Syncona Limited
Full Year Results for the 12 months ended 31 March 2023

Strong progress delivering evolved strategy and growth targets with four new companies added to the portfolio

Decisive and proactive action across the portfolio against a challenging market backdrop

Small NAV decline in the year driven by decline of our listed holdings and partial write down of SwanBio Therapeutics

15 June 2023

Syncona Ltd, (the "Company"), a leading healthcare company focused on creating, building and scaling a portfolio of global leaders in life science, today announces its Annual Results for the 12 months ended 31 March 2023.

Financial performance

- Net assets of £1,254.7 million (31 March 2022: £1,309.8 million); 186.5p per share (31 March 2022: 194.4p[1] per share), a NAV return of (4.1)%[2] (31 March 2022: 0.3%)
- £177.2 million deployed[3] into both new and existing portfolio companies in line with disciplined approach to capital allocation[4]
- Against a challenging market backdrop, the life science portfolio is valued at £604.6 million (31 March 2022: £524.9 million) delivering a (14.3)% return[5]
    - £28.2 million in valuation uplifts across the portfolio, including £15.9 million from deferred consideration related to Beacon Therapeutics' (Beacon) AGTC-501 potential product in X-Linked Retinitis Pigmentosa (XLRP)
    - £26.5 million gain from positive foreign exchange movements
    - Outweighed by a £77.9 million[6] decline in the valuation of our listed life science holdings, driven by macro conditions as well as company specific challenges and the partial write down of our holding in SwanBio Therapeutics (SwanBio) to £58.2 million, a £51.0 million decline in value[7], reflecting change in strategy to focus solely on its lead programme
    - Remaining private portfolio companies are making positive progress and are funded to their next key milestones
- Capital pool[8] of £650.1 million (31 March 2022: £784.9 million)

Chris Hollowood, CEO of Syncona Investment Management, said: "Earlier this financial year, we set out an ambitious plan to organically scale the business to £5 billion of net assets within 10 years. At the heart of this is improving shareholder returns. Growing the asset base will allow us to operate our model at scale, driving balance sheet efficiency and enabling enhanced risk-adjusted returns.

Navigating our companies through the clinical pathway to late-stage where we believe significant value can be accessed is particularly important in the current environment. In the short term, however, it is important that our strategy addresses the near-term challenges from the macroeconomic environment where there have been dramatic changes to the cost and access to capital. We have undertaken a thorough review of

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[1] Fully diluted, please refer to note 14 in the financial statements. Alternative performance measure, please refer to glossary
[2] Alternative performance measure, please refer to glossary
[3] See footnote 2
[4] Gross capital deployed figure also includes impact of drawdowns into the CRT Pioneer Fund
[5] See footnote 2
[6] Excluding the impact of FX
[7] SwanBio has been partially written down by £51.0 million; valuation also accounts for £30.6 million of capital deployed, as well as impact of convertible loan and excludes FX
[8] Please see glossary for definition

the portfolio focusing our portfolio companies' pipelines on the most promising advanced assets, widening financing syndicates and executing on strategic transactions. We believe these steps balance the need to focus Syncona's capital on the assets with the potential to drive attractive risk-adjusted returns, reach late-stage development and deliver near-term growth. We will continue to grow the portfolio through the addition of the next wave of cutting-edge biotech companies which will drive the forefront of the industry in the future.

Whilst we expect conditions to improve over the medium term with valuations already improving for late-stage assets, we have taken decisive action across the portfolio to navigate the current period, take advantage of these conditions where possible and build a wave of new companies to drive longer term sustainable growth. However, the action taken across the portfolio, coupled with the challenging market environment has contributed to a reduction in net assets, with our listed companies' share prices declining and SwanBio being partially written down.

More broadly, however, we have seen positive progress across the portfolio with 16 clinical data read-outs, seven financings, and a further three post-period end, including one significant pharma investment. Syncona's portfolio is increasingly diversified with a number of near-term value drivers, particularly from our late clinical stage companies.

I am also pleased with the changes we have made to our organisational structure and the corresponding expansion of the team. The proactive approach we have taken to portfolio management combined with these improvements will provide increased resilience in the current market conditions as well as a platform to drive growth. We believe our focus on building companies to late-stage development alongside our balance sheet strength will ultimately enable us to deliver strong risk-adjusted returns for our shareholders over the long term, driving transformational impact for patients."

Leveraging expert capital sources to fund companies to deliver key milestones

- Portfolio companies raised £394.3 million during the year with Syncona committing £176.9 million
  - £230.5 million of funding in the year raised by late-stage assets Beacon and Autolus Therapeutics (Autolus)

- Seven financings during the year and a further three post-period end[9]
  - Includes a significant pharma investment from AstraZeneca in Quell Therapeutics (Quell)
  - Portfolio companies funded to deliver next key milestones

- Neogene Therapeutics (Neogene) sold to AstraZeneca, the fourth sale of a Syncona portfolio company, taking total potential sales proceeds generated from the portfolio to £1.2 billion[10]

Addition of four new companies to the portfolio; acquiring a late-stage asset and investing in early-stage science alongside strategic partners

- Acquired a late-stage asset in Applied Genetics Technologies Corporation (AGTC) for an initial investment of $23.3 million
  - As part of the transaction, Syncona is set to benefit from any future commercialisation of the lead asset AGTC-501 via a "deferred consideration" which provides the right to a mid-single digit percentage of future income from sales and licensing
- Creation of retinal gene therapy, Beacon, with two pre-clinical programmes including one in-licensed from the University of Oxford
- Combination of Beacon with AGTC in a £96.0 million Series A financing alongside strategic partner Oxford Science Enterprises (OSE)
  - Focuses capital on late-stage opportunities, leverages operating synergies and enables combined cost savings

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[9] Post period end financings include $12.0 million additional commitment to SwanBio, along with OMass additional investment from BPC and Quell-AstraZeneca collaboration
[10] Since 2012, includes potential full receipt of milestones from sales of Gyroscope and Neogene

- Investment in Kesmalea Therapeutics (Kesmalea), a small molecule drug discovery platform, and Mosaic Therapeutics (Mosaic), an oncology therapeutics company, alongside strategic co-investors OSE and Cambridge Innovation Capital (CIC), maintaining the core Syncona model whilst diversifying financial risk

Decisive and proactive action across the portfolio to navigate a challenging market backdrop

- Post-period end, SwanBio has taken the strategic decision to focus on its lead programme, SBT101 in adrenomyeloneuropathy (AMN)
  - Syncona continues to believe in the potential impact of gene therapy to treat patients with AMN
  - The Company has provided further funding to enable the business to generate safety data from the initial dose cohort of the SBT101 programme
  - In parallel, given that the financing environment for early-stage companies remains challenging, Syncona will be working with the company to explore all financing and strategic options for the business
- Freeline Therapeutics (Freeline) has taken the decision to prioritise the development of its FLT201 Gaucher programme and implemented operational efficiencies to extend its cash runway to Q2 CY2024

Strong clinical and operational progress across the portfolio

- 16 clinical data read-outs and five clinical trials commenced including two companies entering the clinic:
  - Autolus announced that it had met its primary endpoint in its FELIX pivotal study for its lead obe-cel therapy and is approaching the filing of a Biologics License Application (BLA) in H2 CY2023
  - Beacon's lead Phase II programme in XLRP has orphan drug designations from both the US Food and Drug Administration (FDA) and the European Commission, with 12-month data from the trial expected in H2 CY2023
  - SwanBio dosed first patient in its lead programme SBT101 post period end
- Positive operational progress with key milestones achieved:
  - Key senior hires made across the portfolio, including CEO appointments of industry leaders at new companies Mosaic (Brian Gladsden) and Beacon (David Fellows)
  - Post-period end Autolus opened its Nucleus manufacturing facility to prepare for the commercial launch of obe-cel

Significant progress delivering on updated targets and evolved strategy

- 10-year rolling targets updated at Interim Results, to reflect aim to build an expanded portfolio and deliver enhanced shareholder returns:
  - Create three new companies per annum, expanding the portfolio to 20-25 companies
  - Deliver a 15% IRR through the cycle, targeting top quartile life science returns
  - Grow the life science portfolio to drive balance sheet efficiency to ensure capital can be allocated to drive growth with the capital pool becoming a smaller proportion of NAV over time

- Good progress on evolving the team and operational model to deliver scale:
  - Chris Hollowood took up role of CEO of Syncona Investment Management Limited (SIML), with Martin Murphy moving to SIML Chair, as of 1 January 2023
  - Roel Bulthuis joined as Managing Partner and Head of Investments of SIML in April 2023, bringing over 20 years of life science venture capital, business development and investment banking experience
  - Ed Hodgkin promoted to Managing Partner with Elisa Petris and Magdalena Jonikas promoted to Lead Partner

- Established "Launch Team", to support portfolio companies operationalise and "Executive and Advisory Group" to improve execution at portfolio companies
- John Tsai (previously Chief Medical Officer at Novartis) joined as Executive Partner post-period end, bringing significant clinical, pharmaceutical and leadership experience
- Ken Galbraith (previously CEO and Chair at multiple biotechs) re-joined post-period end as Executive Partner bringing significant operational, financing and investment experience

Improving balance sheet efficiency for shareholders with publication of Capital Return Policy

- Syncona anticipates that shareholder returns will predominantly be driven by long-term capital appreciation
- To support our strategy, we aim to maintain three years of financing runway to fund our portfolio and our target of three new companies per annum
- If, in the event of realisations, the Company's capital pool increases significantly in excess of three year forward capital deployment guidance, and subject to an assessment of investment opportunities at the time, the Board would look to return capital to shareholders
- We will consider all forms of distribution mechanisms for capital returns, taking into account various factors including the market conditions at the time

Outlook

Capital deployment and pipeline in FY2023/4

Our balance sheet enables us to continue to invest and be opportunistic in identifying exciting opportunities, as well as support our existing portfolio through a disciplined approach. We expect to deploy £150-200 million of capital in FY2023/4. The UK continues to have a world class scientific research base, and we see a significant opportunity to found new companies across a range of modalities and therapeutic areas.

Diversified portfolio with seven clinical companies and 10 data read-outs expected by the end of the financial year, including from two late clinical companies

Positive data generated from our clinical pipeline will be a key driver of value and, while not without risk, our late-stage clinical companies have the potential to deliver significant value over the next financial year.

Late clinical companies

- **Autolus** expects to:
  - Progress its pivotal study in obe-cel in r/r adult ALL, with further long-term follow up data in H2 CY2023 and a BLA filing with the FDA expected in H2 CY2023
  - Announce further data from obe-cel in r/r B-NHL and CLL, obe-cel in Primary CNS, AUTO1/22 in paediatric ALL and AUTO4 in peripheral T cell lymphoma in H2 CY2023
- **Beacon** expects to release 12-month data from its Phase II trial in XLRP in H2 CY2023

Clinical companies

- **Anaveon** expects to:
  - Announce further data in its Phase I/II dose finding trial of ANV419 in solid tumours in H2 CY2023
  - Publish initial data from its Phase I/II trials of ANV419 in metastatic melanoma and multiple myeloma in CY2024
- **Achilles** expects to provide further data from the higher dose clinical cohorts of the Phase I/IIa clinical trials of its cNeT therapy in NSCLC and melanoma in Q4 CY2023
- **Quell** expects to dose the first patient in its lead programme, QEL-001, in H2 CY2023
- **SwanBio** expects to have dosed the initial cohort in its Phase I/II AMN programme in H2 CY2023

- **Freeline** expects to report initial data in the Phase I/II dose-finding trial in Gaucher disease in H2 CY2023

Enquiries

Syncona Ltd

Annabel Clark / Fergus Witt
Tel: +44 (0) 20 3981 7940

FTI Consulting

Ben Atwell / Natalie Garland-Collins / Tim Stamper
Tel: +44 (0) 20 3727 1000

About Syncona

Syncona's purpose is to invest to extend and enhance human life. We do this by creating and building companies to deliver transformational treatments to patients in areas of high unmet need.

Our strategy is to create, build and scale companies around exceptional science to create a diversified portfolio of 20-25 globally leading life science businesses, across development stage, modality and therapeutic areas, 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.

This announcement includes information that is or may be inside information. The person responsible for arranging for the release of this announcement on behalf of Syncona Ltd is Andrew Cossar, General Counsel, SIML.

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

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

Life science portfolio valuations

Company	31 Mar 2022	Net investment in	Valuation change	FX movement	31 Mar 2023	% of Group NAV	Valuation basis[11],[12],[13]	Fully diluted owner-	Focus area

[11] Primary input to fair value
[12] 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
[13] 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

		the period						ship stake	
	(£m)	(£m)	(£m)	(£m)	(£m)			(%)	
Strategic portfolio companies									
Late clinical									
Beacon	-	60.0	-	-	60.0	4.8%	PRI	65.3%	Gene therapy
Autolus	62.0	23.0	(38.7)	3.7	50.0	4.0%	Quoted	17.9%	Cell therapy
Clinical									
Quell	81.4	-	-	5.3	86.7	6.9%	PRI	36.7%	Cell therapy
Anaveon	59.8	-	-	4.4	64.2	5.1%	PRI	38.0%	Biologics
SwanBio	75.1	30.6	(51.0)	3.5	58.2	4.7%	Adjusted cost	79.9%	Gene therapy
Freeline	32.3	-	(20.3)	2.1	14.1	1.1%	Quoted	49.2%	Gene therapy
Achilles	24.8	-	(17.8)	1.6	8.6	0.7%	Quoted	27.1%	Cell therapy
Pre-clinical									
OMass	34.7	9.0	-	-	43.7	3.5%	PRI	30.7%	Small molecules
Purespring	18.5	16.6	-	-	35.1	2.8%	Cost	84.0%	Gene therapy
Neogene	14.5	(17.4)	2.1	0.8	-	-	Sold	-	Cell therapy
Clade	11.4	12.4	-	0.5	24.3	1.9%	Cost	22.4%	Cell therapy
Resolution	10.4	12.6	-	-	23.0	1.8%	Cost	81.1%	Cell therapy
Mosaic	-	7.3	-	-	7.3	0.6%	Cost	52.4%	Small molecules
Kesmalea	-	4.0	-	-	4.0	0.3%	Cost	57.5%	Small molecules
Portfolio milestones and deferred consideration									
Gyroscope milestone payments[14]	49.8	-	1.4	3.3	54.5	4.3%	DCF	-	Gene therapy
Beacon deferred consideration	-	-	15.9	-	15.9	1.3%	DCF	-	Gene therapy
Syncona investments									

[14] Syncona's risk-adjusted and discounted valuation of the milestone payments from the sale of Gyroscope Therapeutics

CRT Pioneer Fund	28.2	(4.2)	8.8	-	32.8	2.6%	Adj Third Party	64.1%	Oncology
Biomodal[15]	17.3	-	-	1.2	18.5	1.5%	PRI	5.5%	Epigenetics
Forcefield	2.5	-	-	-	2.5	0.2%	Cost	93.2%	Biologics
Adaptimmune	2.2	-	(1.1)	0.1	1.2	0.1%	Quoted	0.8%	Cell therapy
Tier 1 Bio	-	0.8	(0.8)	-	-	-	Written off	-	Biologics
Total Life Science Portfolio	**524.9**	**154.7**	**(101.5)**	**26.5**	**604.6**	**48.2%**			
Capital pool	**784.9**	**(175.2)**	**14.4**	**26.0**	**650.1**	**51.8%**			
TOTAL	**1,309.8**	**(20.5)**	**(87.1)**	**52.5**	**1,254.7**	**100%**			

<u>Chair statement; a year of strategic evolution in challenging market conditions</u>

The last year has seen a series of significant economic and geopolitical events, including the Russia and Ukraine conflict, that have led to a very challenging global economic environment. We have seen increased inflation with Central Banks weighing up difficult decisions on raising interest rates and significant valuation moves across several sectors leading to increased volatility across global markets. The widespread economic uncertainty has had a substantial impact on the biotech space and we have seen a dramatic change to both valuations and the cost of capital in the sector in which we operate. We have seen the impact of this macro backdrop on our listed holdings and have also seen challenging financing conditions across the market for early-stage biotech companies.

It is against this backdrop that Syncona initiated a review of its strategy, conducted by the Syncona team in partnership with the Board, announcing our evolved approach at our Interim Results last November. We believe the changes we are in the process of implementing will enable the Company to increase its resilience to challenging market conditions, help our portfolio companies to navigate their complex, high-risk development pathways successfully, grow the portfolio to provide better diversification and thereby improve shareholder returns over time. The team have made a good start embedding these changes and the Board looks forward to seeing further progress in the coming financial year.

Financial performance

Syncona ended the year with net assets of £1,254.7 million or 186.5p per share, a (4.1)% return in the year (31 March 2022: net assets of £1,309.8 million, NAV per share of 194.4p, 0.3% return). Performance has been driven by the continued share price declines of our listed holdings which partially reflected the wider market backdrop for biotech companies and the write down of our valuation of SwanBio, which outweighed the positive impact of foreign exchange and uplifts elsewhere in the portfolio. The Syncona team have been actively working to maximise value across our portfolio, focusing on navigating our companies through their clinical pathway to late-stage development, where we believe the most significant value can be accessed, and ensuring capital discipline to enable them to deliver on their missions to get products to patients.

Decisive action across the portfolio with continued focus on clinical assets; maintaining disciplined capital allocation against a challenging market backdrop

In the context of the current environment, Syncona's balance sheet is of critical strategic importance. The Syncona Investment Committee has continued to take a disciplined approach to capital allocation across the portfolio, whilst ensuring that where companies are delivering on key milestones and maintaining a clear

[15] Formerly CEGX

path to take products to patients, we are able to continue to support them. We have been focusing our capital where we believe there is a differentiated opportunity to fund companies to milestones close to late-stage development and where recently we have seen valuations start to recover.

The Syncona team has also been quick to respond to opportunities that have been presented by the current market environment, and the Board has been pleased to see that our balance sheet has enabled us to add four new companies to the portfolio in this financial year, in line with our evolved strategy. These included one late-stage asset (AGTC-501), which we believe has exciting potential for both patients and shareholders over the long term.

