company above the base line value at the date of award has been achieved.

The fair value of awards made in the period ended 30 September 2020 was £2,656,000 (30 September 2019: £260,000, 31 March 2020: £260,000). Awards were made on 9 June 2020 and 11 June 2020 at 43p per MES.

The number of MES outstanding are shown below:

	Unaudited six months to 30 September 2020	Unaudited six months to 30 September 2019	Audited year to 31 March 2020
Outstanding at the start of the period	41,937,713	36,784,147	36,784,147

Issued	5,400,902	9,559,389	9,559,389
Cancelled	(3,953,906)	(4,145,365)	(4,405,823)
Outstanding at the end of the period	<u>43,384,709</u>	<u>42,198,171</u>	<u>41,937,713</u>
Weighted average remaining unvested life of outstanding MES, years	1.60	2.23	1.72
Vested MES at the end of the period	25,051,692	12,459,727	20,758,829
Realisable MES at the end of the period	8,114,801	248,528	6,171,469

If all MES were realised at the share price of £2.49 as at 30 September 2020, the number of shares issued in the Company would increase by 7,463,741 (30 September 2019: 8,525,594, 31 March 2020: 7,937,704). The undiluted per share value of net assets attributable to holders of Ordinary Shares would fall from £2.06 to £2.03 if these shares were issued (30 September 2019: £2.01 to £1.99, 31 March 2020: £1.88 to £1.86).

9. SHARE CAPITAL

9.a Authorised share capital

The Company is authorised to issue an unlimited number of shares, which may or may not have a par value. The Company is a closed-ended investment company with an unlimited life.

As the Company's shares have no par value, the share price consists solely of share premium and the amounts received for issued shares are recorded in the share capital in accordance with The Companies (Guernsey) Law, 2008.

	Unaudited Ordinary Shares at 30 September 2020 £'000	Unaudited Ordinary Shares at 30 September 2019 £'000	Audited Ordinary Shares at 31 March 2020 £'000
Ordinary share capital			
Balance at the start of the period	767,999	766,037	766,037
Scrip dividend shares issued during the period	–	1,962	1,962
Balance at the end of the period	<u>767,999</u>	<u>767,999</u>	<u>767,999</u>
	Unaudited Ordinary Shares at 30 September 2020 Shares	Unaudited Ordinary Shares at 30 September 2019 Shares	Audited Ordinary Shares at 31 March 2020 Shares
Ordinary share capital			
Balance at the start of the period	663,665,537	661,222,309	661,222,309
Scrip dividend shares issued during the period	–	860,090	860,090
Share based payment shares issued during the period	914,880	1,583,138	1,583,138
Balance at the end of the period	<u>664,580,417</u>	<u>663,665,537</u>	<u>663,665,537</u>

In July 2019, £1,961,865 (860,090 Ordinary Shares) in new Ordinary Shares were issued at a price of 228.1p as a result of the 2019 scrip dividend.

The Company has issued one Deferred Share to The Syncona Foundation for £1.

9.b Capital reserves

Gains and losses recorded on the realisation of investments, realised exchange differences, unrealised gains and losses recorded on the revaluation of investments held at the period end and unrealised exchange differences of a capital nature are transferred to capital reserves.

9.c Earnings/(loss) per share

The calculations for the earnings/(loss) per share attributable to the Ordinary Shares of the Company are based on the following data:

	Unaudited six months to 30 September 2020	Unaudited six months to 30 September 2019	Audited year to 31 March 2020
Earnings/(loss) for the purposes of earnings/(loss) per share	£119,919,000	£(105,180,000)	£(195,556,000)

Basic weighted average number of shares	664,050,487	662,645,208	661,919,658
Basic revenue (loss)/earnings per share	(0.44)p	2.38p	1.13p
Basic capital earnings/(loss) per share	18.50p	(18.25)p	(30.67)p
Basic earnings/(loss) per share	18.06p	(15.87)p	(29.54)p
Diluted weighted average number of shares	671,514,228	671,170,802	669,857,362
Diluted revenue (loss)/earnings per share	(0.43)p	2.35p	1.12p
Diluted capital earnings/(loss) per share	18.30p	(18.02)p	(30.31)p
Diluted earnings/(loss) per share	17.86p	(15.67)p	(29.19)p

