

Syncona Limited

Third Quarter Update

Period of significant activity with \$674 million raised by the portfolio and third successful exit to date – proposed sale of Gyroscope for up to \$1.5 billion

10 February 2022

Syncona Ltd, a leading healthcare company focused on founding, building and funding global leaders in life science, today issues its quarterly update covering the period from 01 October to 31 December 2021.

Martin Murphy, CEO, Syncona Investment Management Limited, said: “It has been a period of significant activity within the portfolio, with multiple financings, further clinical progress, and our third successful exit to date. The proposed sale of Gyroscope to Novartis for up to \$1.5 billion shows our continued ability to build globally competitive businesses and deliver strong risk-adjusted returns for our shareholders. Once closed, the proceeds from this transaction will strengthen our capital base and provide us with the flexibility to continue to fund the growth of our current portfolio and invest in new opportunities.

We continue to see our companies attract substantive capital, with five significant financings announced across Autolus, Quell, Anaveon, Gyroscope¹ and Clade in the last quarter, totalling \$674 million. Many of our companies are approaching clinical data readouts in the next 12 months, and we remain confident in the potential of our portfolio to drive value and deliver transformational treatments to patients.”

Sale of Gyroscope Therapeutics (Gyroscope) for up to \$1.5 billion (£1.1 billion) to Novartis², delivers a £221 million (33p per share) uplift to NAV highlighting the Syncona model in action

- Transaction includes \$800 million (£591.2 million) in upfront cash proceeds. Upfront proceeds for Syncona on closing anticipated to be £326.7 million, delivering a 2.9 multiple on cost and 53% IRR³
- A further \$700 million (£517.3 million) due on the achievement of certain milestones, potentially delivering a further £249.4 million for Syncona generating total proceeds of £576.1 million, a 5.1 multiple of cost
- Period-end valuation of Gyroscope is £374.2 million⁴, a £220.7 million uplift to previous holding value (33p per share). On closing, this valuation would deliver an estimated IRR of 60%⁵, and a multiple of 3.3 of original cost. This valuation includes the upfront proceeds and Syncona's risk adjusted and discounted valuation of the milestone payments
- Syncona positioned to benefit from any future commercialisation of Gyroscope's lead programme targeting geographic atrophy via a low single digit royalty on future sales revenue, allowing shareholders to access the upside of product approval

16 per cent growth in NAV in Q3; uplifts from sale of Gyroscope and financings in Quell Therapeutics (Quell) and Anaveon partially offset by share price movements in listed holdings

- Net assets of £1,339.7 million⁶ (30 September 2021: £1,152.8 million), 199.3p per share (30 September 2021: 171.7p per share), a NAV return of 16.1 per cent in the period and 2.9 per cent over the nine months from 31 March 2021

¹ Prior to the proposed sale to Novartis, Sanofi committed to invest up to \$60.0 million in equity of Gyroscope

² Completion of the transaction is subject to customary closing conditions. Novartis and Gyroscope will continue to operate as separate and independent companies until closing

³ All FX rates related to the Gyroscope transaction taken as at 31 December 2021

⁴ Includes the upfront proceeds and Syncona's risk adjusted and discounted valuation of the milestone payments (valued at £47.5 million)

⁵ On total upfront proceeds (including net cash) and an estimate based on a risk adjusted and discounted valuation of the milestone payments, calculated as at 31 December 2021. Following completion Syncona will continue to value milestones on a quarterly basis

⁶ Net assets include estimated up front proceeds from the sale of Gyroscope and Syncona's risk adjusted and discounted valuation of the milestone payments (valued at £47.5 million)

- Life science portfolio valued at £843.2 million⁷ (30 September 2021: £617.9 million), a total return of 29.5 per cent in the quarter and a 4.8 per cent total return since 31 March 2021
- The sale of Gyroscope, and financings in Quell and Anaveon, drive £257.7 million (38p per share) valuation uplift
- Share prices of our listed portfolio companies have declined in a period of significant market volatility, with the value of these holdings reducing by £63.7 million in the quarter. Our listed portfolio companies are funded to deliver clinical data in CY2022
 - Autolus Therapeutics (Autolus) continues to build momentum as it approaches the data read-out from its pivotal trial in AUTO1 (obe-cel)
 - Under the leadership of CEO Michael Parini, Freeline Therapeutics (Freeline) expects to publish data across all three of its programmes in CY2022, following the impact of COVID-19 and operational challenges in the business
 - Achilles Therapeutics (Achilles) continues to expand its manufacturing and operational capacity as it approaches the interim data read-out from its higher dose manufacturing process
- Capital base of £496.5 million at 31 December 2021