Strategy evolution

Our strategy evolution includes a number of enhancements to our processes and, importantly an updated set of long-term targets. We have looked closely at how to optimise our approach to financing our companies and also at improving the way we manage our companies through the development cycle, particularly as they navigate the clinical pathway. Reducing the impact of our cash holding for shareholders has been a core focus for the Board this year, and we are pleased that the Syncona team has committed to a target of expanding the life science portfolio by creating three new companies per year, having historically created one to two companies on an annual basis. We believe an expanded and diversified portfolio, where we reach a portfolio size of 20-25 companies, which sits alongside a capital pool that provides three years of financing will help to deliver our growth ambitions whilst minimising the impact of cash on the return shareholders experience.

As part of this work, we also recognised the impact that proceeds from realisations may have on balance sheet efficiency and longer-term performance. We anticipate that shareholder returns will continue to be predominantly driven by long-term capital appreciation. However, if, in the event of realisations, our capital pool increases significantly in excess of our three year forward capital deployment guidance, and subject to an assessment of investment opportunities at the time, the Board would look at returning capital to shareholders.

Syncona team evolution

To support the expansion of the portfolio and the management of mature portfolio companies as they scale through the clinic, the Board, in partnership with the Syncona Leadership Team, has reviewed the Company's organisational structure, to enable the delivery of the Company's long-term growth targets. We have been pleased to see the expansion of the senior investment team, alongside the implementation of the evolved operational model. We believe these changes will support the delivery of a sustainable portfolio, reduce volatility and improve shareholder returns.

Outlook

The Board is disappointed by Syncona's share price performance and where it is trading relative to NAV. We continue to monitor it closely, whilst focusing on supporting the team to drive our evolved strategy and deliver on our stated NAV ambition. The team has made good progress on executing our evolved strategy and our long-term targets are clear. We are looking to deliver an expanded portfolio of 20-25 companies by 2032, and to hold three to five companies with significant shareholdings to late-stage development to enable our shareholders to participate in the significant value creation in our sector.

The UK life science landscape remains exciting and provides a rich set of opportunities. The UK Government's support for the sector is encouraging and the team are actively engaged in discussions with them across a range of important initiatives, most critically around how to attract more capital to the sector. We look forward to seeing the impact of these initiatives.

As I look forward more broadly, I am confident that the evolution of both our strategy and the Syncona team, alongside the clear action taken in the portfolio to support companies to navigate the current market backdrop, will help the Company deliver for all of our stakeholders over the long term.

Finally, I would like to take the opportunity to thank the Syncona team, the portfolio company management teams and my Board colleagues for their hard work and dedication this year.

Melanie Gee, Chair of Syncona Limited, 14 June 2023

Business review

This year Syncona has implemented a range of key strategic initiatives which we believe will position ourselves to deliver our long-term growth ambitions. These strategic changes at Syncona have been executed alongside decisive actions taken to re-focus certain portfolio companies' clinical pipelines around the highest value potential programmes. We have also sought to take advantage of the market conditions where possible creating the next wave of leading biotech companies.

NAV performance driven by the decline in share prices of listed companies and the partial write-down in value of SwanBio

In terms of financial performance, we ended the year with net assets of £1,254.7 million or 186.5p per share, a (4.1)% return in the year (31 March 2022: net assets of £1,309.8 million, NAV per share of 194.4p, NAV return of 0.3%). Performance has been driven by both declines in the value of our listed holdings as well as the partial write-down of SwanBio, which were partially offset by the positive impact of foreign exchange and uplifts elsewhere in the portfolio.

We recognise that the share prices of Syncona's listed holdings have continued to weigh on performance, and that this has been impacted by the current macro conditions as well as specific company issues. The Syncona team has worked closely with the management teams at these portfolio companies to ensure they remain funded to deliver their next key milestones and are focused on delivering value from their clinical stage programmes.

The Company has written down its holding in SwanBio to £58.2 million, a £51.0 million decline in value during the year. We continue to believe in the potential impact of gene therapy to treat patients with AMN. SwanBio's management team has taken the strategic decision to restructure the pipeline and have chosen to focus on its lead programme. As part of our valuation process, we have recognised that the company is now driving forward one programme, rather than a pipeline of programmes. We will work closely with the company as it generates data from its initial dose cohort. The financing environment has been challenging for early-stage companies and SwanBio has not executed a third-party financing to date. We are, therefore, working on a range of financing and strategic options for the company in parallel.

Across the rest of the private portfolio, our companies are making strong operational and clinical progress, whilst also leveraging strategic opportunities to bring in further financing in order to help realise their ambitions in a challenging environment. Overall, the portfolio has diversified and matured over the year and now includes seven clinical stage companies where there have been 16 clinical data read-outs, whilst we have also seen five clinical trial initiations, two companies enter the clinic and seven financings completed.

Focusing portfolio company clinical pipeline on late-stage assets and attracting strategic sources of funding

Navigating our companies through the clinical pathway to late-stage where we believe significant value can be accessed is particularly important in the current environment. Across the portfolio, we have been able to support our companies as they execute on a number of opportunities to ensure the companies are able to deliver on their plans prudently and are positioned to achieve key milestones. Similar to the difficult decision we have taken at SwanBio, at Freeline, we have worked with the management team to streamline its pipeline of programmes, executing the sale of its manufacturing facility and focusing on its Gaucher programme where it has a potential first mover advantage. At Autolus, we participated in a $163.9 million financing, with the company now funded into 2025 as it approaches the filing of a BLA with the FDA for its lead obe-cel therapy later in 2023, a key milestone.

Despite the difficult financing environment for public and private companies, we have seen the completion of the sale of Neogene to AstraZeneca for up to $320.0 million (£261.2 million)[16]. The sale of Neogene is the fourth sale of a Syncona portfolio company over the last four years, generating total potential sale proceeds of up to £1.2 billion[17], with upfront proceeds alone generating a 4.3x return on capital invested. Outside of M&A, our portfolio also continues to attract interest from both pharma and strategic investors, underlined by the post-period end collaboration and exclusive option and license agreement Quell has entered into with AstraZeneca, for which it will receive $85 million up front, predominantly in cash alongside equity, and the additional £10.0 million commitment from British Patient Capital into OMass Therapeutics (OMass) in its expanded Series B financing.

Balance sheet and Syncona expertise is important in navigating the current market backdrop

£394.3 million has been committed to the portfolio during the year by Syncona and third parties, with Syncona committing £176.9 million[18]. Our balance sheet has been more important than ever in the current environment enabling us to protect our positions where companies are making strong progress and also take advantage of current market valuations to access late-stage assets that can be operated on our model. It has always been critical to our long-term approach but in an environment where there is a greater scarcity of capital, we are able to support companies with products that have huge potential for patients and continue to progress these through the development pathway to ensure they achieve their missions. The team continue to take a disciplined approach to capital allocation across the portfolio, rigorously balancing the risk and reward potential of each investment decision and ensuring investment into companies that have made the necessary decisions to drive capital efficiency into their operations to deliver our return targets.

Scaling the business to deliver long-term growth and value for shareholders

A key part of our strategy evolution is our plan to increase the rate of new company creation to three per year, having previously founded one to two companies a year. We believe this will enable increased potential for growth from the life science portfolio, providing greater optionality to optimise capital allocation, and helping us to build an expanded portfolio of 20-25 companies. Growing the life science portfolio whilst maintaining a runway of three years of capital will mean that over time our capital pool becomes a smaller proportion of overall NAV, driving balance sheet efficiency.

Overall, we are aiming to grow NAV to £5.0 billion by 2032, delivering an IRR of 15% over the cycle, whilst aiming to deliver top quartile returns from the life science portfolio. This target reflects the continued returns potentially available from a maturing and expanded portfolio as our companies progress through the development cycle.

Differentiated company creation model, balance sheet and strategic approach to delivering value has supported portfolio expansion and diversification

We are delighted to have made a strong start to delivering on our new 10-year rolling targets this year, adding four new companies to the portfolio including a late-stage asset, which provides further diversification. The breadth of our approach to company creation exemplifies our multi-disciplinary expertise and differentiated model. The team has created an ophthalmic gene therapy company, Beacon, based around two pre-clinical assets, one of which is in-licensed from the University of Oxford. Beacon has now been combined with AGTC, previously a NASDAQ listed company with a late-stage asset which was acquired by Syncona during the year, creating a combined company with a diverse pipeline of assets in an

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[16] FX rate taken at date of transaction closing
[17] See footnote 10
[18] Syncona has invested £177.2 million in the year into its portfolio and new opportunities. Uncalled commitments at 31 March 2023 were £87.6 million

area where Syncona has significant expertise. As part of the transaction, Syncona is set to benefit from any future commercialisation of the company's lead AGTC-501 asset via a "deferred consideration" which provides the right to a mid-single digit percentage of future income from sales and licensing.

Incorporating royalties (or similar structures) into our investments has the potential to offer Syncona future income streams aligned with our strategic approach to creating value for our shareholders. We were also pleased during the year to add two cutting edge companies in the small molecule space in Mosaic and Kesmalea.

Evolving our team and operational model to deliver our updated long-term growth ambitions

To continue to deliver on our 10-year rolling targets, we have evolved and expanded our senior team. Roel Bulthuis has joined as Managing Partner and Head of Investments, bringing over 20 years of life science venture capital, business development and investment banking experience and Ed Hodgkin was promoted to Managing Partner, with Elisa Petris and Magdalena Jonikas promoted to Lead Partner. We were also pleased post-period end to welcome John Tsai and Ken Galbraith to Syncona as Executive Partners. Both bring significant experience in clinical and commercial roles, with John Tsai joining Syncona from Novartis, where he was President, Global Development and CMO, and Ken Galbraith bringing over 30 years as a senior biotech leader, including as CEO of four companies.

We have also evolved our operational model to enable the efficiency needed to scale and support our growth ambitions and to improve the clinical execution of our companies as they navigate complex development pathways to bring innovative drugs through to late-stage. We have formed a discrete Launch Team within Syncona to support our new portfolio companies in becoming operational. Our new Executive and Advisory Group has also been formed to provide functional expertise, particularly through the mid- and late-stage of clinical development, to support our portfolio companies to pre-empt potential clinical and operational issues and course correct when challenges arise.

Valuations for late-stage assets improving, whilst life science research base remains exciting for sourcing leading science

The financing environment for biotech companies has been acutely challenging over the last 12 months. However, valuations are starting to recover for later stage clinical assets, as investors focus on good science validated by clinical data. This market dynamic validates a core principle of our strategy to build companies that are focused on delivering products to patients and we believe our companies are well positioned to progress to clinical stage with our ongoing support. Alongside the improving market conditions, we are seeing for late-stage companies, pharma companies are increasingly active in the M&A space, and we are seeing assets with strong clinical data being acquired at attractive multiples, another core tenet of our strategy. As our portfolio matures, we believe it is well positioned to take advantage of these evolving dynamics.

Moving to our pipeline of new opportunities, our core sourcing approach remains focused on identifying exciting science generated by world-class academics at universities both here in the UK and on a global basis. We continue to see a rich pipeline of ground-breaking science around which to create new companies across a range of therapeutic areas, leveraging our model and relationships with world-class academics. Our team has a strong track record in picking great science which has the potential to have a meaningful impact for patients, and we are excited by the potential of our platform to create and build more great companies based on this strong opportunity set.

Well positioned to navigate the current market conditions; portfolio increasingly diversified with potential for near-term inflection points and long-term growth

Our portfolio is increasingly diversified with seven clinical stage companies including two late-stage clinical companies, Autolus and Beacon, that have key clinical and regulatory milestones in the next 12 months and are well positioned to deliver value. To achieve our long-term ambitions, we have worked hard to build and invest in our platform this year to scale the business to deliver on the significant opportunity that lies ahead.

The opportunity to build the best globally leading life science companies here in the UK is exciting for patients and all of our stakeholders. We believe our evolved ambition, talented team and ambitious target to grow NAV to £5.0 billion will deliver strong risk-adjusted returns for shareholders over the long term.

Life science portfolio review

Our life science portfolio was valued at £604.6 million at 31 March 2023 (31 March 2022: £524.9 million), delivering a (14.3)% return during the year.

Our strategic portfolio[19] of 13 companies is diversified across modality and therapeutic area, with seven companies at the clinical stage and the remainder of the portfolio at pre-clinical stage. Alongside the potential milestone payments or deferred consideration from potential products, the life science portfolio also includes investments, which are non-core where we typically do not hold Board seats or engage actively but they still provide optionality to deliver returns for our shareholders.

Strategic portfolio

Late clinical companies – 8.8% of NAV

Beacon (4.8% of NAV, 65% shareholding)

Syncona View
Beacon represents a significant opportunity for Syncona to apply its domain knowledge in retinal gene therapy to a late-stage clinical asset in XLRP, where Syncona already has prior expertise from its ownership of Nightstar Therapeutics (Nightstar), which had an asset looking to treat the disease. Syncona has leveraged its network to establish a world class leadership team, with decades of gene therapy and ophthalmic experience. We believe that the platform potential of Beacon is incredibly exciting and has the potential to drive near-term value for our shareholders.

- Syncona acquired a late-stage asset in AGTC and combined it with Beacon and its two exciting pre-clinical programmes, including one from the University of Oxford, creating a leading ophthalmic gene therapy company.
- Syncona has committed £75.0 million of a £96.0 million Series A financing, with the new company becoming Syncona's third ophthalmic gene therapy company, having previously created Nightstar and Gyroscope Therapeutics (Gyroscope) – two of Syncona's most successful exits.
- Builds on late-stage pipeline and operations of AGTC alongside exciting pre-clinical programmes in dry age-related macular degeneration (AMD), and an additional programme from the University of Oxford in cone-rod dystrophy (CRD).
- As part of the transaction, Syncona is set to benefit from any future commercialisation of the lead asset AGTC-501 via a "deferred consideration" which provides the right to a mid-single digit percentage of future income from sales and licensing.
- Beacon benefitting from experienced leadership of CEO David Fellows (ex Nightstar), CMO Dr Nadia Waheed (ex Gyroscope) and gene therapy expert Dr Abraham Scaria as Chief Scientific Officer

Beacon is a clinical-stage company focused on the development and commercialisation of AAV-based gene therapies for the treatment of rare and debilitating diseases with an initial focus on inherited ophthalmic diseases. Syncona believes that the eye is a very attractive target for AAV gene therapy.

[19] See glossary

Lead programme: Beacon is progressing its lead candidate, AGTC-501, in XLRP through a Phase II trial. There are no approved treatments for XLRP, and the programme has orphan drug designations from both the FDA and the European Commission, with 12-month data from the trial expected in H2 CY2023. AGTC-501 has a strong body of clinical evidence having demonstrated meaningful efficacy and a good safety profile in its recent Phase I/II HORIZON trial.

Commercial: Following the acquisition of AGTC, Syncona made significant progress during the year in re-setting focus on the company's lead AGTC-501 asset and re-defining its clinical and manufacturing plan to prepare for a commercial roll-out. Syncona also restructured the team and company's facilities, adding expertise in key areas across the business in order to drive delivery against its refined clinical plan. This significant amount of work carried out by Syncona team during the year has provided a solid platform for Beacon as it now progresses its expanded pipeline.

Pipeline programmes: Beacon has in-licensed an exciting pre-clinical programme from the University of Oxford, targeting CRD. Beacon's second pre-clinical programme is in dry AMD. Professor Robert MacLaren, who was a co-founder of Nightstar and served on the Scientific Advisory Board of Gyroscope, will act as a Scientific Advisor to Beacon, with a focus on the CRD programme, and has also joined the Board as a non-executive director.

People: The company is led by CEO David Fellows, who previously served as CEO of Nightstar. Former Gyroscope executive Nadia Waheed has also joined the company as CMO, along with Dr Abraham Scaria as CSO. Syncona's CEO Chris Hollowood acts as Chair of the company's Board with Syncona Lead Partner Elisa Petris also serving as a Director, with the company now able to leverage an experienced leadership team who have a broad level of expertise across ophthalmic diseases.

Autolus (4.0% of NAV, 18% shareholding)

Syncona view
Autolus has reported encouraging clinical data to date, underlining the potential of its lead therapy, obe-cel, as a drug which can deliver meaningful impact for patients with relapsed/refractory (r/r) adult acute lymphoblastic leukaemia (ALL). The company continues to deliver against its operational milestones as it approaches the planned filing of its BLA with the FDA later in CY2023 and prepares for the commercial launch of obe-cel, a longstanding goal, which is an important milestone for the business. From a valuation perspective, Autolus' share price continues to be impacted by difficult market conditions however we believe the company has made positive operational progress and are supportive of the business as it progresses to its BLA filing.

- Announced that the FELIX pivotal study of lead therapy obe-cel in r/r adult ALL had met its primary endpoint; clinical data presented supports the encouraging safety profile of the drug.
- Additional data announced at the American Society of Clinical Oncology (ASCO) and the European Haematology Association (EHA) conferences post-period end, further underlining the potential of the drug to drive meaningful impact for patients.
- Share price continues to be impacted by challenging market environment.
- Autolus funded into CY2025 with $343.4 million at 31 March 2023 following the recent financing, in addition to the $70 million received in non-dilutive funds from Blackstone for the achievement of development and manufacturing milestones.

Autolus is developing next generation programmed T cell therapies for the treatment of cancer with a clinical pipeline targeting haematological malignancies and solid tumours. Syncona believes that the company's lead therapy, obe-cel in r/r adult ALL, has the potential to have a meaningful impact for patients suffering from ALL whilst also having a very positive safety profile in a last line setting.

Lead programme: Obe-cel reached an important milestone during the year, with Autolus announcing in December 2022 that it had met its primary endpoint in the pivotal FELIX trial. The data released was consistent with data already presented in the ALLCAR19 academic study, with a 70% overall remission rate (ORR), meeting the primary endpoint for the trial, based on a pre-planned interim analysis of 50 patients, as verified by an independent data monitoring committee. Additional data released post-period at the ASCO and EHA conferences in June further underlined the strong safety profile of the drug, with an increase in response rates. The company expects to release further follow up data from the study at the American Society of Haematology (ASH) meeting in late 2023. Syncona believes further data read-outs have the potential to underline obe-cel's durability profile, which, at the latest data point from the ALLCAR19 study, showed that 35% of adult relapsed/refractory B-ALL patients treated with obe-cel had sustained complete remissions between 24 and 47 months without any need for additional anti-leukaemia therapy. With data from competitor programmes showing challenges with durability and toxicity, obe-cel has potential to be differentiated, delivering impact for patients suffering from a devastating disease.