9.d NAV per share

	Unaudited 30 September 2020	Unaudited 30 September 2019	Audited 31 March 2020
Net assets for the purposes of NAV per share	£1,366,749,584	£1,336,802,000	£1,246,540,660
Ordinary Shares in issue	664,580,417	663,665,537	663,665,537
NAV per share	205.7p	201.4p	187.8p
Diluted number of shares	672,044,158	672,191,131	671,603,241
Diluted NAV per share	203.4p	198.9p	185.6p

10. DISTRIBUTION TO SHAREHOLDERS

The Company may pay a dividend at the discretion of the Board.

During the period ended 30 September 2020, the Company did not declare or pay a dividend (30 September 2019: £15,208,113, 31 March 2020: £15,208,113). The Directors believe that it is no longer appropriate for the Group to pay a dividend.

11. RELATED PARTY TRANSACTIONS

The Group has various related parties: life sciences investments held by the Holding Company, the Investment Manager, the Company's Directors and The Syncona Foundation.

Life science investments

The Group makes equity investments in some life science investments where it retains control. The Group has taken advantage of the investment entity exception as permitted by IFRS 10 and has not consolidated these investments, but does consider them to be related parties. The total amounts included for investments where the Group has control are set out below:

During the period, the total amount invested in life science investments with control was £55,501,037 (30 September 2019: £97,813,704, 31 March 2020: £156,531,372).

The Group makes other equity investments where it does not have control but may have significant influence through its ability to participate in the financial and operating policies of these companies, therefore the Group considers them to be related parties. The total amounts included for investments where the Group has significant influence are set out below:

During the period, the total amount invested in life science investments with significant influence was £11,384,489 (30 September 2019: £24,620,611, 31 March 2020: £44,209,342).

Investment Manager

SIML, an indirectly held subsidiary of the Company, is the Investment Manager of the Group.

For the period ended 30 September 2020 SIML was entitled to receive an annual fee of up to 1.05% (30 September 2019: 1.10%, 31 March 2020: 1.05%) of the Company's NAV at the previous year end per annum.

	Unaudited six months to 30 September 2020 £'000	Unaudited six months to 30 September 2019 £'000	Audited year to 31 March 2020 £'000
Amounts paid to SIML	<u>4,029</u>	<u>4,170</u>	<u>7,517</u>

During the period, SIML received fees from portfolio companies of £77,668 (30 September 2019: £188,000, 31 March 2020: £294,963).

Company Directors

At the period end, the Company had eight Directors, all of whom served in a Non-Executive capacity. The Directors Nicholas Moss and Rob Hutchinson also serve as Directors of the General Partner.

Nigel Keen is Chairman of the Investment Manager and receives a fee of £132,205 per annum (30 September 2019: £128,388, 31 March 2020: £130,981), payable by the Investment Manager, in respect of his services to the Investment Manager.

Melanie Gee was appointed as a Non-Executive Director with effect from 4 June 2019 and was appointed Chair on 1 January 2020. Kemal Malik was appointed as a Non-Executive Director with effect from 15 June 2020.

Directors' remuneration for the period, including outstanding Directors' fees at the end of the period, are set out below:

	Unaudited six months to 30 September 2020 £'000	Unaudited six months to 30 September 2019 £'000	Audited year to 31 March 2020 £'000
Directors' fees for the period	235	191	379
Payable at end of the period	–	–	–

The Syncona Foundation

Charitable donations are made by the Company to The Syncona Foundation. The Syncona Foundation was incorporated in England and Wales on 17 May 2012 as a private company limited by guarantee, with exclusively charitable purposes and holds the Deferred Share in the Company. The amount donated to The Syncona Foundation during the period ended 30 September 2020 was £2,632,809 (30 September 2019: £2,375,804, 31 March 2020: £2,375,804).

12. FAIR VALUE MEASUREMENT

IFRS 13 "Fair Value Measurement" requires the Group to establish a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under IFRS 13 are set as follows:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices) or other market corroborated inputs; and
- Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgement by the Group. The Group considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, and provided by independent sources that are actively involved in the relevant market.