Five significant financings announced in the period, raising a total of \$674 million of capital to further support the growing portfolio, with \$93 million (£69 million)⁸ committed by Syncona

- Led a \$87.0 million Series A financing with a \$30.0 million commitment to Clade Therapeutics (Clade), a next generation stem cell therapy company
- Blackstone Life Sciences committed up to \$250.0 million to Autolus in one of the largest private financings of a UK biotech company
- Co-led Quell's Series B financing of up to \$156.3 million, committing \$25.0 million, with the remainder raised from global specialist investors
- Cornerstoned Anaveon's Series B financing of CHF 110.0 million, committing CHF 35.0 million, alongside a leading international investor syndicate
- Prior to the proposed sale to Novartis, Sanofi committed to invest up to \$60.0 million in equity of Gyroscope

Continued clinical and operational progress made by our portfolio companies

- **Autolus**
 - Relapsed refractory (r/r) adult acute lymphoblastic leukaemia (ALL) – presented positive new durability data in the Phase I ALLCAR19 study of obe-cel and initial safety and response data from the Phase Ib portion of the pivotal FELIX study which is consistent with that already seen from ALLCAR19
 - Reported positive data from its broader pipeline, including AUTO1/22 in paediatric ALL and the ALLCAR19 extension study in r/r B cell non-Hodgkin's lymphoma (B-NHL)
- **Freeline**
 - Haemophilia B – positive data presented from long-term follow-up study of Phase I/II B-AMAZE dose-finding trial of FLT180a. First trial site has now been initiated in the Phase I/II B-LIEVE dose-confirmation trial of FLT180a, one quarter ahead of latest guidance
 - Fabry disease – encouraging new data from ongoing Phase I/II MARVEL-1 dose-finding clinical trial of FLT190
 - Gaucher disease – U.S. Food and Drug Administration (FDA) clearance of Investigational New Drug Application for FLT201 for Gaucher disease Type 1, post period end
 - Freeline has streamlined its operations and rationalised its pipeline, including discontinuing its pre-clinical haemophilia A programme – these changes have resulted in the company extending its cash runway by an additional quarter to Q2 CY2023
- **Achilles** presented data at the Society for Immunotherapy of Cancer Annual Meeting demonstrating the ability to detect, quantify, and track patient-specific cNeTs and generate higher cNeT doses from its VELOS™ Process 2 manufacturing

⁷ Life science portfolio valuation includes period-end valuation of Gyroscope of £374.2 million. This includes the upfront proceeds and Syncona's risk adjusted and discounted valuation of the milestone payments (valued at £47.5 million)

⁸ FX rate as at 31 December 2021

- **Quell's** Clinical Trial Application for the first clinical trial of its lead Treg cell therapy candidate, QEL-001, has been approved by the UK Medicines and Healthcare products Regulatory Agency
- **Anaveon** has now recruited patients in multiple clinical sites for its Phase I/II trial for its selective IL-2 agonist, ANV419
- Post period end, **SwanBio Therapeutics'** (SwanBio) Investigational New Drug application for its lead SBT101 programme was cleared by the FDA

People updates across Syncona and the portfolio

- Continued appointment of healthcare leaders within the portfolio
 - Freeline appointed Pamela Foulds, MD as Chief Medical Officer (CMO). Pamela has over 20 years' experience and served as CMO at Auregen BioTherapeutics and Aegerion Pharmaceuticals
 - Post period end, Freeline appointed Henning R. Stennicke, PhD, as Chief Scientific Officer. Henning brings over 25 years' experience in scientific research and leadership, including 20 years in various leadership positions at Novo Nordisk
 - Neogene Therapeutics (Neogene) appointed Raphaël Rousseau, M.D., Ph.D. as CMO. Raphaël brings more than 20 years' experience in oncology drug development, including engineered T cell therapies
 - Post period end, Autolus announced that its senior vice president of finance, Dr Lucinda Crabtree, will succeed Andrew J Oakley as Chief Financial Officer on 31 March 2022
- Dr Julie Cherrington and Dr Cristina Csimma appointed as Non-Executive Directors to the Syncona Limited Board; both joined the Board on 1 February 2022
- As previously announced, Nigel Keen and Nicholas Moss stepped down from the Board on 31 December 2021
- Post period end, Kenneth Galbraith stepped down from his role of Executive in Residence at Syncona to become Chair and Chief Executive Officer of Zymeworks, a NASDAQ listed biotech company, of which he was previously a Board member between 2009 and 2013