Scaling for commercial roll out: The company has also made significant progress in developing its manufacturing and commercial roll out capabilities. Post-period end, the company opened its Nucleus facility in Stevenage, a 70,000 sq. foot advanced manufacturing facility which will support the commercial launch of obe-cel, with an initial capacity of up to 2,000 batches per year with room to expand if needed. The Nucleus is the first of its kind in the UK and provides a specialist manufacturing capability for the supply of personalised cell therapy products. Autolus also announced post-period end that it had selected Cardinal Health as its U.S. Commercial Distribution Partner, enabling distribution capabilities required to commercialise a CAR T-cell therapy in the US. These significant operational milestones will help to support obe-cel's launch, enabling Autolus to launch the product at a scale which serves global demand in r/r adult ALL.

Pipeline programmes: Autolus also continues to make progress in its broader pipeline, releasing further data in CY2023 from its studies of AUTO1/22 in paediatric ALL, AUTO4 in T cell lymphoma, and obe-cel in relapsed/refractory B cell non-Hodgkin's lymphoma (B-NHL) and chronic lymphocytic leukaemia (CLL). The data reported thus far not only continues to underline the strength of Autolus' technology and platform, but the encouraging data from the ALLCAR extension study of obe-cel also supports the safety profile of its lead product candidate in additional haematological indications. Further data read-outs are expected from all of these programmes later in CY2023.

Licensing agreements: The company has also made progress in developing its commercial pipeline, announcing partnerships during the year allowing Bristol Myers Squibb and Cabaletta Bio use of Autolus' proprietary RQR8 safety switch. These agreements further underline the commercial potential of the company's technology, with Moderna also exercising an option during the year to license Autolus' proprietary binders against an undisclosed immune-oncology target.

People: At an executive level, the company has announced that Chief Financial Officer (CFO) Dr Lucinda Crabtree will be leaving to join MorphoSys as CFO. A search is underway for her replacement, and she will remain with Autolus until Q3 CY2023 to ensure a smooth transition.

<u>Clinical stage companies – 18.5% of NAV</u>

Anaveon (5.1% of NAV, 38% shareholding)

Syncona view
Syncona continues to be encouraged by the progress at Anaveon. The company continues to show strong momentum as it delivers against its milestones, with clinical data released during the year underlining the potential of its ANV419 therapy to address issues seen elsewhere in the use of Interleukin 2 (IL-2) in solid tumours. We believe Anaveon is well positioned to deliver on its goal of becoming the best-in-class therapy in the IL-2 space.

- **Company focus**: Developing a selective IL-2 receptor agonist, a type of protein that could enhance a patient's immune system to respond therapeutically to cancer.
- **Financing stage**: Remains funded to deliver on upcoming milestones following CHF110 Million (£90 million) Series B financing in December 2021

- **Clinical update:** Published encouraging data from the Phase I/II dose-finding trial in ANV419; company has now initiated two further Phase I/II trials of the drug in metastatic melanoma and multiple myeloma. Further data from the Phase I/II dose-finding study in solid tumours is expected in H2 CY2023, whilst initial data from the Phase I/II studies in melanoma and myeloma is expected in CY2024.
- **People**: Dr Gary Phillips joined as Chief Business Officer (CBO), bringing 30 years of healthcare leadership across a variety of commercial roles, and Dr Eduard Gasal joined as Chief Medical Officer (CMO), having previously held senior clinical roles at Amgen, Novartis and Innovent Biologics.

SwanBio (4.7% of NAV, 80% shareholding)

Syncona view

Syncona continues to believe in the potential of gene therapy to impact patients with AMN. The company has taken the decision to restructure its pipeline to focus on its lead programme and to reflect this Syncona has written down its holding in SwanBio to £58.2 million, a £51.0 million decline in value during the year. Syncona invested £30.6 million during the year in the company, including £6.5 million later in the period and a further $12.0 million post-period end to enable the company to generate safety data from the initial dose cohort of the SBT101 programme. In parallel, given that the financing environment for early-staqe companies remains challenging and SwanBio has not executed a third-party financing to date, Syncona will be working with the company to explore all strategic and financing options.

- **Company focus:** Developing gene therapies to target neurological disorders; lead SBT101 programme is targeting the treatment of AMN, a genetic neuro-degenerative disease affecting the spine for which there are currently no approved treatments.
- **Financing stage:** Additional $12.0 million of financing committed post-period end by Syncona to support dosing of the first cohort of patients in the company's Phase I/II clinical trial of SBT101.
- **Clinical update:** Post-period end the company successfully dosed its first patient in its Phase I/II clinical trial of SBT101, an important milestone for the business. The company expects to complete dosing the low dose cohort in H2 CY2023.

Quell (6.9% of NAV, 37% shareholding)

Syncona view

We have seen excellent validation for Quell's technology and platform through the collaboration with AstraZeneca announced post-period end, where Quell received $85 million upfront, comprising a cash payment predominantly and an equity investment, to develop, manufacture and commercialise autologous T-regulatory cell therapies for two autoimmune disease indications. This agreement further underlines the continued interest in Syncona portfolio companies from pharma and provides validation for the Syncona model for building globally competitive businesses. Quell expects to dose its first patients in its lead programme in liver transplantation in H2 CY2023. We will continue to work alongside the company's management team as it delivers against its upcoming operational and clinical milestones.

- **Company focus:** Developing engineered T-regulatory (Treg) cell therapies to treat a range of conditions such as solid organ transplant rejection, autoimmune and inflammatory diseases.
- **Financing stage:** Raised $156 million in a Series B financing in November 2021.
- **Clinical update:** Expects to dose its first patient in its Phase I/II lead programme targeting liver transplant in H2 CY2023.
- **Commercial update:** Post-period end Quell entered into a collaboration, exclusive option and license agreement with AstraZeneca to develop, manufacture and commercialise autologous, engineered T-regulatory cell therapies for two autoimmune disease indications, providing excellent validation for Quell's technologies and capabilities. As part of the collaboration, Quell received $85 million upfront, comprising a predominant cash payment and an equity investment, with potential payments of over $2 billion contingent on successfully reaching development and

commercial milestones, plus tiered royalties. Following the agreement, Syncona's ownership stake in Quell is 33.7%, whilst our valuation for the company remains unchanged at £86.7 million.
- **People update:** Appointed Dr Luke Devey as CMO. Dr Devey has over 15 years of clinical experience and brings significant translational and scientific expertise to the Quell executive team, most recently at Janssen Immunology where he was Vice President of Translational Science.

Freeline (1.1% of NAV, 49% shareholding)

Syncona view
Freeline's share price has been impacted by market sentiment and the re-prioritisation of its clinical pipeline. Freeline has taken the decision to prioritise the development of its FLT201 Gaucher programme, which Syncona believes has the potential to deliver long-term value. The management team has executed on a series of operational and clinical actions to extend its cash runway. It has implemented a reduction in its workforce and sold its German chemistry, manufacturing and controls subsidiary. With a refocused clinical pipeline and extended cash runway, we believe the company can deliver data from FLT201 later in the year, building on the positive pre-clinical data we have seen to date.

- **Company focus:** Clinical delivery in Gaucher disease
- **Financing stage:** Listed on NASDAQ with cash runway to Q2 CY2024.
- **Clinical update:** Announced its decision to pause development of the FLT190 Fabry programme following an assessment of the company's current financial position and strategic priorities. Based on highly encouraging pre-clinical data, Freeline believes its FLT201 programme in Gaucher disease has the potential to be its greatest value driver and a first- and best-in-class therapy in its setting. The company expects to release initial data from the FLT201 programme in H2 CY2023.
- **Commercial update:** Along with its decision to pause development of FLT190, the company also announced a reduction of its workforce by nearly 30%, with these changes extending the company's cash runway to Q2 CY2024. The company also sold its German chemistry, manufacturing and controls (CMC) subsidiary and related intellectual property for $25 million, subject to purchase price adjustments.
- **People update:** Paul Schneider joined as CFO in May 2022 and has since also joined the company's Board, bringing more than 20 years' experience in leadership roles in biopharmaceutical companies. Co-founder Professor Amit Nathwani has retired from the Board and will remain engaged with the company as a clinical and scientific advisor.

Achilles (0.7% of NAV, 27% shareholding)

Syncona view
Syncona continues to engage with Achilles Therapeutics (Achilles) as it progresses its lead programmes in advanced non-small cell lung cancer (NSCLC) and recurrent or metastatic melanoma. The company is well funded with a cash runway to mid-CY2025. Whilst we were pleased to see further data released from its lead programmes during the period, we are looking to review the next data updates to demonstrate that robust manufacturing can translate into clinical efficacy for the company's products.

- **Company focus:** Developing precision T cell therapies targeting clonal neoantigens to treat solid tumours.
- **Financing stage:** Listed on NASDAQ with cash runway to mid-CY2025.
- **Clinical update:** Presented data in its Phase I/IIa trials in advanced NSCLC and recurrent or metastatic melanoma with 16 patients dosed across the two trials to date, additional clinical and translational science data expected in Q4 2023. Whilst Syncona was pleased to see the data underlining the safety profile of Achilles' product and a partial durable response, it is critical that the company can demonstrate that robust manufacturing can translate into clinical efficacy for the company's products. Post-period end the company announced that its new AI application had been integrated into its PELEUS™ bioinformatics platform, supporting the potential of the platform in other modalities such as cancer vaccines.

- **People update:** James Taylor joined the company as CBO, bringing over 25 years of deal making experience across pharmaceutical and biotech companies.

Pre-clinical companies – 10.9% of NAV

OMass (3.5% of NAV, 31% shareholding)

- **Company focus:** Developing small molecule drugs to treat rare diseases and immunological conditions.
- **Financing stage:** Raised £75.5 million in a Series B financing in April 2022, with additional £10 million investment from British Patient Capital post-period end announced in May 2023.
- **Development update:** Announced a joint publication in Nature Chemistry with co-founder Professor Dame Carol Robinson's team at Oxford University, underlining some of the key benefits of OMass' OdyssION™ platform in searching for new drugs against inadequately drugged and previously intractable targets.
- **Commercial update:** Post-period end the company announced its move to a new purpose-built 16,000 sq. foot mixed-use facility at the ARC Oxford campus, helping it to prepare for its next phase of growth and enabling further collaboration as it expands its team.
- **People update:** Announced the appointment of Dr Jon Roffey as Vice President, Head of Medicinal Chemistry, who brings over 20 years of drug discovery experience across biotech and pharmaceuticals, including taking multiple candidate drugs into late-stage clinical development. Post-period end the company also announced the expansion of its Leadership Team with the arrival of Dr Winfried Barchet as Vice President of Immunology, who brings more than 15 years of experience across drug discovery and translational research, whilst Jim Geraghty joined as Chairman of its Board of Directors, bringing over 35 years of strategic experience including more than 25 years as a senior executive at biotechnology companies developing and commercialising innovative therapies.

Purespring (2.8% of NAV, 84% shareholding)

- **Company focus:** Purespring Therapeutics (Purespring) is developing gene therapies for the treatment of chronic renal diseases which are currently poorly served by existing treatments.
- **Financing stage:** Raised £45 million in a Series A financing in 2020.
- **Development update:** Continuing to develop its pre-clinical pipeline and proprietary platform.
- **People update:** Purespring CEO Richard Francis became CEO of Teva Pharmaceutical Industries in January 2023, with Chief Development Officer (CDO) Julian Hanak moving to the role of CEO. Richard will remain actively involved with the business as a member of the Board. Purespring also strengthened its Leadership Team with the appointment of Dr Alice Brown as Chief Scientific Officer (CSO), who brings more than a decade of experience working in advanced therapies across both large pharma and early-stage biotech.

Clade (1.9% of NAV, 22% shareholding)

- **Company focus:** Clade Therapeutic (Clade) is developing scalable next-generation iPSC derived medicines.
- **Financing stage:** Raised $87 million in a Series A financing in August 2021.
- **Development update:** Continuing to develop its pre-clinical pipeline whilst building out its manufacturing footprint under the leadership of CEO Chad Cowan (co-founder of Sana Biotechnology and CRISPR Therapeutics) and CBO Jim Glasheen (co-founder of Atalanta Therapeutics).

Resolution (1.8% of NAV, 81% shareholding)

- **Company focus:** Resolution Therapeutics (Resolution) is developing macrophage cell therapies to treat diseases characterised by life-threatening inflammatory organ damage.
- **Financing stage:** Raised a further £10.0 million from Syncona in an extension of its £26.6 million Series A financing in April 2022.
- **Commercial update:** Announced research collaborations with panCELLA and CCRM, as it looks to progress its allogeneic programme and further develop its manufacturing capabilities.
- **People update:** Post-period end the company has appointed Dr Clifford A. Brass, as CMO. Most recently Dr Brass was Vice President, Head of Clinical Sciences for Hepatology, Gastroenterology and Transplantation in Global Drug Development at Novartis, and has over 25 years of experience in the pharmaceutical industry. Resolution has also strengthened its Board with the appointment of Syncona Commercial Adviser Lisa Bright as Chair and Altavant Sciences CEO Dr Bill Symonds as a non-executive director.

Mosaic (0.6% of NAV, 52% shareholding)

- **Company focus:** Oncology therapeutics company focusing on drug development against genetically informed targets.
- **Financing stage:** £22.5 million Series A announced in April 2023, led by Syncona with a £16.5 million commitment.
- **People update:** Company is led by CEO Brian Gladsden, a global leader in cancer therapeutics with 25 years of experience in biopharmaceuticals, most recently at Novartis Oncology, where he was Senior Vice President and a member of the Worldwide Leadership Team. Syncona CEO Chris Hollowood has been appointed Chair of the company's Board with Lead Partner Magdalena Jonikas also a director.

Kesmalea (0.3% of NAV, 58% shareholding)

- **Company focus:** An opportunity to create a new generation of small molecule oral drugs addressing diseases through modulating protein homeostasis.
- **Financing stage:** £20.0 million Series A financing led by Syncona with a £16.0 million commitment.
- **People update:** Company is Chaired by Dr Clive Dix, CEO of C4X Discovery and former Chair of the UK Vaccine Taskforce. Company founder Dr Harry Finch, the co-inventor of GSK's Serevent™, is a Director of the company alongside Syncona Lead Partner Magdalena Jonikas.

<u>Portfolio milestones and deferred consideration – 5.6% of NAV</u>

Syncona has rights to potential milestone payments related to the sale of Gyroscope to Novartis. Alongside these, as part of Syncona's acquisition of AGTC, the Company has the potential to benefit from any future commercialisation of the lead asset AGTC-501 via a "deferred consideration" which provides the right to a mid-single digit percentage of future income from sales and licensing. These potential milestones and deferred consideration are valued on a discounted risk adjusted basis at £70.4 million.

<u>Syncona investments – 4.4% of NAV</u>

Syncona has £55.0 million of value in its investments, typically where we do not hold Board seats or manage the investment actively alongside executive teams. Our assets held within our investments are CRT Pioneer Fund, Forcefield Therapeutics, Biomodal (formerly Cambridge Epigenetix), and Adaptimmune. Key updates during the period from these investments include:

- Our largest investment is CRT Pioneer Fund, which invests in early-stage drug discovery projects with a focus on oncology. The fund was written up by £8.8 million in the year, predominantly driven by a change in valuation for its HSF1 inhibitor asset, which has been licensed to Nuvectis and has now initiated a Phase Ib study.

- Syncona has written off its $1 million investment in Tier 1 Bio, following a lack of adequate progress in initial target discovery which led to the company deciding to close down.

Next key milestones for clinical companies

Autolus – cell therapy / oncology	
Obe-cel – adult ALL	Further follow up data from pivotal FELIX study in obe-cel in r/r adult ALL expected in H2 CY2023
Obe-cel – B-NHL and CLL	Further data expected in CY2023
AUTO1/22 – paediatric ALL	Further data expected in CY2023
AUTO4 in peripheral T cell lymphoma	Further data expected in CY2023
Beacon – ophthalmic gene therapy	
XLRP	12-month data from the Phase II trial in XLRP expected in H2 CY2023
Anaveon – biologics	
ANV419 – multiple tumour types	Further data from dose finding study expected in H2 CY2023
ANV419 – metastatic melanoma	Initial data expected in CY2024
ANV419 – multiple myeloma	Initial data expected in CY2024
Quell – cell therapy / autoimmune disease	
QEL-001 – liver transplant	Expect to dose first patient in H2 CY2023
SwanBio – gene therapy / CNS	
SBT101	Expects to have dosed the initial dose cohort in its Phase I/II AMN programme in H2 CY2023
Achilles – cell therapy / oncology	
cNeT – non-small cell lung cancer	Further update from ongoing Phase I/IIa trials of cNeT therapy in Q4 CY2023
cNeT – melanoma	Further update from ongoing Phase I/IIa trials of cNeT therapy in Q4 CY2023
Freeline – gene therapy / systemic diseases	
FLT201 – Gaucher disease Type 1	Initial data expected in H2 CY2023

Finance review

We take a robust and prudent approach to valuation, managing our balance sheet and our costs with a continued focus on optimising returns for our shareholders.

NAV Performance

Overall NAV performance is down in the year driven by a decline in value of our listed holdings and the partial write-down of our holding in SwanBio which was partially offset by positive foreign exchange movements on our US dollar assets, both within our life science portfolio and balance sheet, alongside uplifts from some of our smaller investments and potential deferred considerations and future milestone payments.

Valuation approach

At the year end, our life science portfolio comprised listed holdings (12%), private companies either valued at Price of Recent Investment (PRI) (45%), or on the basis of capital invested (Calibrated Cost) (26%). In addition, we have the right to potential milestone payments related to the sale of Gyroscope and a deferred consideration for our right to a mid-single digit percentage of future income from AGTC-501 sales and licensing. These potential income streams are valued on a risk adjusted discounted basis in line with our Valuation Policy and together represent 12% of the portfolio[20].

Given the public market valuation reductions in the year and the challenging macroeconomic market conditions impacting the financing environment for early-stage companies, in line with our usual process we have carried out year-end private portfolio valuations against a backdrop of heightened valuation uncertainty. We have carried out a rigorous review of each of our portfolio companies to ensure the robustness of the valuations, including taking account of the input provided by our external valuation adviser on our five largest private holdings.

Regarding SwanBio, despite inbound investor interest, the business was not able to execute a third-party financing. The company's management team determined it was necessary to restructure its pipeline to focus solely on SBT101 to drive cost efficiency and allocate capital to its most promising and most advanced asset. Whilst Syncona is continuing to work with the company on progressing SBT101 and its future financing and strategic options, this change to its investment thesis triggered a revisit of our valuation of the company and subsequent write off of the value attributed to the pipeline programmes no longer being progressed. This has been treated as an adjusting post balance sheet event, the details of which are set out in note 21 of the financial statements. The remainder of our private portfolio companies are funded to deliver their key milestones.