The following table presents the Group's financial assets and liabilities by level within the valuation hierarchy as at 30 September 2020, 30 September 2019 and 31 March 2020:

30 September 2020 Assets (unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
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Financial assets at fair value through profit or loss:

The Holding Company	–	–	1,019,129	1,019,129
The Partnership	–	–	372,204	372,204
Total assets	–	–	1,391,333	1,391,333

30 September 2019	Level 1	Level 2	Level 3	Total
Assets (unaudited)	£'000	£'000	£'000	£'000

Financial assets at fair value through profit or loss:

The Holding Company	–	–	975,382	975,382
The Partnership	–	–	372,121	372,121
Total assets	–	–	1,347,503	1,347,503

31 March 2020	Level 1	Level 2	Level 3	Total
Assets (audited)	£'000	£'000	£'000	£'000

Financial assets at fair value through profit or loss:

The Holding Company	–	–	894,090	894,090
The Partnership	–	–	373,613	373,613
Total assets	–	–	1,267,703	1,267,703

The investments in the Holding Company and the Partnership are classified as Level 3 investments due to the use of the unadjusted net asset value of the subsidiaries as a proxy for fair value. The subsidiaries hold some investments valued using techniques with significant unobservable inputs as outlined in the sections that follow.

The following table presents the Holding Company's investments by level within the valuation hierarchy as at 30 September 2020, 30 September 2019 and 31 March 2020:

Asset type	Level	Unaudited 30 September 2020 £'000	Unaudited 30 September 2019 £'000	Audited 31 March 2020 £'000	Valuation technique	Significant unobservable inputs	Impact on valuation £'000
Listed investments	1	379,457	149,289	80,279	Publicly available share price at balance sheet date	n/a	n/a
Calibrated price of recent investment ("PRI") ⁽¹⁾	3	249,818	288,998	357,710	Calibrated PRI	The main unobservable input is the variance in the price of the last funding round due to a lack of an active market for the investment. A reasonable shift in the Fair Value of the investment would be +/-20%.	+/- 49,964
SIML	3	5,721	4,173	4,211	Net assets of SIML	Carrying value of assets and liabilities determined in accordance with generally accepted accounting principles, without adjustment.	n/a
Adjusted price of latest funding round ⁽²⁾	3	1,555	3,968	1,555	Price of latest funding round adjusted by management	The main unobservable input is the variance in the price of the last funding round due to a lack of an active market for the investment. A reasonable shift in the Fair Value of the investment would be +/-20%.	+/- 311

⁽¹⁾ Valuation made by reference to price of recent funding round unadjusted following adequate consideration of current facts and circumstances.

⁽²⁾ Valuation made by reference to price of recent funding round adjusted following adequate consideration of current facts and circumstances.

During the period, there were no movements from Level 1 to Level 2 (30 September 2019: nil, 31 March 2020: nil). During the period, there were movements from Level 3 to Level 1 amounting to £150,722,983 (30 September 2019: nil, 31 March 2020: nil) as a result of Freeline Therapeutics Holdings plc undergoing an Initial Public Offering.

The following table presents the movements in Level 3 investments of the Holding Company for the period ended 30 September 2020:

	Life science investments £'000	SIML £'000	Unaudited six months to 30 September 2020 £'000	Unaudited six months to 30 September 2019 £'000	Audited year to 31 March 2020 £'000
Opening balance	359,265	4,211	363,476	420,751	420,751
Transfer (from)/to Level 3	(150,723)	–	(150,723)	21,970	15,457
Purchases	48,243	1,500	49,743	98,166	170,953
Sales	–	–	–	(336,965)	(336,932)

Gains on financial assets at fair value through profit or loss	(5,412)	10	(5,402)	93,217	93,247
Closing balance	251,373	5,721	257,094	297,139	363,476

The net gain for the period included in the Condensed Consolidated Statement of Comprehensive Income in respect of Level 3 investments of the Holding Company held at the period end amounted to £52,149,874 (30 September 2019: £93,216,803 gain, 31 March 2020: £93,247,000 gain).