Key upcoming milestones in calendar year 2022 (CY2022)

- **Autolus** expects to
 - Progress its pivotal study in AUTO1 (obe-cel) r/r adult ALL and provide a data read-out from this programme in CY2022; on track to file BLA in CY2023
 - Publish initial clinical data in AUTO4 in peripheral T cell lymphoma (H1 CY2022)
 - Publish initial clinical data in AUTO1/22 in paediatric ALL (H1 CY2022)
- **Achilles** expects to provide interim data from higher dose clinical cohorts of its cNeT therapy in NSCLC and melanoma (H2 CY2022)
- **Freeline** expects to progress three clinical stage programmes
 - Complete dosing of first dose cohort and publish interim data from Phase I/II dose-confirmation study in haemophilia B (H1 CY2022)
 - Dose next patient in Phase I/II Fabry trial (Q1 CY2022) and publish interim data (H1 CY2022)
 - Dose first two patients in Phase I/II Gaucher disease Type 1 programme (H1 CY2022) and publish interim data (Q3 CY2022)
- **Anaveon** expects to publish initial data from the Phase I/II trial for its selective IL-2 agonist, ANV419 in April; additional data published later in CY2022
- **Quell** expects to enter the clinic with its lead programme in liver transplantation, QEL-001 (Q1 CY2022)
- **SwanBio** expects to enter the clinic with its lead programme in the middle of CY2022
- Closing of the proposed sale of **Gyroscope** to Novartis, subject to customary closing conditions including regulatory approvals, is expected in Q1 CY2022

Valuation movements in the quarter

Company	30 Sep 2021	Net investment in the period	Valuation change	FX movement	31 Dec 2021	% of Group NAV	Valuation basis ^{9,10,11}	Fully diluted ownership stake	Focus area
	(£m)	(£m)	(£m)	(£m)	(£m)			(%)	
Portfolio Companies									
Clinical									
Gyroscope	153.5	-	225.4	-4.7	374.2	27.9	Expected sales proceeds ¹²	48	Gene therapy
Autolus	94.9	-	-19.3	-0.7	74.9	5.6	Quoted	20	Cell therapy
Anaveon	19.2	20.3	19.2	-	58.7	4.4	PRI	38	Biologics
Achilles	64.1	-	-22.4	-0.7	41.0	3.1	Quoted	27	Cell therapy
Freeline	48.0	-	-20.0	-0.6	27.4	2.0	Quoted	45	Gene therapy
Pre-Clinical									
Quell	45.2	10.2	18.5	- 0.7	73.2	5.5	PRI	37	Cell therapy
SwanBio	62.8	-	0.2	-0.3	62.7	4.7	Cost	75	Gene therapy
Purespring	18.5	-	-	-	18.5	1.4	Cost	84	Gene therapy
Neogene	11.4	2.9	-	-0.2	14.1	1.1	Cost	9	Cell therapy
Clade	11.2	-	-	- 0.1	11.1	0.8	Cost	23	Cell therapy
Resolution	7.4	-	-	-	7.4	0.6	Cost	81	Cell therapy
Drug discovery									
OMass	21.5	-	-	-	21.5	1.6	Cost	49	Therapeutics
Life Science Investment									
CRT Pioneer Fund	35.5	-0.1	-	-	35.4	2.6	Adj Third Party	64	Oncology
CEGX	16.9	-	-	-0.1	16.8	1.3	PRI	6	Epigenetics
Adaptimmune	5.3	-	- 1.5	-	3.8	0.3	Quoted	1	Cell therapy
Forcefield	2.5	-	-	-	2.5	0.2	Cost	82	Biologics
Total Life Science Portfolio	617.9	33.3	200.1	-8.1	843.2	63.1			

⁹ Primary input to fair value

¹⁰ 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

¹¹ 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

¹² Includes the upfront proceeds and Syncona's risk adjusted and discounted valuation of the milestone payments (valued at £47.5 million)

Enquiries

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About Syncona

Syncona's 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 diversified 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 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 poor treatment options, build sustainable life science companies and deliver strong risk-adjusted returns to shareholders.

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.