Optimising capital efficiency

As part of a wider strategy review, we have looked at how to improve returns for shareholders. Our aim is that returns will be predominantly driven by long-term capital appreciation and growing the value of the life science portfolio remains our core focus.

To support our strategy execution, we aim to maintain around three years of financing runway. We seek to leverage our capital to deliver returns to shareholders. During the financial year our portfolio companies brought in £394.3 million of capital commitments of which Syncona contributed £176.9 million. Over the next 12 months, we expect to deploy between £150 million to £200 million across our portfolio and new companies and we have already seen further examples of high-quality external financings in the first quarter of the current financial year.

To optimise capital efficiency, if in the future, due to cash inflows from realisations, our capital pool increases significantly in excess of our expected three-year capital deployment and potential investment opportunities, the Board would look at returning capital to shareholders.

Capital pool management

Syncona's capital pool of £650.1 million is central to the delivery of our strategy of building life science companies of scale over the long term. The mandate for our capital is focused on liquidity and capital preservation. We aim to keep between 12 and 24 months of funding in cash and Treasury Bills. During the year, in response to the inflationary environment, we allocated our longer duration capital to a number of low volatility, highly liquid, multi asset funds or mandates, managed by Schroders, Kempen and M&G with portfolio mandates to deliver core CPI return over the mid-term.

£m	31/03/2022	31/03/2023
NET CASH	465.5	69.7
T-BILLS	180.0	285.0
MULTI-MANAGER FUNDS	99.5	261.6
LEGACY FUNDS	39.9	33.8

[20] Additional 5% of value within the life science portfolio is the CRT Pioneer Fund which is valued based on an adjusted third party valuation

	784.9	**650.1**

We also hold 25% of our capital pool in US dollar linked funds and assets to provide a natural hedge against expected short-term US$ cashflows. The depreciation of Sterling against the US dollar and other foreign currencies has resulted in a £26.0 million gain, which when combined with the returns from our funds, resulted in an overall return within our capital pool of 5.5% in the year. We continually monitor our capital pool based on our objectives and market conditions.

Investing today to build for the future

Growing our team to deliver on our growth plans means a modest increase to our cost base. Syncona is a self-managed vehicle and SIML costs are managed prudently by the Leadership Team within an annual budget approved by the Board. We take a disciplined approach to costs. SIML Management Fees for FY2022/3 were £12.1 million (0.96% of NAV[21]; an increase of £1.4 million on FY2021/2). This increase is due to a number of factors including the addition of senior hires to deliver a growing portfolio and salary increases across the team to reflect the inflationary environment. Total costs to Syncona Limited during the year, which incorporates fees paid to SIML, ongoing operating costs of the Company, the charitable donation and costs associated with the long-term incentive scheme, were £22.4 million (1.8% of NAV) (FY2021/2: £24.2 million). The decrease in the year was primarily a result of changes to the valuation of the long-term incentive scheme. To deliver on our evolved strategy, we will be making selective incremental investments in further expanding the team over the next one to two years and whilst there will be associated costs with these hires, we expect these to be appropriate for the scale of our business and aligned with our prudent approach to managing our cost base.

<u>Supplementary information</u>

Our growing track record

- £1,083.1 million deployed in life science portfolio since 2012
- 22% IRR and 1.5x multiple on cost across whole portfolio[22]

Company	Cost (£m)	Value (£m)	Multiple	IRR
Existing portfolio companies				
Quell	£61.4	£86.7	1.4	16%
Beacon (incl. Deferred Consideration)	£60.0	£75.9	1.3	150%
Anaveon	£39.9	£64.2	1.6	24%
SwanBio	£105.7	£58.2	0.6	(28)%
Autolus	£147.0	£50.0	0.3	(28)%
OMass	£35.4	£43.7	1.2	9%
Purespring	£35.1	£35.1	1.0	0%
Clade	£23.2	£24.3	1.0	5%
Resolution	£23.0	£23.0	1.0	0%
Freeline	£183.1	£14.1	0.1	(55)%
Achilles	£60.7	£8.6	0.1	(42)%
Mosaic	£7.3	£7.3	1.0	0%
Kesmalea	£4.0	£4.0	1.0	0%
Realised companies				

[21] Using NAV at 31 March 2023
[22] Includes sales of Blue Earth, Nightstar, Gyroscope, and Neogene closures of 14MG and Azeria. All IRR and multiple on cost figures are calculated on a gross basis, reflects original Syncona Partners capital invested where applicable

Gyroscope (incl. Milestone value)	£113.1	£379.8	3.4	55%
Blue Earth	£35.3	£351.0	9.9	83%
Nightstar	£56.4	£255.7	4.5	71%
Neogene (incl. Milestone value)	£14.3	£17.4	1.2	10%
Azeria	£6.5	£2.1	0.3	(58)%
Investments				
Unrealised investments	£50.0	£54.9	1.1	2%
Realised investments	£21.8	£27.1	1.2	26%
Total	**£1,083.1**	**£1,583.2**	**1.5**	**21.9%**

Approach to disclosing portfolio company information

Our model is to create companies around world-leading science, bringing the commercial vision and strategy, building the team and infrastructure and providing scaled funding.

When we create or invest in a portfolio company, or when a portfolio company completes an external financing or other transaction, we may announce that transaction. Our decision on whether (and when) to announce a transaction depends on a number of factors including the commercial preferences of the portfolio company. We would make an announcement where we consider that a transaction is material to our shareholders' understanding of our portfolio, whether as a result of the amount of the commitment, any change in valuation or otherwise.

In addition, our portfolio companies are regularly progressing clinical trials. These trials represent both a significant opportunity and risk for each company and may be material for Syncona.

In many cases, data from clinical trials is only available at the end of the trial. However, a number of our portfolio companies carry out open label trials, which 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. 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.

We would 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, unless we conclude it is not material to our shareholders' understanding of our portfolio. We would not generally expect to announce our assessment of interim clinical data in an ongoing trial, other than in the situation where the portfolio company announces interim clinical trial data, in which case we will generally issue a simultaneous announcement unless we believe the data is not materially different from previously announced data.

In all cases we will comply with our legal obligations, under the Market Abuse Regulation or otherwise, in determining what information to announce.

Principal risks and uncertainties

The principal risks that the Board has identified are set out in the following pages, along with the potential impact, key controls and what we have done during the year to manage the risks. Further information on financial risk management is set out in note 18 to the Consolidated Financial Statements.

Description	Key Controls	What has happened in the year?
Portfolio company risks		
Scientific theses fail We invest in scientific ideas that we believe have the potential to be treatments for a range of diseases, but where there may be no or little substantial evidence of clinical effectiveness or ability to deliver the technology in a commercially viable way. Material capital may need to be invested to resolve these uncertainties. Impacts: • Financial loss and reputational impact from failure of investment.	• Extensive due diligence process, resulting in identification of key risks and clear operational plan to mitigate these. • Tranching of investment to minimise capital exposed until key de-risking steps are completed (particularly fundamental biological uncertainty). Consideration of syndicating investments. • Syncona team works closely with new companies to ensure focus on key risks and high-quality operational build-out. Team members may take operating roles where appropriate. • Robust oversight by Syncona team, including formal review at our quarterly business review and ongoing monitoring through Board roles.	• Continued to seek to de-risk scientific theses in our early stage companies. • Significant capital raised by portfolio companies to support de-risking scientific theses. • The build out of the Executive and Advisory Group including experienced subject matter experts during the year enables specialist advice which aids the identification and resolution of issues at an early stage and ongoing support to assist in managing the operational challenges of drug discovery and development.
Clinical development doesn't deliver a commercially viable product Success for our companies depends on delivering a commercially viable target product profile through clinical development. This can be affected by trial data not showing required efficacy or adverse safety events. It can also be affected by progress of competitors, IP rights, the company's ability to gain regulatory approval for and credibly market the product, potential pricing and ability to manufacture cost-effectively. Impacts:	• Build products in areas with significant unmet need and that show substantial and differentiated efficacy and therefore will potentially have less competition and more pricing power. • Focus, oversight and support from the Syncona team on recruiting dedicated specialist clinical teams in each portfolio company to manage trials effectively, maximise likelihood of success, and with a clear understanding of the requirements of regulators. • Investment process considers strength of IP or regulatory exclusivity	• 16 clinical data read-outs during the financial year with our most clinically advanced company, Autolus, approaching a meaningful milestone as it plans to file a BLA with the US FDA in H2 CY2023. • The acquisition of AGTC added a clinical stage company to the portfolio thereby diluting this risk. • The build out of the Executive and Advisory Group during the year brings specialist knowledge to Syncona which reduces this risk.

• Material impact on valuation, given capital required to take products through clinical development. • Material harm to one or more individuals, and potential reputational issues for Syncona.	protection and this is then operationalised by each company. • Investment process considers manufacturing as a key issue from inception of each company, rather than leaving to later stage, and this is then operationalised. • Company business plans seek to have multiple products in different indications so that failure in one does not damage all value of company. Consideration of syndicating investments. • At portfolio level, building a portfolio with multiple companies at clinical/later stages, to enable us to absorb failures. • Clinical trials policy requires reporting of significant trial issues to Syncona team and to Board in serious cases.	
Portfolio concentration risk to platform technology The Syncona team brings strong domain experience in cell and gene therapy, and a substantial part of the portfolio is in these areas. Systemic issues (whether scientific, clinical, regulatory or commercial) may emerge that affect these technologies. Impacts: • Material impact on valuation. • Impact on reputation of Syncona resulting from failure of technology we are strongly identified with.	• Team pays close attention to scientific, clinical, regulatory or commercial developments in the field. • Where there are genuine risks, identified and managed through diligence and investment process.	• Ongoing monitoring of developments in cell and gene therapy. • In addition, we invest across a range of modalities and therefore we adopt multiple approaches alongside increasing portfolio target size which reduces the potential impact of this risk.
Concentration risk and binary outcomes The Company's investment strategy is to invest in a concentrated portfolio of early	• Board provides strong oversight drawing on a range of relevant experience, including life science, FTSE and investment company	• This is an inherent risk due to the nature of the business model, however as the portfolio matures, the binary and

stage life science businesses where it is necessary to accept very significant and often binary risks. It is expected that some things will succeed (and potentially result in substantial returns) but others will fail (potentially resulting in substantial loss of value). This is likely to result in a volatile return profile. Impacts: • Loss of shareholder support, potentially reducing ability to raise new equity when required. • Reputation risk from perceived failure of business model.	expertise. Board has clear understanding of strategy and risk. • Transparent communication from Syncona team to Board about portfolio opportunities and risks including upside and downside valuation cases. • Clear communication to shareholders of the opportunities and risks of the strategy. Provide information to shareholders about portfolio companies to assist them in understanding portfolio value and risks. • Building diversified portfolio with multiple companies and products at clinical/later stages. Consideration of syndicating investments. • Willing to sell investments at/above fair value, prior to approval, which removes binary risks.	concentration risk profile changes. • Scientific risk will reduce over time as the clinical development pathway develops. • Financial exposure risk increases as our investment in individual assets increases. • As we grow, concentration risk should reduce as we increase the number of new companies we are starting and individual investment relative to NAV should become more diluted. • The acquisition of AGTC during the year has diversified the risk of having primarily early-stage life science businesses.
Access to capital		
Not having capital to invest Early-stage life science businesses are very capital intensive, and delivering our strategy will require us to have access to substantial capital. Impacts: • Dilution of stake in portfolio companies with loss of potential upside. • Loss of control of portfolio companies resulting in poorer strategic execution. • Inability for portfolio companies to deliver their business plans due to financing constraints.	• Syncona team monitoring capital allocation on an ongoing basis with a three-year forward outlook, with transparent reporting to the Board. • Seek to maintain capital pool of three years' financing requirements, although noting this risks being a significant drag on overall returns. • Maximise potential to raise new equity through developing institutional shareholder base. • Ongoing consideration of alternative or additional capital raising structures (e.g. side funds; operating company vs investment company; use of debt). • Ongoing consideration of syndication strategy at portfolio company level, to	• Whilst this is not an immediate risk as we have a strong balance sheet with over three years of capital available, we are seeing the impact of current negative market sentiment in our portfolio syndications and across the broader market place. • As the portfolio matures, capital requirements will increase. However, more mature assets attract higher valuations so our ability to realise value will increase. • Increasing the quantum and cadence of investment will drive better capital efficiency and an increasingly mature portfolio which

	maximise value and minimise dilution when external capital is brought in. Clarity of funding options: solo hold and partner approaches. • Ongoing consideration of exits.	can be realised over time. • For new investments, we have invested alongside strategic co-investors, maintaining the core Syncona model whilst diversifying financial risk. • We have introduced a Capital Return Policy focusing on driving balance sheet efficiency by balancing reinvestment with capital returns. • During the financial year our portfolio companies brought in £394.3 million of capital commitments of which Syncona contributed £176.9 million.
Private/public markets don't value or fund our companies when we wish to access them Our capital allocation strategy includes considering bringing third-party capital into our portfolio companies, at the right stage of development. In addition we may consider exit opportunities either on the public markets or through private sales. Impacts: • Syncona is required to invest further capital, leading to greater exposure to individual companies than desired and less ability to support other companies. • Inability for portfolio companies to deliver their business plans due to financing constraints. • Exit opportunities may be less attractive, with impact on availability of capital. • Reputation risk from failed transactions.	• Maintain access to significant capital, to reduce risk of being forced to syndicate/forced seller. • Focus, oversight and support from the Syncona team on financing plan for each company, with support to the company to develop its financing story at an early stage.	• Macroeconomic headwinds have continued to impact sentiment in the biotech sector, with particular impact on public markets for early stage biotech companies. • During the year we have increased the level of scenario planning and modelling we perform to ensure we monitor our ability to invest at a higher than planned level into our companies if necessary. We have also increased the frequency of our internal meetings to discuss the capital landscape, the potential sources of capital and the timing of capital required. • During the financial year our portfolio companies brought in £394.3 million of capital commitments of which Syncona contributed £176.9 million.
Capital pool losses or illiquidity	• Protection against risk and liquidity are key	• This risk has increased primarily due to high

The capital pool is exposed to the risk of loss or illiquidity. Impacts: • Loss of capital (or reduction in the value of capital due to inflation). • Inability to finance life science investments. • Reputation risk from losses in non-core area. • Counterparty bank or fund fails and we are unable to recover the money held by them.	characteristics; return is a focus to avoid loss of real value, but a secondary consideration. • Risk parameters monitored monthly by Syncona team, with enhanced review on a quarterly basis. • External adviser (Barnett Waddingham) engaged to carry out quarterly and annual reviews of capital pool against chosen parameters. • Cash balances are held at multiple investment grade or equivalent banks and limited to three months' forward funding requirements. • Near-term funding is held in UK and US treasuries. • Longer-term funding is held across low volatility, highly liquid, multi-asset funds or mandates.	inflation currently being experienced alongside volatile capital markets. As a result, more active management of the capital pool is in place. • Risk is being managed through a tiered approach to investment. We are managing liquidity and return within defined volatility and concentration limits. External advisers are used to evaluate the markets and providers, and funds are currently spread across multiple banks, government bonds, and three fund managers with differentiated diversified investment strategies. • Macroeconomic and fund performance is reviewed regularly by the Liquidity Management Committee and reported quarterly to the SIML and Syncona Limited Boards.
People		
Reliance on small Syncona team The execution of the Company's strategy is dependent on a small number of key individuals with specialised expertise. This is at risk if the team does not succeed in retaining skilled personnel or is unable to recruit new personnel with relevant skills. Impacts: • Poorer oversight of portfolio companies, risk of loss of value from poor strategic/operational decisions. • Insufficient resource to take advantage of investment opportunities.	• Market benchmarking of remuneration for staff. • Provision of long-term incentive scheme to incentivise and retain staff. • Ongoing recruitment to strengthen team and deepen resilience. • Focus on investment team development to provide internal succession from next tier of leaders, with process supported by Chief Human Resources Officer. • Process development within corporate functions to reduce single point risks. • Building high-quality teams within portfolio companies that can operate at a high strategic level.	• Part of the evolved strategy is an increased focus on people and capabilities. During the year the SIML CEO transition was announced and implemented. The Investment, Launch and Executive and Advisory teams have been built out and the Corporate teams have been strengthened.

• Loss of licence to operate if insufficient resource or processes mean we fail to meet stakeholder expectations.		
Systems and controls failures We rely on a series of systems and controls to ensure proper control of assets, record-keeping and reporting, and operation of Syncona's business. Impacts: • Risk of loss of assets. • Inability to properly oversee Syncona team. • Inaccurate reporting to shareholders. • Syncona team unable to carry out its functions properly. • Breach of legal or regulatory requirements. • Reputation risk, loss of confidence from shareholders and other stakeholders.	• Systems and control procedures are reviewed regularly by Syncona team, with input from specialist external advisers where appropriate. • Certain systems have been outsourced to the Administrator who provides independent assurance of its own systems. • Annual review of the effectiveness of systems and controls carried out by the Audit Committee. • Anti-fraud, bribery and corruption controls. • Anti-money laundering controls. • Whistleblowing arrangements.	• Ongoing compliance reviews and reviews of key processes performed during the year to assess quality, identify efficiencies and ensure compliance.
Unable to build high-quality team/team culture Portfolio companies are reliant on recruiting highly specialised, high-quality staff to deliver their strategies. This can be challenging given a limited pool of people with the necessary skills in the UK/Europe. In addition, these are fast-growing companies and establishing a high-quality culture from the outset is key. Impacts: • Ultimately, failure to deliver key elements of operational plans resulting in material loss of value.	• Seek to build high-quality teams in portfolio companies. This can begin before an investment is made. • Ensure executive team aims to build a high-quality culture from the outset, and monitor and support its effectiveness. • Build strong portfolio company boards (including representatives from our team and experienced non-execs) to provide effective oversight and support. • Support from our team, including taking operational roles where necessary, and facilitating access to support from across the portfolio where appropriate, or external consultant resource from our networks.	• The build out of the Executive and Advisory Group to include experienced subject matter experts during the year enables the provision of specialist advice thereby differentiating a Syncona portfolio company. • As we move further though the clinical pathway with our companies and execute on our strategy our track record will continue to strengthen which will attract high-quality people.