The following table presents the Partnership's investments by level within the valuation hierarchy as at 30 September 2020, 30 September 2019 and 31 March 2020:

	Level	Unaudited 30 September 2020 £'000	Unaudited 30 September 2019 £'000	Audited 31 March 2020 £'000	Valuation technique	Significant unobservable inputs	Impact on valuation £'000
Listed investments	1	–	247,110	–	Publicly available share price at balance sheet date	n/a	n/a
UK treasury bills	1	479,999	479,678	614,820	Publicly available price at balance sheet date	n/a	n/a
Forward contracts	2	–	1,820	–	Publicly available exchange rates at balance sheet date	n/a	n/a
Unlisted fund investments	2	26,356	53,573	21,022	Valuation produced by fund administrator. Inputs into fund components are from observable inputs	n/a	n/a
Long-term unlisted investments	3	61,101	50,612	52,957	Valuation produced by fund administrator	The main unobservable input include the assessment of the performance of the underlying fund by the fund administrator. A reasonable possible shift in the Fair Value of the instruments would be +/-10%.	+/- 6,110
CRT Pioneer Fund	3	35,761	39,089	40,023	Adjusted valuation produced by fund administrator	Unobservable inputs include the fund manager's assessment of the performance and potential of the underlying assets, changes in market value and any calculations of impairment. A reasonable possible shift in the Fair Value of the instruments would be +/-10%.	+/- 3,576

During the period ending 30 September 2020, there were no movements from Level 1 to Level 2 (30 September 2019: nil, 31 March 2020: nil).

Assets classified as Level 2 investments are underlying funds fair-valued using the latest available NAV of each fund as reported by each fund's administrator, which are redeemable by the Group subject to necessary notice being given. Included within the Level 2 investments above are investments where the redemption notice period is greater than 90 days. Such investments have been classified as Level 2 because their value is based on observable inputs.

Assets classified as Level 3 long-term unlisted investments are underlying Limited Partnerships which are not traded or available for redemption. The fair value of these assets is derived from quarterly statements provided by each Limited Partnership's administrator. The Group does not have transparency over the inputs of this valuation.

The following table presents the movements in Level 3 investments of the Partnership for the six months to 30 September 2020, the six months to 30 September 2019 and the year to 31 March 2020:

	CRT Pioneer Fund £'000	Capital pool investment £'000	Unaudited six months to 30 September 2020 £'000	Unaudited six months to 30 September 2019 £'000	Audited year to 31 March 2020 £'000
Opening balance	40,023	52,957	92,980	83,368	83,368
Purchases	2,114	258	2,372	5,462	6,543
Return of capital	–	(6,073)	(6,073)	(6,735)	(14,527)
(Losses)/gains on financial assets at fair value through profit or loss	(6,376)	13,959	7,583	7,606	17,596
Closing balance	35,761	61,101	96,862	89,701	92,980

The net gain for the period included in the Condensed Consolidated Statement of Comprehensive Income in respect of Level 3 investments of the Partnership held at the period end amounted to £7,583,968 (30 September 2019: £7,606,688 gain, 31 March 2020: £17,595,453 gain).

13. COMMITMENTS AND CONTINGENCIES

The Group had the following commitments as at 30 September 2020, 30 September 2019 and 31 March 2020:

	Unaudited six months to 30 September 2020 £'000	Unaudited six months to 30 September 2019 £'000	Audited year to 31 March 2020 £'000
Life science portfolio			
Milestone payments to life science companies	76,233	114,318	133,991
CRT Pioneer Fund	6,948	10,137	9,056
Capital pool investment	<u>3,959</u>	<u>4,952</u>	<u>4,247</u>
Total	<u>87,140</u>	<u>129,407</u>	<u>147,294</u>

There were no contingent liabilities as at 30 September 2020 (30 September 2019: nil, 31 March 2020: nil). The commitments are expected to fall due in the next 24 months.

14. SUBSEQUENT EVENTS

Ellen Strahlman retired as Director of the Company with effect from 2 November 2020.

In November 2020 the following investment activities took place:

Syncona committed £45.0m in an initial Series A financing of Purespring Therapeutics Limited, of which £3.9m has been invested.

Syncona has committed £5.5m in an initial Series A financing of Forcefield Therapeutics.