Unable to execute business plans Portfolio company business plans may be impacted by a number of external factors, including access to patients, delivery by suppliers and the wider business environment (including factors such as COVID-19). Impacts: • Ultimately, failure to deliver key elements of operational plans resulting in material loss of value.	• Seek to build high-quality teams in portfolio companies. This can begin before an investment is made. Where possible these should include resilience to deal with unexpected external factors, though companies will also be focused on maximising value from capital invested. • Seek to maintain capital buffers to cope with unanticipated issues before cash out. • Oversight of key external factors/relationships that are important to delivering business plan. • Sharing of knowledge (where appropriate) across portfolio to support companies in managing external factors.	• The build out of the Executive and Advisory Group including experienced subject matter experts during the year enables specialist advice which aids the identification and resolution of issues at an early stage and ongoing support to assist in managing the operational challenges of drug discovery and development. • During the year we have increased the level of scenario planning and modelling we perform to ensure we monitor our ability to invest at a higher than planned level into our companies if necessary, enabling us to support our portfolio companies through execution challenges as appropriate. • We have also increased the frequency of our internal meetings to discuss the capital landscape, the potential sources of capital and the timing of capital required.
Macroeconomic environment		
Macroeconomic environment has a negative impact on sentiment for portfolio companies and Syncona business model The challenging macroeconomic environment results in investors being highly risk averse. Impacts: • Investors are focusing on existing portfolios rather than investing in early stage biotech companies, therefore Syncona may be required to invest further	• Ongoing consideration of syndication strategy at portfolio company level alongside potential partnership and licensing agreements to extend portfolio companies' cash runways, maximise value and minimise dilution when external capital is brought in. • Syncona team monitor capital allocation on an ongoing basis with a three-year forward outlook, with transparent reporting to the Board.	• We have focused capital allocation on clinical opportunities across the portfolio, maintaining disciplined approach against a challenging market backdrop. • We have continued to monitor capital requirements across the entire portfolio closely, ensuring we consider all options with regards to future financing, including exit options. • We have increased the level of scenario planning and modelling

capital, leading to greater exposure to individual companies than desired and less ability to support other companies. • Inability for portfolio companies to deliver their business plans due to financing constraints. • For Syncona, exit opportunities may be less attractive, with impact on availability of capital to fund portfolio companies. • A reduction in demand for the Company's shares would impact the performance of the Company's share price. • Failure to deliver strategy.	• Seek to maintain capital pool of three years' financing requirements, although noting this risks being a significant drag on overall returns. • Regular engagement with shareholders and analysts. • Maximise potential for Syncona to raise new equity through developing institutional shareholder base. • Ongoing consideration of alternative or additional capital raising structures (e.g. side funds; operating company vs investment company; use of debt). • Ongoing consideration of exits. • Seek to maintain capital buffers to cope with unanticipated issues before cash out. • Maintain access to significant capital, to reduce risk of being forced to syndicate/forced seller.	we perform to ensure we monitor our ability to invest at a higher than planned level into our companies if necessary. We have also increased the frequency of our internal meetings to discuss the capital landscape, the potential sources of capital and the timing of capital required. • We have increased engagement with investors and analysts. • We have implemented more active management of the capital pool. This involves managing risk through a tiered approach to investment, and managing liquidity and return, within defined volatility and concentration limits. External advisers are used to evaluate the markets and providers and funds are currently spread across multiple banks, government bonds, and three fund managers with differentiated diversified investment strategies. • Macroeconomic and fund performance is reviewed regularly by the Syncona team, the Liquidity Management Committee and reported quarterly to the SIML and Syncona Limited Boards.

Responsibility Statement

The Directors' responsibility statement below has been prepared in conjunction with, and is extracted from, the Company's Annual Report and Accounts for the year ended 31 March 2023 ("2023 Annual Report"), whereas this announcement contains extracts from the 2023 Annual Report. The responsibility statement is repeated here solely for the purpose of complying with DTR 6.3.5. These responsibilities are for the full 2023 Annual Report and not the extracted information presented in this announcement or otherwise.

The Directors of the Company are:
Melanie Gee, Chair
Julie Cherrington, Non-Executive Director
Cristina Csimma, Non-Executive Director
Virginia Holmes, Non-Executive Director
Rob Hutchinson, Non-Executive Director
Kemal Malik, Non-Executive Director
Gian Piero Reverberi, Non-Executive Director

The Directors confirm to the best of our knowledge:

the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole;

the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy; and

the financial statements include information and details in the Chair's statement, the Strategic Report, the Corporate Governance report, the Directors' report and the notes to the Consolidated Financial Statements, which provide a fair review of the information required by:

a) DTR 4.1.8 of the Disclosure and Transparency Rules, being a fair review of the Company business and a description of the principal risks and uncertainties facing the Company; and

b) DTR 4.1.11 of the Disclosure and Transparency Rules, being an indication of important events that have occurred since the end of the financial year and the likely future development of the Company.

SYNCONA LIMITED

UNAUDITED GROUP PORTFOLIO STATEMENT
As at 31 March 2023

	2023		2022	
	Fair value £'000	**% of Group NAV £'000**	**Fair value £'000**	**% of Group NAV £'000**
Life science portfolio				
Life science companies				
Quell Therapeutics Limited	86,703	6.9	81,416	6.2
Anaveon AG	64,203	5.1	59,818	4.6
Beacon Therapeutics Holdings Limited(1)	60,000	4.8	–	–
SwanBio Therapeutics Limited	58,186	4.6	75,103	5.7
Autolus Therapeutics plc	50,004	4.0	61,979	4.7
Omass Therapeutics Limited	43,712	3.5	34,712	2.7
Purespring Therapeutics Limited	35,100	2.8	18,500	1.4
Resolution Therapeutics Limited	23,027	1.8	10,388	0.8
Cambridge Epigenetix Limited	18,472	1.5	17,345	1.3
Freeline Therapeutics Holdings plc	14,117	1.1	32,277	2.5
Companies of less than 1% of the NAV	47,972	3.8	55,351	4.2
Total life science companies	501,496	39.9	446,889	34.1
Milestone payments	54,516	4.3	49,802	3.8
CRT Pioneer Fund	32,727	2.6	28,183	2.2
Deferred consideration	15,882	1.3	–	–
Total life science portfolio(2)	604,621	48.1	524,874	40.1
Capital pool investments				

Treasury bills	284,960	22.7	179,984	13.7
Credit investment funds	101,566	8.1	99,489	7.6
Multi asset funds	160,036	12.8	–	–
Legacy funds	33,001	2.7	39,857	3.1
Total capital pool investments[3]	579,563	46.3	319,330	24.4
Other net assets				
Cash and cash equivalents[4]	82,818	6.6	485,223	37.0
Charitable donations	(4,634)	(0.4)	(4,250)	(0.3)
Other assets and liabilities	(7,713)	(0.6)	(15,336)	(1.2)
Total other net assets	70,471	5.6	465,637	35.5
Total NAV of the Group	1,254,655	100.0	1,309,841	100.0

(1) As at 31 March 2023 the legal name for this investment was SPL 123 Limited. The entity was renamed Beacon Therapeutics Holdings Limited on 1 June 2023.

(2) The life science portfolio of £604,619,696 (31 March 2022: £524,873,761) consists of life science investments totalling £517,377,259 (31 March 2022: £446,888,721), milestone payments on Gyroscope sale of £54,515,861 (31 March 2022: £49,801,548) held by Syncona Holdings Limited and CRT Pioneer Fund of £32,726,576 (31 March 2022: £28,183,492) held by Syncona Investments LP Incorporated.

(3) Capital pool investments of £579,563,640 (31 March 2022: £319,330,598) are held by Syncona Investments LP Incorporated.

(4) Cash amounting to £11,402 (31 March 2022: £275,902) is held by Syncona Limited. The remaining £82,806,203 (31 March 2022: £484,947,557) is held by its subsidiaries other than portfolio companies ("Syncona Group Companies"). Cash held by Syncona Group Companies other than Syncona GP Limited is not shown in Syncona Limited's Consolidated Statement of Financial Position since it is included within financial assets at fair value through profit or loss.

Assets held by the Group are held primarily through Syncona Holdings Limited and Syncona Investments LP Incorporated. See note 1 for a description of these entities.

The totals in the above table may differ slightly to the audited financial statements due to rounding differences.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2023

	Notes	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Investment income							
Other income	6	27,495	–	27,495	25,391	–	25,391
Total investment income		27,495	–	27,495	25,391	–	25,391
Net losses on financial assets at fair value through profit or loss	7	–	(67,286)	(67,286)	–	(6,698)	(6,698)
Total losses		–	(67,286)	(67,286)	–	(6,698)	(6,698)
Expenses							
Charitable donations	8	4,634	–	4,634	4,250	–	4,250
General expenses	9	11,593	–	11,593	5,605	–	5,605
Total expenses		16,227	–	16,227	9,855	–	9,855
(Loss)/profit for the year		11,268	(67,286)	(56,018)	15,536	(6,698)	8,838
(Loss)/profit after tax		11,268	(67,286)	(56,018)	15,536	(6,698)	8,838
Earnings/(loss) per Ordinary Share	14	1.69p	(10.07)p	(8.38)p	2.34p	(1.01)p	1.33p
Earnings/(loss) per Diluted Share	14	1.69p	(10.07)p	(8.38)p	2.31p	(1.00)p	1.31p

The total columns of this statement represent the Group's Consolidated Statement of Comprehensive Income, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

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

All the items in the above statement are derived from continuing operations.

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2023

	Notes	2023 £'000	2022 £'000
ASSETS			
Non-current assets			
Financial assets at fair value through profit or loss	10	1,258,258	1,323,232
Current assets			
Bank and cash deposits		11	276
Trade and other receivables	11	10,143	9,878
Total assets		1,268,412	1,333,386
LIABILITIES AND EQUITY			
Non-current liabilities			
Share based payments	12	–	8,459
Current liabilities			
Share based payments	12	7,296	9,388
Payables	13	6,461	5,698
Total liabilities		13,757	23,545
EQUITY			
Share capital	14	767,999	767,999
Capital reserves	14	463,163	530,449
Revenue reserves		23,493	11,393
Total equity		1,254,655	1,309,841
Total liabilities and equity		1,268,412	1,333,386
Total net assets attributable to holders of Ordinary Shares		1,254,655	1,309,841
Number of Ordinary Shares in issue	14	669,329,324	666,733,588
Net assets attributable to holders of Ordinary Shares (per share)	14	£1.87	£1.96
Diluted NAV (per share)	14	£1.86	£1.94

The audited Consolidated Financial Statements were approved on 14 June 2023 and signed on behalf of the Board of Directors by:

Melanie Gee — Chair

Rob Hutchinson — Non-Executive Director

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF ORDINARY SHARES
For the year ended 31 March 2023

	Share capital £'000	Capital reserves £'000	Revenue reserves £'000	Total £'000
As at 31 March 2021	**767,999**	**537,147**	**(4,857)**	**1,300,289**
Total comprehensive income for the year	–	(6,698)	15,536	8,838
Transactions with shareholders:				
Share based payments	–	–	714	714
As at 31 March 2022	**767,999**	**530,449**	**11,393**	**1,309,841**
Total comprehensive income for the year	–	(67,286)	11,268	(56,018)
Transactions with shareholders:				
Share based payments	–	–	832	832
As at 31 March 2023	**767,999**	**463,163**	**23,493**	**1,254,655**

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2023

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities			
(Loss)/profit for the year		(56,018)	8,838
Adjusted for:			
Losses on financial assets at fair value through profit or loss	7	67,286	6,698
Non-cash movement in share based provision		(12,031)	(15,764)
Operating cash flows before movements in working capital		(763)	(228)
(Increase)/decrease in other receivables		(265)	568
Increase/(decrease) in other payables		763	(78)
Net cash (used in)/generated from operating activities		(265)	262
Net (decrease)/increase in cash and cash equivalents		(265)	262
Cash and cash equivalents at beginning of the year		276	14
Cash and cash equivalents at end of the year		11	276

Cash held by the Company and Syncona Group Companies is disclosed in the Group Portfolio Statement.

The accompanying notes are an integral part of the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2023

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 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 Investment Management Limited (“SIML”), a subsidiary, was appointed as the Company’s Alternative Investment Fund Manager (“Investment Manager”).

The investment objective and policy is set out in the Directors’ Report.

2. ACCOUNTING POLICIES

The Group’s investments in life science companies, other investments within the life science portfolio and capital pool investments are held through the Holding Company and the Partnership, which are measured at fair value through profit or loss in accordance with the requirement of IFRS 10 “Consolidated Financial Statements”.

Statement of compliance
The Consolidated Financial Statements which give a true and fair view are prepared in accordance with IFRS as adopted by the European Union and are in compliance with The Companies (Guernsey) Law, 2008. The Consolidated Financial Statements were approved by the Board and authorised for issue on 14 June 2023.

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.

Basis of preparation
The 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.

The financial information set out in this announcement does not constitute the Group's statutory accounts for the years ended 31 March 2023 and 31 March 2022 but is derived from those accounts. The auditors have reported on those accounts and provided an unqualified opinion, including key audit matters within their audit report. It did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under The Companies (Guernsey) Law, 2008. A copy is available upon written request from the Company's registered office. The auditors' reports do not necessarily report on all of the information contained in these financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditors' engagement they should obtain a copy of the auditors' reports together with the accompanying financial information from the issuer's registered office.

Functional currency
The Group’s functional currency is Sterling (“£” or “GBP”). £ is the currency in which the Group measures its performance and reports its results. Ordinary Shares are denominated in £ and any dividends declared are paid in £. The Directors believe that £ best represents the functional currency, although the Group has significant exposure to other currencies as described in note 18.

Going concern
The financial statements are prepared on a going concern basis. The net assets held by the Group and within investment entities controlled by the Group currently consist of securities and cash amounting to £1,254.7 million (31 March 2022: £1,309.8 million) of which £629.4 million (31 March 2022: £764.7 million) are readily realisable within three months in normal market conditions, and liabilities including uncalled commitments to underlying investments and funds amounting to £89.2 million (31 March 2022: £88.5 million).

Given the Group’s capital pool of £650.1 million (31 March 2022: £784.9 million) the Directors consider that the Group has adequate financial resources to continue its operations, including existing commitments to its investments and planned additional capital expenditure for 12 months following the approval of the financial statements. The Directors also continue to monitor the potential future impact of the war in Ukraine and the ever changing macro environment, including inflationary pressures, on the Group. Hence, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Consolidated Financial Statements.

Basis of consolidation
The Group's Consolidated Financial Statements consist of the financial records of the Company and the General Partner.

The results of the General Partner during the year are consolidated in the Consolidated Statement of Comprehensive Income from the effective date of incorporation and is consolidated in full. The financial statements of the General Partner are prepared in accordance with United Kingdom ("UK") Accounting Standards under Financial Reporting Standard 101 "Reduced Disclosure Framework". Where necessary, adjustments are made to the financial statements of the General Partner to bring the accounting policies used in line with those used by the Group. During the years ended 31 March 2023 and 31 March 2022, no such adjustments have been made. All intra-group transactions, balances and expenses are eliminated on consolidation.

Entities that meet the definition of an investment entity under IFRS 10 are held at fair value through profit or loss in accordance with IFRS 9 "Financial Instruments". 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 due to providing investment management related services to the Group, and is therefore consolidated.

New standards adopted by the Group
There are no standards, amendments to standards or interpretations that are effective for the annual period ending on 31 March 2023 that have a material effect on the Group's Consolidated Financial Statements.

Standards, amendments and interpretations not yet effective
There are a number of other standards, amendments and interpretation that are not yet effective and are not relevant to the Group as listed below. These are not discussed in detail as no material impact to the Group's Consolidated Financial Statements is expected.

- Amendments to IFRS 17, "Insurance Contracts";
- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture;
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current;
- Amendments to IAS 1: Non-current Liabilities with Covenants;
- Amendments to IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors;
- Amendments to IAS 12: Income Taxes;
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

Financial instruments
Financial assets and derivatives are recognised in the Group's Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. On initial recognition, financial assets are recognised at fair value less transaction costs which are recognised in the statement of comprehensive income.

On subsequent measurement, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss.

Financial assets measured at amortised cost
Financial assets are measured at amortised cost if held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group includes in this category short-term non-financing receivables including trade and other receivables.

As at 31 March 2023 and 31 March 2022, there are no financial assets measured at fair value through other comprehensive income.

Financial liabilities measured at amortised cost
This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Group includes in this category short-term payables.

Financial assets at fair value through profit or loss
The Group's investments in life science companies and capital pool investments are held through the Holding Company and the Partnership, respectively, which are measured at fair value through profit or loss in accordance with the requirement of IFRS 10. The net asset value ("NAV") of the Holding Company and the Partnership represent the Group's assessment of the fair value of its directly held assets (see note 10) and have been determined on the basis of the policies adopted for underlying investments described below.

Fair value – investments in subsidiaries
The Group classified its investments in subsidiaries as investments at fair value through profit or loss in accordance with the requirements under IFRS 10.

Fair value – life science portfolio – life science investments
The Group's investments in life science companies are, in the case of quoted companies, valued based on bid prices in an active market as at the reporting date.

In the case of the Group's investments in unlisted companies, the fair value is determined in accordance with the International Private Equity and Venture Capital ("IPEV") valuation guidelines. These may include the use of recent arm's length transactions, Discounted Cash Flow ("DCF") analysis and earnings multiples as valuation techniques. Wherever possible, the Group uses valuation techniques which make maximum use of market-based inputs.

The following considerations are used when calculating the fair value of unlisted life science companies:

- Cost at the transaction date is the primary input when determining fair value. Similarly, where there has been a recent investment in the unlisted company by third parties, the Price of Recent Investment ("PRI") is the primary input when determining fair value, although further judgement may be required to the extent that the instrument in which the recent investment was made is different from the instrument held by the Group.
- The length of period for which it remains appropriate to consider cost or the PRI as the primary input when determining fair value depends on the achievement of target milestones of the investment at the time of acquisition. An analysis of such milestones, which can be value maintaining or value enhancing, is undertaken at each valuation point and considers changes to the external environment, the suitability of the milestones and the current facts and circumstances. Where this calibration process shows there is objective evidence that an investment has been impaired or increased in value since the investment was made, such as observable data suggesting a change of the financial, technical, or commercial performance of the underlying investment, the Group carries out an enhanced assessment which may use one or more of the alternative methodologies set out in the IPEV Valuation Guidelines.
- DCF involves estimating the fair value of an investment by calculating the present value of expected future cash flows, based on the most recent forecasts in respect of the underlying business. Given the significant uncertainties involved with producing reliable cash flow forecasts for seed, start-up and early-stage companies, the DCF methodology will more commonly be used in the event that a life science company is in the final stages of clinical testing prior to regulatory approval or has filed for regulatory approval. No investments were valued on a DCF basis as at 31 March 2023 and 31 March 2022.

Fair value – life science portfolio – milestone payments
Milestone payments which form part of the total consideration resulting from a business combination and are dependent on the meeting of future conditions are initially recognised at fair value through profit or loss. Subsequent measurement of milestone payments is at fair value through profit or loss. When estimating the fair value of the milestone payments the present value of expected future cash flows is calculated based on the known future cash flows and an estimate of the likelihood of meeting the stated conditions using publicly available information where possible.

Fair value – life science portfolio – deferred consideration

Financial assets resulting from an investment purchase entitling the Group to future income that has a price which is dependent on a non-financial variable not specific to a party in the contract ("deferred consideration") is measured on initial recognition at fair value. Subsequent measurement of the financial asset is at fair value through profit or loss. When estimating the fair value of the financial asset the present value of expected future cash flows is calculated using an income-based valuation approach and an estimate of the likelihood of meeting the stated conditions using publicly available information where possible.

Fair value – capital pool investments in underlying funds
The Group's capital pool investments in underlying funds are ordinarily valued using the values (whether final or estimated) as advised to the Investment Manager by the managers, general partners or administrators of the relevant underlying fund. The valuation date of such investments may not always be coterminous with the valuation dates of the Company and in such cases the valuation of the investments as at the last valuation date is used. The NAV reported by the administrator may be unaudited and, in some cases, the notified asset values are based upon estimates. The Group or the Investment Manager may depart from this policy where it is considered such valuation is inappropriate and may, at its discretion, permit any other valuation method to be used if it considers that such valuation method better reflects value generally or in particular markets or market conditions and is in accordance with good accounting practice.

Forward currency contracts
Forward foreign currency contracts are derivative contracts and as such are recognised at fair value on the date on which they are entered into and subsequently remeasured at their fair value. Fair value is determined by forward rates in active currency markets. Whilst the Group currently holds no forward currency contracts, forward currency contracts are held by the Partnership and Syncona Portfolio Limited from time to time for hedging purposes only.

Other financial liabilities
Other financial liabilities include all other financial liabilities other than financial liabilities at fair value through profit or loss. The Group's other financial liabilities include payables and share based payments. The carrying amounts shown in the Consolidated Statement of Financial Position approximate the fair values due to the short-term nature of these other financial liabilities.

Offsetting of financial instruments
Financial assets and liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise assets and settle the liabilities simultaneously.

Derecognition of financial instruments
A financial asset is derecognised when: (a) the rights to receive cash flows from the financial asset have expired, (b) the Group retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through arrangement"; or (c) the Group has transferred substantially all the risks and rewards of the financial asset, or has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset.

A financial liability is derecognised when the contractual obligation under the liability is discharged, cancelled or expired.

Impairment of financial assets
IFRS 9 requires the Group to record expected credit losses ("ECLs") on all financial assets held at amortised cost, all loans and trade receivables, either on a 12-month or lifetime basis. The Group only holds receivables with no financing component and which have maturities of less than 12 months at amortised cost and therefore has applied the simplified approach to recognise lifetime ECLs permitted by IFRS 9.

Commitments
Through its investment in the Holding Company and the Partnership, the Group has outstanding commitments to investments that are not recognised in the Consolidated Financial Statements. Refer to note 20 for further details.

Share based payments
Certain employees of SIML participate in equity incentive arrangements under which they receive awards of Management Equity Shares ("MES") in the Holding Company above a base line value set out at the date of award. The MES are not entitled to dividends but any dividends or capital value realised by the Group in

relation to the Holding Company are taken into account in determining the value of the MES. MES vest if an individual remains in employment for the applicable vesting period. 25% of an individual MES become realisable each year, they have the right to sell these realisable shares to the Company and the Company is obligated to purchase said shares. The price is determined using a formula stipulated in the Articles of Association ("Articles") of the Holding Company.

The terms of the equity incentive arrangements provide that half of the proceeds (net of expected taxes) are settled in Company shares which must be held for at least 12 months, with the balance paid in cash. Consequently, the arrangements are deemed to be partly an equity-settled share based payment scheme and partly a cash-settled share based payment scheme under IFRS 2 "Share Based Payments" in the Consolidated Financial Statements of the Group.

The fair value of the MES at the time of the initial award is determined in accordance with IFRS 2 and taking into account the particular rights attached to the MES as described in the Articles. The fair value is measured using a probability-weighted expected returns methodology, which is an appropriate future-oriented approach when considering the fair value of shares that have no intrinsic value at the time of issue. The approach replicates that of a binomial option pricing model. The key assumptions used within the model are: NAV progression; discount rates ranging from 12% to 27% (31 March 2022: 12% to 30%); and probabilities of success that result in an average cumulative probability of success across the life science portfolio of 26% (31 March 2022: 32%). In this case, the expected future payout to the MES was made by reference to the expected evolution of the Holding Company's value, including expected dividends and other realisations which is then compared to the base line value. This is then discounted into present value terms adopting an appropriate discount rate. The "capital asset pricing methodology" was used when considering an appropriate discount rate to apply to the payout expected to accrue to the MES on realisation.

When MES are awarded, a share based payment charge is recognised in the Consolidated Statement of Comprehensive Income of the employing company, SIML, equal to the fair value at that date, spread over the vesting period. In its own financial statements, the Company records a capital contribution to the Holding Company with an amount credited to the share based payments reserve in respect of the equity-settled proportion and to liabilities in respect of the cash-settled proportion (see below).

When the Company issues new shares to acquire the MES, the fair value of the MES is credited to share capital.

To the extent that the Company expects to pay cash to acquire the MES, the fair value of the MES is recognised as a liability in the Company's Consolidated Statement of Financial Position. The fair value is established at each statement of financial position date and recognised in the Consolidated Statement of Comprehensive Income throughout the vesting period, based on the proportion vested at each Statement of Financial Position date and adjusted to reflect subsequent movements in fair value up to the date of acquisition of the MES by the Company.

The fair value paid to acquire MES (whether in shares in the Company or cash) will result in an increase in the carrying value of the Holding Company by the Company.

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 Consolidated Statement of Comprehensive Income.

Income
All income is accounted for in accordance with IFRS 15 "Revenue from Contracts with Customers" and is recognised in the Consolidated Statement of Comprehensive Income when the right to receive is established. Income is further discussed in note 6.

Expenses
Expenses are accounted for on accruals basis. Expenses incurred on the acquisition of investments at fair value through profit or loss are presented within the Capital column of the Consolidated Statement of Comprehensive Income. All other expenses are presented within the Revenue column of the Consolidated Statement of Comprehensive Income. Charitable donations are accounted for on accruals basis and are recognised in the Consolidated Statement of Comprehensive Income. Expenses directly attributable to the issuance of shares are charged against capital and recognised in the Consolidated Statement of Changes in Net Assets Attributable to Holders of Ordinary Shares.

Cash and cash equivalents
Cash comprises of cash at bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value.

Translation of foreign currency
Items included in the Group's Consolidated Financial Statements are measured in £, which is the currency of the primary economic environment where the Group operates. The Group's assets are primarily denominated in £.

Transactions in currencies other than £ are translated at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the date of the Consolidated Statement of Financial Position are retranslated into £ at the rate of exchange ruling at that date.

Foreign exchange differences arising on retranslation are recognised in the Consolidated Statement of Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the rate of exchange at the date of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated into £ at foreign exchange rates ruling at the date the fair value was determined.

Presentation of the Consolidated Statement of Comprehensive Income
In order to better reflect the activities of an investment company, supplementary information which analyses the Consolidated Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Consolidated Statement of Comprehensive Income.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group's Consolidated Financial Statements requires 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 the life science investments could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Critical accounting judgements
In the process of applying the Group's accounting policies, the following judgements have been made, which have the most significant effect on the amounts recognised in the Consolidated Financial Statements:

Fair value – life science portfolio
In the case of the Group's investments in unlisted companies, the fair value is determined in accordance with the IPEV Valuation Guidelines. These include the use of recent arm's length transactions, DCF analysis and earnings multiples. Wherever possible, the Group uses valuation techniques which make maximum use of market-based inputs.

In most cases, where the Group is the sole institutional investor and/or until such time as substantial clinical data has been generated, the primary valuation input is Cost or PRI, subject to adequate consideration being given to current facts and circumstances. This includes whether there is objective evidence that suggests the investment has been impaired or increased in value due to observable data, technical, or commercial performance.

Where considered appropriate, once substantial clinical data has been generated the Group will use input from independent valuation advisors to assist in the determination of fair value.

The key judgement relates to determining whether a Cost or PRI (Market) based approach is the most appropriate for determining fair value of the Group's investments in unlisted companies. In making this judgement, the Group highlights that the majority of its investments are early-stage businesses, typically with products in the discovery stage of drug development and pre-revenue generation. As a result, it considers that the determination of fair value should be based on what a market participant buyer would pay to acquire or develop a substitute asset with comparable scientific or commercial progression, adjusted for obsolescence (i.e. its current replacement cost). This technique is applied until such time that the life science investment is at a stage in its life cycle where cash flow forecasts are more predictable, thus using an income-based approach provides a more reliable estimate of fair value.

However there are also other methodologies that can be used to determine the fair value of investments in private companies including the use of the DCF methodology. It is possible that the use of an alternative valuation methodology would result in a different fair value than that recorded by the Group.

When assessing the judgement, the Group's determination of the fair values of certain investments took into consideration multiple sources including Management and publicly available information and publications, as well as input from an independent review by L.E.K. Consulting LLP ("L.E.K.") in respect of Syncona's valuation of the following investments: Anaveon AG; Omass Therapeutics Limited; Beacon Therapeutics Holdings Limited (formally known as SPL 123 Limited); Quell Therapeutics Limited; and SwanBio Therapeutics Limited.

The review was limited to certain specific limited procedures which we identified and requested L.E.K. to perform within an agreed limited scope, and it was subject to assumptions which are forward looking in nature and subjective judgements. Upon completion of the review within the parameters of the agreed procedures L.E.K. estimated an independent range of fair values of those investments. The limited procedures carried out by L.E.K. did not involve an audit, review, compilation or any other form of verification, examination or attestation under generally accepted auditing standards and were based on the sources agreed in the limited scope only. Syncona Limited is responsible for determining the fair value of the investments, and the review performed by L.E.K. to assist Syncona is only one element of the enquiries and procedures in the process in making a determination of the fair value of those investments and for which the Directors of Syncona Limited is ultimately responsible.

Contingent Consideration

During the year ended 31 March 2022, the investment in Gyroscope was sold to an external third party for consideration comprising of upfront cash and cash to be paid in the future subject to certain milestones being met ("milestone payments"). Gyroscope was previously held as an investment at fair value through profit or loss by Syncona Portfolio Limited due to Syncona Portfolio Limited meeting the conditions of being an investment entity and holding its subsidiaries at fair value through profit or loss.

There is currently no prescriptive accounting standard for the seller where milestone payments which are contingent on a future event is agreed in a contract for the disposal of a subsidiary. Guidance available within IFRS 3 "Business Combinations" to the acquiring entity was therefore applied to the recognition and measurement of the milestone payments. IFRS 3 requires the acquirer to recognise any milestone payments dependent on uncertain events to be recognised as a financial liability at fair value through profit or loss in their financial statements. In accordance with available guidance and industry practice it was concluded that the milestone payments receivable following the sale of a subsidiary in a business combination are required to be recognised as a financial asset measured at fair value through profit or loss in the financial statements of Syncona Portfolio Limited. This forms part of the fair value of the Groups investment in the Holding Company.

Key sources of estimation uncertainty

The Group's investments consist of its investments in the Holding Company and the Partnership, both of which are classified at fair value through profit or loss and are valued accordingly, as disclosed in note 2.

The key sources of estimation uncertainty are the valuation of the Holding Company's investments in privately held life science companies and milestone payments on sale of a subsidiary, the Partnership's private equity investments and investment in the CRT Pioneer Fund, and the valuation of the share based payment liability.

The unquoted investments within the life science portfolio are very illiquid. Many of the companies are early stage investments and privately owned. Accordingly, a market value can be difficult to determine. The primary inputs used by the Company to determine the fair value of investments in privately held life science companies are the cost of the capital invested and PRI, adjusted to reflect the achievement or otherwise of milestones or other factors. The accounting policy for all investments is described in note 2 and the fair value of all investments is described in note 19.

In determining a suitable range to sensitise the fair value of the unlisted life science portfolio, Management note the achievement or not of value enhancing milestones as being a key source of estimation uncertainty. Such activities and resulting data emanating from the life science companies can be the key trigger for fair value changes and typically involve financing events which crystallise value at those points in time. The range of 10% (2022: 18%) identified by Management reflects their estimate of the range of reasonably possible valuations over the next financial year, taking into account the position of the portfolio as a whole.

Key technical milestones considered by Management and that typically trigger value enhancement (or deterioration if not achieved) include the generation of substantial clinical data.

The Company has assessed the current impact of the war in Ukraine on the private life science companies and does not consider that any revaluations are required as a result, however the final impact of the war is not yet certain and may have effects on the portfolio companies that have not been anticipated.

As at the year end, none (31 March 2022: none) of the Partnership's underlying investments have imposed restrictions on redemptions. However, underlying managers often have the right to impose such restrictions. The Directors believe it remains appropriate to estimate their fair values based on NAV as reported by the administrators of the relevant investments.

Where investments held by the Partnership can be subscribed to, the Directors believe that such NAV represents fair value because subscriptions and redemptions in the underlying investments occur at these prices at the Consolidated Statement of Financial Position date, where permitted.

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	2023 % interest[1]	2022 % interest[1]
Syncona GP Limited	Guernsey	General Partner	100%	100%
Syncona Holdings Limited	Guernsey	Portfolio management	100%	100%
Syncona Investments LP Incorporated	Guernsey	Portfolio management	100%	100%

[1] Based on undiluted issued share capital and excluding the MES issued by Syncona Holdings Limited (see note 12).

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

Indirect interests in subsidiaries and associates

Indirect Subsidiaries	Principal place of business	Immediate parent	Principal activity	2023 % interest[1]
Syncona Discovery Limited	UK	Syncona Investments LP Inc	Portfolio management	100%
Syncona Portfolio Limited	Guernsey	Syncona Holdings Limited	Portfolio management	100%
Syncona IP Holdco Limited	UK	Syncona Portfolio Limited	Portfolio management	100%
Syncona IP Holdco (2) Limited	UK	Syncona Portfolio Limited	Portfolio management	100%
Syncona Investment Management Limited	UK	Syncona Holdings Limited	Portfolio management	100%
SIML Switzerland AG	Switzerland	SIML	Portfolio management	100%
Resolution Therapeutics Limited	UK	Syncona Portfolio Limited	Cell therapy	85%
SwanBio Therapeutics Limited	United States	Syncona Portfolio Limited	Gene therapy	82%
Purespring Therapeutics Limited	UK	Syncona Portfolio Limited	Gene therapy	81%
Forcefield Therapeutics Limited	UK	Syncona Portfolio Limited	Gene therapy	76%
SPL 123 Limited	UK	Syncona Portfolio Limited	Gene therapy	70%
Freeline Therapeutics Holdings plc	UK	Syncona Portfolio Limited	Gene therapy	58%
Mosaic Therapeutics Limited	UK	Syncona Portfolio Limited	Small molecule	51%

Indirect associates	Principal place of business	Immediate parent	Principal activity	2023 % interest[1]
Anaveon AG	Switzerland	Syncona Portfolio Limited	Biologics	46%
Quell Therapeutics Limited	UK	Syncona Portfolio Limited	Cell therapy	44%
Kesmalea Therapeutics Limited	UK	Syncona Portfolio Limited	Small molecule	41%
Omass Therapeutics Limited	UK	Syncona Portfolio Limited	Small molecule	35%
Azeria Therapeutics Limited	UK	Syncona Portfolio Limited	In voluntary liquidation	34%
Achilles Therapeutics plc	UK	Syncona Portfolio Limited	Cell therapy	27%

Indirect Subsidiaries	Principal place of business	Immediate parent	Principal activity	2022 % interest[1]
Syncona Discovery Limited	UK	Syncona Investments LP Inc	Portfolio management	100%
Syncona Portfolio Limited	Guernsey	Syncona Holdings Limited	Portfolio management	100%

Syncona IP Holdco Limited	UK	Syncona Portfolio Limited	Portfolio management	100%
Syncona Investment Management Limited	UK	Syncona Holdings Limited	Portfolio management	100%
SIML Switzerland AG	Switzerland	SIML	Portfolio management	100%
SwanBio Therapeutics Limited	United States	Syncona Portfolio Limited	Gene therapy	76%
Purespring Therapeutics Limited	UK	Syncona Portfolio Limited	Gene therapy	76%
Forcefield Therapeutics Limited	UK	Syncona Portfolio Limited	Gene therapy	76%
Resolution Therapeutic Limited	UK	Syncona Portfolio Limited	Cell therapy	73%
Freeline Therapeutics Holdings plc	UK	Syncona Portfolio Limited	Gene therapy	61%
Omass Therapeutics Limited	UK	Syncona Portfolio Limited	Small molecule	53%

Indirect associates	Principal place of business	Immediate parent	Principal activity	2022 % interest[(1)]
Quell Therapeutics Limited	UK	Syncona Portfolio Limited	Cell therapy	44%
Anaveon AG	Switzerland	Syncona Portfolio Limited	Biologics	41%
Azeria Therapeutics Limited	UK	Syncona Portfolio Limited	In voluntary liquidation	34%
Achilles Therapeutics plc	UK	Syncona Portfolio Limited	Cell therapy	27%
Autolus Therapeutics plc	UK	Syncona Portfolio Limited	Cell therapy	21%

(1) Based on undiluted issued share capital and excluding the MES issued by Syncona Holdings Limited (see note 12).

5. TAXATION

The Company and the General Partner are exempt from taxation in Guernsey under the provisions of The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and have both paid an annual exemption fee of £1,200 (31 March 2022: £1,200).