Syncona has invested a further £11.7m in Achilles as part of the existing financing. The closure of the Series C funding round resulted in a £10.7 million uplift to 30 September 2020 value, which was reported at £72.4 million in these Condensed Consolidated Financial Statements.

Syncona has invested a further \$31.4m in SwanBio as part of the existing financing.

These Condensed Consolidated Financial Statements were approved for issuance by the Board on 18 November 2020.

GLOSSARY

Company	Syncona Limited
Capital pool/Capital base	Capital pool investments plus cash plus less other net liabilities.
Capital pool investments	The underlying investments consist of cash and cash equivalents, including short-term (1, 3, and 6 month) UK treasury bills and legacy fixed term funds.
Company	Syncona Limited.
CRT Pioneer Fund	The Cancer Research Technologies Pioneer Fund LP. The CRT Pioneer Fund is managed by Sixth Element Capital and invests in oncology focused assets.
General Partner	Syncona GP Limited.
Group	Syncona Limited and Syncona GP Limited are collectively referred to as the "Group".
Holding Company	Syncona Holdings Limited.
Investment Manager	Syncona Investment Management Limited.
IRR	Internal Rate of Return.
Life science portfolio	The underlying investments held within the Group whose activities focus on actively developing products to deliver transformational treatments to patients.

Life science portfolio return	Gross Life Science portfolio return for 30 September 2020: 25 per cent; 30 September 2019, 84.1 per cent; 31 March 2020: (18) per cent. This is calculated as the valuation change including FX movement as a % of the opening Life Science portfolio value.												
MES	Management Equity Shares.												
Net asset value, net assets or NAV	Net asset value ("NAV") is a measure of the value of the company, being its assets – principally investments made in other companies and cash and cash equivalents held – minus any liabilities expressed as pence per share.												
NAV per share	NAV per share is calculated by dividing net assets by the number of shares in issue adjusted for dilution by the potential share-based payment share issues. NAV takes account of dividends payable on the ex-dividend date.												
NAV total return	NAV total return ("NAVTR") is the measure of how the net asset value per share has performed over a period, considering both capital returns and dividends paid to shareholders. NAVTR is calculated as the increase in NAV between the beginning and end of the period, plus any dividends paid to the shareholders in the year.												
NAVTR calculation	<table border="0"> <tr> <td>Opening NAV per fully diluted share (note 9)</td> <td style="text-align: right;">185.6p</td> </tr> <tr> <td>Closing NAV per fully diluted share (note 9)</td> <td style="text-align: right;">203.4</td> </tr> <tr> <td>Movement</td> <td style="text-align: right;">17.8</td> </tr> <tr> <td>Dividend paid in the period (note 10)</td> <td style="text-align: right;">–</td> </tr> <tr> <td>Total movement</td> <td style="text-align: right;">17.8</td> </tr> <tr> <td>Total movement/opening NAV per fully diluted share</td> <td style="text-align: right;">9.6%</td> </tr> </table>	Opening NAV per fully diluted share (note 9)	185.6p	Closing NAV per fully diluted share (note 9)	203.4	Movement	17.8	Dividend paid in the period (note 10)	–	Total movement	17.8	Total movement/opening NAV per fully diluted share	9.6%
Opening NAV per fully diluted share (note 9)	185.6p												
Closing NAV per fully diluted share (note 9)	203.4												
Movement	17.8												
Dividend paid in the period (note 10)	–												
Total movement	17.8												
Total movement/opening NAV per fully diluted share	9.6%												
Ongoing charges ratio	Expenses from all Syncona Group Companies in addition to the expenses in the Group's Condensed Consolidated Statement of Comprehensive Income, divided by average NAV for the year. It includes a charge of £8.5m associated with the Syncona Long-Term Incentive Plan.												
Partnership	Syncona Investments LP Incorporated.												
Return	A Simple Rate of Return is the method used for return calculations.												
SIML	Syncona Investment Management Limited.												
Syncona Group Companies	The Company and its subsidiaries other than those companies within the life science portfolio.												
The Syncona Foundation	The Foundation distributes funds to a range of charities, principally those involved in the areas of life science and health care.												