The General Partner is incorporated and a tax resident in Guernsey, its corporate affairs being managed solely in Guernsey. Having regard to the non-UK tax residence of the General Partner and the Company, and on the basis that the Partnership is treated as transparent for UK and Guernsey tax purposes and that the Partnership's business is an investment business and not a trade, no UK tax will be payable on either the General Partner's or the Company's shares of Partnership profit (save to the extent of any UK withholding tax on certain types of UK income such as interest).

Some of the Group's underlying investments may be liable to tax, although the tax impact is not expected to be material to the Group, and is included in the fair value of the Group's investments.

6. INCOME

The Group's income relates to cash transfers from the Partnership which are used for paying costs and dividends of the Group.

During the year, income received from the Partnership amounted to £27,494,517 (31 March 2022: £25,390,625) of which £4,633,973 (31 March 2022: £4,249,836) remained receivable as at 31 March 2023. The receivable reflects the charitable donations of the Group. Refer to note 8.

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

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

	Note	2023 £'000	2022 £'000
Net (losses)/gains from:			
The Holding Company	7.a	(62,636)	22,019
The Partnership	7.b	(4,650)	(28,717)
		(67,286)	(6,698)

7.a Movements in the Holding Company:

	2023 £'000	2022 £'000
Expenses	(97)	(90)

Movement in unrealised (loss)/gains on life science investments at fair value through profit or loss	(62,539)	22,109
Net (loss)/gains on financial assets at fair value through profit or loss	(62,636)	22,019

7.b Movements in the Partnership:

	2023 £'000	2022 £'000
Investment income	106	23
Rebates and donations	81	409
Expenses	(342)	(229)
Realised gains on financial assets at fair value through profit or loss	13,933	13,716
Movement in unrealised gains/(losses) on financial assets at fair value through profit or loss	6,049	(19,185)
Gains on foreign currency	3,018	1,940
Gains/(losses) on financial assets at fair value through profit or loss	22,845	(3,326)
Distributions	(27,495)	(25,391)
Net losses on financial assets at fair value through profit or loss	(4,650)	(28,717)

8. CHARITABLE DONATIONS

For the year ending 31 March 2023, the Group has agreed to make a donation to charity of 0.35% of the total NAV of the Group calculated on a monthly basis, 0.35% (31 March 2022: 0.2%) to be donated to The Syncona Foundation and 0% (31 March 2022: 0.15%) to The Institute of Cancer Research, and these donations are made by the General Partner.

During the year, charitable donations expense amounted to £4,633,973 (31 March 2022: £4,249,836) of which £4,633,973 (31 March 2022: £4,249,836) remained payable as at 31 March 2023. Refer to note 13.

9. GENERAL EXPENSES

	2023 £'000	2022 £'000
Share based payments (See note 12)	(2,968)	(7,304)
Investment management fees (See note 16)	12,121	10,699
Directors' remuneration (See note 16)	499	419
Auditor's remuneration	183	141
Other expenses	1,758	1,650
	11,593	5,605

Auditor's remuneration includes audit fees in relation to the Group of £132,900 (31 March 2022: £105,000). Total audit fees paid by the Group and the Syncona Group Companies for the year ended 31 March 2023 totalled £267,800 (31 March 2022: £210,000). Additional fees paid to the auditor were £44,200 (31 March 2022: £38,000) which relates to work performed at the interim review of £36,200 (31 March 2022: £30,000) and other non-audit fees of £8,000 (31 March 2022: £8,000).

Further details of the share based payments can be found in note 12.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	2023 £'000	2022 £'000
The Holding Company	10.a	919,958	980,282
The Partnership	10.b	338,300	342,950
		1,258,258	1,323,232

The Holding Company and the Partnership are the only two investments held directly by the Group and as such the reconciliation of movement in investments has been presented separately for each below.

10.a The net assets of the Holding Company

	2023 £'000	2022 £'000
Cost of the Holding Company's investment at the start of the year	494,810	494,810
Purchases during the year	–	–
Cost of the Holding Company's investments at the end of the year	494,810	494,810
Net unrealised gains on investments at the end of the year	429,757	489,984
Fair value of the Holding Company's investments at the end of the year	924,567	984,794
Other net current liabilities	(4,609)	(4,512)
Financial assets at fair value through profit or loss at the end of the year	919,958	980,282

10.b The net assets of the Partnership

	2023 £'000	2022 £'000
Cost of the Partnership's investments at the start of the year	334,834	418,472
Purchases during the year	1,848,806	835,375
Sales during the year	(1,589,269)	(923,659)
Return of capital	(10,551)	(9,070)
Net realised gains on disposals during the year	13,933	13,716
Cost of the Partnership's investments at the end of the year	597,753	334,834
Net unrealised gains on investments at the end of the year	22,196	16,147
Fair value of the Partnership's investments at the end of the year	619,949	350,981
Cash and cash equivalents	67,190	475,786
Other net current liabilities	(348,839)	(483,817)
Financial assets at fair value through profit or loss at the end of the year	338,300	342,950

11. TRADE AND OTHER RECEIVABLES

	2023 £'000	2022 £'000
Due from related parties (see note 16)	5,457	5,462
Charitable donation receivable (see note 16)	4,618	4,250
Prepayments	68	166
	10,143	9,878

12. 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.

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

	2023 £'000	2022 £'000
Charge related to revaluation of the liability for cash settled share awards	(2,968)	(7,304)
Total	(2,968)	(7,304)

Other movements in the provision relating to realisations and granting of awards totalled £7,583,660 (31 March 2022: £7,189,892). Amounts recognised in the Consolidated Statement of Financial Position, representing the carrying amount of liabilities arising from share based payments transactions are shown below:

	2023 £'000	2022 £'000
Share based payments - current	7,296	9,388
Share based payments - non-current	–	8,459
Total	7,296	17,847

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 the MES is established using an externally developed model as set out in note 2. 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 year ended 31 March 2023 was £2,529,130 (31 March 2022: £2,883,500). This represents 9,367,155 new MES issued (31 March 2022: 8,238,571). An award was made on 15 July 2022 at 27p per MES.

The number of MES outstanding are shown below:

	2023	2022
Outstanding at the start of the year	42,282,122	43,873,239
Issued	9,367,155	8,238,571
Realised	(7,762,846)	(7,253,638)
Lapsed	(15,203)	(2,576,050)
Outstanding at the end of the year	43,871,228	42,282,122
Weighted average remaining contractual life of outstanding MES, years	1.29	1.20
Vested MES as at the year end	29,523,421	31,293,486
Realisable MES as at the year end	12,010,048	11,478,050

13. PAYABLES

	2023 £'000	2022 £'000
Charitable donations payable	4,634	4,250
Management fees payable	1,374	1,048
Other payables	453	400
	6,461	5,698

14. SHARE CAPITAL

A. Authorised Share Capital
The Company is authorised to issue an unlimited number of shares, which may have a par value or no 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 share capital in accordance with The Companies (Guernsey) Law, 2008.

	2023 £'000	2022 £'000
Ordinary Share Capital		
Balance at the start of the year	767,999	767,999
Balance at the end of the year	767,999	767,999

	2023 Shares	2022 Shares

Ordinary Share Capital

Balance at the start of the year	666,733,588	664,580,417
Share based payment shares issued during the year	2,595,736	2,153,171
Balance at the end of the year	669,329,324	666,733,588

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

B. Capital and Revenue Reserves

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

C. (Loss)/earnings per share

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

	2023	**2022**
(Loss)/earnings for the purposes of earnings per share	£(56,018,000)	£8,838,000
Basic weighted average number of shares	668,575,494	666,108,284
Basic revenue earnings per share	1.69p	2.34p
Basic capital (loss)/earnings per share	(10.07)p	(1.01)p
Basic earnings per share	(8.38)p	1.33p
Diluted weighted average number of shares	668,575,494	672,988,341
Diluted revenue earnings per shares	1.69p	2.3p
Diluted capital (loss)/earnings per share	(10.07)p	(1.00)p
Diluted earnings per share	(8.38)p	1.31p

Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations. Therefore at 31 March 2023 both basic and diluted EPS are consistent.

	2023	**2022**
Issued share capital at the start of the year	666,733,588	664,580,417
Weighted effect of share issues		
Share based payments	1,841,906	1,527,867
Potential share based payment share issues	3,487,581	6,880,057
Diluted weighted average number of shares	672,063,075	672,988,341

D. NAV per share

	2023	**2022**
Net assets for the purposes of NAV per share	£1,254,654,716	£1,309,840,518
Ordinary Shares in issue	669,329,324	666,733,588
NAV per share	187.40p	196.50p
Diluted number of shares	672,816,905	673,613,645
Diluted NAV per share	186.50p	194.40p

As at 31 March 2023, if all MES were realised, the number of shares issued in the Company as a result would increase by 3,487,581 (31 March 2022: 6,880,057). The undiluted per share value of net assets attributable to holders of Ordinary Shares would fall from £1.87 to £1.86 (31 March 2022: £1.97 to £1.94) if these shares were issued.

15. DISTRIBUTION TO SHAREHOLDERS

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

During the year ended 31 March 2023, the Company did not declare or pay a dividend (31 March 2022: £Nil was paid in relation to the year ended 31 March 2021). The Directors believe that it is not appropriate for the Company to pay a dividend.

The Company is not declaring a 2023 dividend.

16. 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.

During the year, the total amount invested in life science investments which the Group controls was £127,143,441 (31 March 2022: £62,765,311).

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. These amounts are unsecured, interest free, and repayable on demand.

During the year, the total amount invested in life science investments in which the Group has significant influence was £25,404,894 (31 March 2022: £46,592,768).

Commitments of milestone payments to the life science investments are disclosed in note 20.

During the year, SIML charged the life science investments a total of £215,094 in relation to Director's fees (31 March 2022: £222,406).

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

For the year ended 31 March 2023, SIML was entitled to receive reimbursement of reasonably incurred expenses as it relates to its investment management activities. In the year-ended 31 March 2022 this was capped at 1.05% per annum of the Company's NAV. This cap was removed during the year effective from 1 April 2022.

	2023 £'000	**2022 £'000**
Amounts paid to SIML	12,121	10,699

Amounts owed to SIML in respect of management fees totalled £1,374,098 as at 31 March 2023 (31 March 2022: £1,047,525).

During the year, SIML received fees from the Group's portfolio companies of £864,632 (31 March 2022: £615,342).

Company Directors
As at the year end, the Company had seven Directors, all of whom served in a non-executive capacity. Rob Hutchinson also serves as a Director of the General Partner.

Directors' remuneration for the years ended 31 March 2023 and 31 March 2022, excluding expenses incurred, and outstanding Directors' remuneration as at the end of the year, are set out below.

	2023 £'000	**2022 £'000**
Directors' remuneration for the year	499	419
Payable at end of the year	–	–

Shares held by the Directors can be found in the Report of the Remuneration Committee. The directors of Syncona Limited together hold 0.04% (31 March 2022: 0.04%) of the Syncona Limited voting shares.

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 year ended 31 March 2023 was £2,428,478 (31 March 2022: £2,691,553).

Other related parties
As at 31 March 2023, the Company has a receivable from the Partnership, Holding Company and Syncona Portfolio Limited amounting to £15,438 (31 March 2022: £15,409), £5,426,437 (31 March 2022: £5,431,409) and £15,438 (31 March 2022: £15,409), respectively.

17. FINANCIAL INSTRUMENTS

In accordance with its investment objectives and policies, the Group holds financial instruments which at any one time may comprise the following:

- securities and investments held in accordance with the investment objectives and policies;
- cash and short-term receivables and payables arising directly from operations; and
- derivative instruments including forward currency contracts.

The financial instruments held by the Group are comprised principally of the investments in the Holding Company and the Partnership.

Details of the Group's significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of its financial assets and liabilities are disclosed in note 2.

	2023 £'000	2022 £'000
Financial assets at fair value through profit or loss		
The Holding Company	919,958	980,282
The Partnership	338,300	342,950
Total financial assets at fair value through profit or loss	1,258,258	1,323,232
Financial assets measured at amortised cost		
Bank and cash deposits	11	276
Other financial assets	10,143	9,878
Total financial assets measured at amortised cost	10,154	10,154
Financial liabilities at fair value through profit or loss		
Provision for share based payments	(7,296)	(17,847)
Total financial liabilities at fair value through profit or loss	(7,296)	(17,847)
Financial liabilities measured at amortised cost		
Other financial liabilities	(6,461)	(5,698)
Total financial liabilities measured at amortised cost	(6,461)	(5,698)
Net financial assets	1,254,655	1,309,841

The financial instruments held by the Group's underlying investments are comprised principally of life science investments, hedge, equity, credit, long-term alternative investment funds, short-term UK treasury bills and cash.

The table below analyses the carrying amounts of the financial assets and liabilities held by the Holding Company by category as defined in IFRS 9 (see note 2).

	2023 £'000	2022 £'000

Financial assets at fair value through profit or loss		
Investment in subsidiaries	924,567	984,794
Total financial assets at fair value through profit or loss	924,567	984,794
Financial assets measured at amortised cost[1]		
Current assets	847	947
Financial liabilities measured at amortised cost[1]		
Current liabilities	(5,456)	(5,459)
Net financial assets of the Holding Company	919,958	980,282

The table below analyses the carrying amounts of the financial assets and liabilities held by the Partnership by category as defined in IFRS 9.

	2023 £'000	**2022 £'000**
Financial assets at fair value through profit or loss		
Listed investments	445,141	279,473
Unlisted investments	134,422	39,857
Investment in subsidiaries	40,386	31,651
Total financial assets at fair value through profit or loss	619,949	350,981
Financial assets measured at amortised cost[1]		
Current assets	67,973	476,586
Financial liabilities measured at amortised cost[1]		
Current liabilities	(349,622)	(484,617)
Net financial assets of the Partnership	338,300	342,950

[1] Has a fair value which does not materially differ to amortised cost

Capital risk management
The Group's objectives when managing capital include the safeguarding of the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group does not have externally-imposed capital requirements.

The Group may incur indebtedness for the purpose of financing share repurchases or redemptions, making investments (including as bridge finance for investment obligations), satisfying working capital requirements or to assist in payment of the charitable donation, up to a maximum of 20% of the NAV at the point of obtaining debt. The Group may utilise gearing for investment purposes if, at the time of incurrence, it considers it prudent and desirable to do so in light of prevailing market conditions. There is no limitation on indebtedness being incurred at the level of the underlying investments.

18. FINANCIAL RISK MANAGEMENT AND ASSOCIATED RISKS

Financial risk management
The Group is exposed to a variety of financial risks as a result of its activities. These risks include market risk (including market price risk, foreign currency risk and interest rate risk), credit risk and liquidity risk. These risks have existed throughout the year and the Group's policies for managing them are summarised below.

The risks below do not reflect the risks of the underlying investment portfolios of certain of the financial assets at fair value through profit or loss. The Group has significant indirect exposure to a number of risks through the underlying portfolios of the investment entities. There is no mechanism to control these risks without considerably prejudicing return objectives.

Due to the lack of transparency in certain underlying assets in particular certain of those held by the Partnership it is not possible to quantify or hedge the impact of these risks on the portfolio as each investment entity may have complex and changing risk dynamics that are not easily observable or predictable. These risks will include interest, foreign exchange and other market risks which are magnified by gearing in some, not many cases, resulting in increased liquidity and return risk.

Syncona Limited
Syncona Limited is exposed to financial risks through its investments in the Holding Company and the Partnership. The risks and policies for managing them are set out in the following sections.

The Holding Company

Market price risk
The Holding Company invests in early stage life science companies that typically have limited products in development, any problems encountered in development may have a damaging effect on that company's business and the value of the investment.

This is mitigated by the employment of highly experienced personnel, the performance of extensive due diligence prior to investment and ongoing performance monitoring.

Foreign currency risk
Foreign currency risk represents the potential losses or gains on the life science investments future income streams and the potential losses or gains on investments made in United States Dollars ("USD") and Swiss Francs ("CHF") by the Holding Company's underlying investments.

The following tables present the Holding Company's assets and liabilities in their respective currencies, converted into the Group's functional currency.

	CHF £'000	USD £'000	GBP £'000	2023 Total £'000
Financial assets at fair value through profit or loss	64,203	310,625	549,739	924,567
Cash and cash equivalents	–	–	847	847
Payables[1]	–	–	(5,456)	(5,456)
Total	64,203	310,625	545,130	919,958

	CHF £'000	USD £'000	GBP £'000	2022 Total £'000
Financial assets at fair value through profit or loss	59,818	370,772	554,204	984,794
Cash and cash equivalents	–	–	297	297
Receivables	–	–	650	650
Payables[1]	–	–	(5,459)	(5,459)
Total	59,818	370,772	549,692	980,282

[1] In which 99.44% (31 March 2022: 99.49%) is payable within the group.

Foreign currency sensitivity analysis
The following table details the sensitivity of the Holding Company's NAV to a 10% change in the GBP exchange rate against the USD and CHF with all other variables held constant. The sensitivity analysis percentage represents the Investment Manager's assessment, based on the foreign exchange rate movements over the relevant period and of a reasonably possible change in foreign exchange rates.

	2023 USD £'000	2023 CHF £'000	2022 USD £'000	2022 CHF £'000
10% increase	41,490	7,134	35,663	6,646
10% decrease	(33,946)	(5,837)	(29,179)	(5,438)

Interest rate risk
Interest rate risk is negligible in the Holding Company as minimal cash and no debt is held.

Liquidity risk

Liquidity risk is the risk that the financial commitments made by the Holding Company are not able to be met as they fall due. The Holding Company holds minimal cash and has no access to debt and instead relies on liquidity from the Partnership. The liquidity risk associated with the Partnership is set out in the Partnership section below.

The table below details the Holding Company's liquidity analysis for its financial assets and liabilities.

	<12 months £'000	**>12 months £'000**	**2023 Total £'000**
Financial assets at fair value through profit or loss	–	924,567	924,567
Cash and cash equivalents	847	–	847
Receivables	–	–	–
Payables	(35)	(5,421)	(5,456)
Total	812	919,146	919,958
Percentage	0.1%	99.9%	100.00%

	<12 months £'000	**>12 months £'000**	**2022 Total £'000**
Financial assets at fair value through profit or loss	–	984,794	984,794
Cash and cash equivalents	297	–	297
Receivables	–	650	650
Payables	(37)	(5,422)	(5,459)
Total	260	980,022	980,282
Percentage	0.0%	100.0%	100.0%

The Partnership

Market price risk

The overall market price risk management of each of the fund holdings of the Partnership is primarily driven by their respective investment objectives. The Partnership's assets include investments in multi-asset funds and segregated portfolios which are actively managed by appointed investment managers with specific objectives to manage market risk. The Investment Manager assesses the risk in the Partnership's fund portfolio by monitoring exposures, liquidity, and concentrations of the underlying funds' investments, in the context of the historic and current volatility of their asset classes, and the Investment Manager's risk appetite. The maximum risk resulting from financial instruments is generally determined by the fair value of underlying funds. The overall market exposure as at 31 March 2023 and 31 March 2022 is shown in the Consolidated Statement of Financial Position.

The financial instruments are sensitive to market price risk; any increase or decrease in market price will have an equivalent effect on the market value of the financial instruments.

Foreign currency risk

Foreign currency risk represents the potential losses or gains the Partnership may suffer through holding foreign currency assets in the face of foreign exchange movements. The Partnership's treatment of currency transactions is set out in note 2 to the Consolidated Financial Statements under "Translation of foreign currency" and "Forward currency contracts". Currency risk exists in the underlying investments, the analysis of which is not feasible.

The investments of the Partnership are denominated in USD, Euro ("EUR"), and GBP. The Partnership's functional and presentation currency is £; hence, the Consolidated Statement of Financial Position may be significantly affected by movements in the exchange rates between the foreign currencies previously mentioned. The Investment Manager may manage exposure to EUR and USD movements by using forward currency contracts to hedge exposure to investments in EUR and USD-denominated share classes.

The following tables present the Partnership's assets and liabilities in their respective currencies, converted into the Group's functional currency.

	USD	**EUR**	**GBP**	**2023 Total**

	£'000	£'000	£'000	£'000
Financial assets at fair value through profit or loss	123,311	18,565	478,073	619,949
Cash and cash equivalents	40,519	27	26,644	67,190
Trade and other receivables	1	–	782	783
Payables[(1)]	(249,160)	–	(95,825)	(344,985)
Distributions payable	–	–	(4,637)	(4,637)
	(85,329)	18,592	405,037	338,300

	USD £'000	EUR £'000	GBP £'000	2022 Total £'000
Financial assets at fair value through profit or loss	3,899	27,418	319,664	350,981
Cash and cash equivalents	354,553	28	121,205	475,786
Trade and other receivables	2	–	798	800
Payables[(1)]	(334,998)	–	(145,369)	(480,367)
Distributions payable	–	–	(4,250)	(4,250)
	23,456	27,446	292,048	342,950

[(1)] In which 99.97% (31 March 2022: 99.18%) is payable within the group.

Foreign currency sensitivity analysis
The following table details the sensitivity of the Partnership's NAV to a 10% change in the GBP exchange rate against the USD and EUR with all other variables held constant. The sensitivity analysis percentage represents the Investment Manager's assessment, based on the foreign exchange rate movements over the relevant period and of a reasonably possible change in foreign exchange rates.

	2023 USD £'000	2023 EUR £'000	2022 USD £'000	2022 EUR £'000
10% increase	(8,534)	1,592	2,355	2,745
10% decrease	8,534	(1,592)	(2,355)	(2,745)

Interest rate risk
Interest receivable on bank deposits or payable on bank overdrafts are affected by fluctuations in interest rates, however the effect is not expected to be material. All cash balances receive interest at variable rates. Interest rate risk may exist in the Partnership's underlying investments, the analysis of which is impractical due to the lack of visibility over the underlying information required to perform this analysis within the Partnership's investments.

Credit risk
Credit risk in relation to listed securities transactions awaiting settlement is managed through the rules and procedures of the relevant stock exchanges. In particular, settlements for transactions in listed securities are affected by the credit risk of the Citco Custody (UK) Limited (the "Custodian") which acts as the custodian of the partnership's assets, on a delivery against payment or receipt against payment basis. Transactions in unlisted securities are affected against binding subscription agreements. Credit risk may exist in the Partnership's underlying fund investments, the analysis of which is impractical due to the lack of visibility over the underlying information required to perform this analysis within the Partnerships investments.

The Partnership invests in short-term treasury bills and considers the associated credit risk to be negligible. The Partnership's financial assets are 46.5% (31 March 2022: 51.8%) short-term treasury bills.

The principal credit risks for the Partnership are in relation to deposits with banks. The securities held by the Custodian are held in trust and are registered in the name of the Partnership. Citco is "non-rated", however, the Investment Manager takes comfort over the credit risk of Citco as they have proven to rank amongst the "Best in Class" and "Top rated" in the recognised industry survey carrying a global presence and over 40 years of experience in the provision of custodian and other services to their clients and the hedge fund industry. The credit risk associated with debtors is limited to other receivables.

The Group's cash and cash equivalents are held with major financial institutions; the two largest ones hold 79% and 20% respectively (31 March 2022: 85% and 14% respectively).

Liquidity risk

The Partnership is exposed to the possibility that it may be unable to liquidate certain of its assets as it otherwise deems advisable as the Partnership's underlying funds or their managers may require minimum holding periods and restrictions on redemptions. Further, there may be suspension or delays in payment of redemption proceeds by underlying funds or holdbacks of redemption proceeds otherwise payable to the Partnership until after the applicable underlying fund's financial records have been audited. Therefore, the Partnership may hold receivables that may not be received by the Partnership for a significant period of time, may not accrue any interest and ultimately may not be paid to the Partnership. As at 31 March 2023, no (31 March 2022: Nil) suspension from redemptions existed in any of the Partnership's underlying investments.

The Partnership invests in short-term treasury bills and considers the associated liquidity risk to be negligible. The Partnership's financial assets are 46.5% (31 March 2022: 51.8%) short-term treasury bills.

The table below details the Partnership's liquidity analysis for its financial assets and liabilities. The table has been drawn up based on the undiscounted net cash flows on the financial assets and liabilities that settle on a net basis and the undiscounted gross cash flows on those financial assets and liabilities that require gross settlement.

	Within 1 month £'000	>1 to 3 months £'000	>3 to 12 months £'000	>12 months £'000	2023[1] Total £'000
Financial assets at fair value through profit or loss	320,284	166,425	59,853	73,387	619,949
Cash and cash equivalents	67,190	–	–	–	67,190
Trade and other receivables	783	–	–	–	783
Payables	(344,985)	–	–	–	(344,985)
Distributions payable	–	(4,637)	–	–	(4,637)
Total	43,272	161,788	59,853	73,387	338,300
Percentage	12.8%	47.8%	17.7%	21.7%	100.0%

	Within 1 month £'000	>1 to 3 months £'000	>3 to 12 months £'000	>12 months £'000	2022[1] Total £'000
Financial assets at fair value through profit or loss	279,473	–	–	71,508	350,981
Cash and cash equivalents	475,786	–	–	–	475,786
Trade and other receivables	800	–	–	–	800
Payables	(480,367)	–	–	–	(480,367)
Distributions payable	–	(4,250)	–	–	(4,250)
Total	275,692	(4,250)	–	71,508	342,950
Percentage	80.3%	(1.2)%	0.0%	20.9%	100.0%

[1] The liquidity tables above reflect the anticipated cash flows assuming notice was given to all underlying investments as at 31 March 2023 and 31 March 2022 and that all treasury bills are held to maturity. They include a provision for "audit hold back" which most hedge funds can apply to full redemptions and any other known restrictions the managers of the underlying funds may have placed on redemptions. Where there is currently no firm indication from the underlying manager on the expected timing of the receipt of redemption proceeds, the relevant amount is included in the ">12 months" category. The liquidity tables are therefore conservative estimates.

19. 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 by level within the valuation hierarchy as at 31 March 2023 and 31 March 2022:

Assets	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**2023 Total £'000**
Financial assets at fair value through profit or loss:				
The Holding Company	–	–	919,958	919,958
The Partnership	–	–	338,300	338,300
Total assets	–	–	1,258,258	1,258,258

Assets	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**2022 Total £'000**
Financial assets at fair value through profit or loss:				
The Holding Company	–	–	980,282	980,282
The Partnership	–	–	342,950	342,950
Total assets	–	–	1,323,232	1,323,232

The investments in the Holding Company and the Partnership are classified as Level 3 investments due to the use of the adjusted NAV of the subsidiaries as a proxy for fair value, as detailed in note 2. The subsidiaries hold some investments valued using techniques with significant unobservable inputs as outlined in the sections that follow.

The underlying assets of the Partnership and the Holding Company are shown below.

The following table presents the Holding Company's financial assets and liabilities by level within the valuation hierarchy as at 31 March 2023 and 31 March 2022:

Asset type	**Level**	**31 March 2023 £'000**	**31 March 2022 £'000**	**Valuation technique**	**Significant unobservable inputs**	**Impact on valuation £'000**
Listed Investment	1	73,943	121,226	Publicly available share bid price as at statement of financial position date	n/a	n/a
SIML	3	6,108	5,822	Net Assets of SIML	Carrying value of assets and liabilities determined in accordance with generally accepted accounting principles, without adjustment. A sensitivity of 5% (31 March 2022:	+/- £305

					5%) of the NAV of SIML is applied.	
Milestone payments resulting from sale of subsidiary	3	54,516	49,802	Discounted Cash Flow	The main unobservable inputs consist of the assigned probability of milestone success and the discount rate used.	PoS: +/- £6,447 Discount rate: £8,486
Deferred consideration	3	15,882	–	Discounted Cash Flow	The main unobservable inputs consist of the assigned probability of milestone success and the discount rate used.	PoS: +/- £10,963 Discount rate: £5,343
Calibrated PRI [1]	3	427,552	325,662	Calibrated PRI	The main unobservable input is the quantification of the progress investments make against internal financing and/or corporate milestones where appropriate. A reasonable shift in the fair value of the investment would be +/-10% (31 March 2022: +/-18%).	+/- £42,755
Cash [2]	n/a	294	543	Transaction price	n/a	n/a
Other net assets [3]	n/a	346,272	481,739	Transaction price	n/a	n/a
Total financial assets held at fair value through profit or loss		924,567	984,794			

(1) Valuation made by reference to price of recent funding round unadjusted following adequate consideration of current facts and circumstances.
(2) Cash and other net assets held within the Holding Company are primarily measured at amortised cost which is equivalent to their fair value.
(3) Other net assets primarily consists of a receivable due from the Partnership totalling £344.9 million.

The following table presents the movements in Level 3 investments of the Holding Company for the year ended 31 March 2023 and 31 March 2022:

	Life science investments £'000	**Milestone payments £'000**	**SIML £'000**	**2023 Total £'000**	**2022 Total £'000**
Opening balance	325,662	49,802	5,822	381,286	303,804
Purchases during the year	154,051	–	2,312	156,363	107,817
Sales during the year	(15,311)	–	–	(15,311)	(325,837)
(Losses)/gains on financial assets at fair value through profit or loss	(36,850)	20,596	(2,026)	(18,280)	295,502
Transfer from Level 3	–	–	–	–	–
Closing balance	427,552	70,398	6,108	504,058	381,286

The net loss for the year included in the Consolidated Statement of Comprehensive Income in respect of Level 3 investments in the Holding Company held as at the year end amounted to £18,280,000 (31 March 2022: £295,502,000).

During the year, there were no movements from Level 3 to Level 1 (31 March 2022: £Nil).

The following table presents the Partnership's financial assets and liabilities by level within the valuation hierarchy as at 31 March 2023 and 31 March 2022:

Asset type	**Level**	**31 March 2023 £'000**	**31 March 2022 £'000**	**Valuation technique**	**Significant unobservable inputs**	**Impact on valuation £'000**
UK treasury bills	1	284,960	179,984	Publicly available price as at statement of financial position date	n/a	n/a
Capital pool investment fund - Credit funds	2	101,566	99,489	Valuation produced by fund administrator. Inputs into fund components are from observable inputs	n/a	n/a
Capital pool Investment fund -	2	58,615	–	Valuation produced by fund administrator.	n/a	n/a

Multi asset funds				Inputs into fund components are from observable inputs		
Capital pool Investment fund - Multi asset funds	3	101,421	–	Valuation produced by fund administrator	The main unobservable input include the assessment of the performance of the underlying assets by the fund administrator. A fair reasonable shift in the Fair Value of the instruments would be +/-5% (31 March 2022: n/a.	+/- £5,071
Legacy funds - Long-term unlisted investments	3	33,001	39,857	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 +/-13% (31 March 2022: +/-10%).	+/- £4,290
CRT Pioneer Fund	3	32,727	28,183	Valuation produced by fund administrator and adjusted by Management	Unobservable inputs include the fund managers assessment of the performance of the underlying investments and adjustments made to this assessment to generate the deemed fair value. A reasonable possible shift in the fair value of the instruments would be +/-36% (31 March 2022: +/-48%).	+/- £11,782
Cash [(1)]	n/a	74,863	475,786	Transaction price	n/a	n/a
Other net liabilities [(2)]	n/a	(348,853)	(480,349)	Transaction price	n/a	n/a
Total financial assets held at fair value through profit or loss		338,300	342,950			

[(1)] Cash and other net liabilities held within the Partnership are primarily measured at amortised cost which is equivalent to their fair value.
[(2)] Other net liabilities primarily consists of a payable due to Syncona Portfolio Limited totalling £344.9 million.

During the year ended 31 March 2023, there were no movements from Level 1 to Level 2 (31 March 2022: £Nil).

Assets classified as Level 2 investments are primarily 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. Other assets within the level 2 investments are daily traded credit funds priced using the latest market price equivalent to their NAV. Such investments have been classified as Level 2 because their value is based on observable inputs. The Group's liquidity analysis is detailed in note 18.

Assets classified as Level 3 long-term unlisted investments are underlying funds which are not traded or available for redemption. The fair value of these assets is derived from quarterly statements provided by each fund's administrator.

The following table presents the movements in Level 3 investments of the Partnership for the year ended 31 March 2023:

	Investment in Subsidiary £'000	Capital pool investment £'000	2023 Total £'000	2022 Total £'000
Opening balance	31,651	39,857	71,508	82,844
Purchases	–	100,352	100,352	2,592
Return of capital	–	(10,551)	(10,551)	(9,070)
Gains/(losses) on financial assets at fair value	8,735	4,764	13,499	(4,858)
Closing balance	40,386	134,422	174,808	71,508

The net gains/losses for the year included in the Statement of Comprehensive Income in respect of Level 3 investments of the Partnership held as at the year end amounted to £13,499,000 gains (31 March 2022: £4,858,000 losses).

20. COMMITMENTS AND CONTINGENCIES

The Group had the following commitments as at 31 March 2023:

	2023 Uncalled commitment £'000	2022 Uncalled commitment £'000
Life science portfolio		
Milestone payments to life science companies	85,143	82,617
CRT Pioneer Fund	2,499	3,424
Capital pool investments	1,585	2,429
Total	89,227	88,470

There were no contingent liabilities as at 31 March 2023 (March 2022: Nil). The commitments are expected to fall due in the next 36 months.

21. SUBSEQUENT EVENTS

These Consolidated Financial Statements were approved for issuance by the Directors on 14 June 2023. Subsequent events have been evaluated until 14 June 2023.

Since the balance sheet date share price movements resulted in an increase in value of the listed life science investments of £17.1 million as at 13 June 2023.

At 31 March 2023 SwanBio Therapeutics Limited ("SwanBio"), was running fundraising processes to bring in external capital required to finance the company as a platform-based business and to progress the lead programme into clinical trials. Management had reasonable expectations based on investor activity that these fundraising processes would generate the additional external funding by early June 2023. Prior to the year-end Syncona put in place two convertible loan notes to provide SwanBio ongoing funding to support the entire platform through to the end of June 2023, and beyond this, support SBT101 to complete low dose cohort whilst it continues to pursue fundraising.

At the date these financial statements are approved, the fundraising processes continue to progress with no offers generated yet. Ongoing investor discussions led Syncona and the SwanBio's management to believe that these processes were unlikely to generate additional capital by end of June. Consequently, on 14 June 2023, SwanBio decided to restructure the programme pipeline to focus solely on its lead asset, SBT101. Management believes this provides further evidence that external capital access was constrained at the year-end and has assessed and accounted its impact as an adjusting post balance sheet event. The drawdown of the second convertible loan was conditional on this restructuring, in the absence of external fundraising, to fund the business through to the end of its low dose cohort to generate data and whilst it continues to look at financing and strategic options for the business.

The restructuring of the programmes changed the investment thesis of SwanBio from a platform-based business (with four pipeline programmes) to a single asset business. This triggered Management to revisit the valuation of SwanBio and write off the value attributed to the programs no longer being progressed.

SwanBio is valued using calibrated cost in line with the investment valuation policy as described in note 2. The change in investment thesis due to the restructuring has resulted in a reduction in the fair value of SwanBio from £109.9m to £58.2m at the year-end. This was determined through assessing the value of SBT101 relative to the total valuation of SwanBio as a platform company attributed by Syncona previously at the Series B funding and applying this percentage to the total capital invested in the company, exclusive of any funding which was allocated specifically to SBT101. This has resulted in a calibration adjustment of 47% of cost being applied to the valuation of SwanBio.

SwanBio continues to make positive progress post year end. This supports the judgement made by Management that value is maintained within the SBT101 programme.

GLOSSARY

AAV
Adeno-associated virus – a non-enveloped virus that can be engineered to deliver DNA to target cells.

ALL
Acute lymphoblastic leukaemia – a cancer of the bone marrow and blood in which the body makes abnormal white blood cells.

BLA
Biologics License Application.

B-NHL
B cell non-Hodgkin's lymphoma.

Capital deployed/deployment
Follow-on investment in our portfolio companies and investment in new companies during the year. See alternative performance measures below.

Capital pool
Capital pool investments plus cash less other net liabilities. See alternative performance measures below.

Capital pool investments
The underlying investments consist of cash and cash equivalents, including short-term (1 and 3 month) UK treasury bills, listed fund investments and legacy fixed term funds.

Capital pool investments return
See alternative performance measures below.

CAR T-cell therapy
Chimeric antigen receptor T-cell therapy – a type of immunotherapy which reprogrammes a patient's own immune cells to fight cancer.

Cell therapy
A therapy which introduces new, healthy cells into a patient's body, to replace those which are diseased or missing.

Clinical stage
Screened and enrolled first patient into a clinical trial.

CLL
Chronic lymphocytic leukaemia.

Life science portfolio return
See alternative performance measures below.

Lymphocytes
Specialised white blood cells that help to fight infection.

Lymphoma
A type of cancer that affects lymphocytes and lymphocyte producing cells in the body.

Macrophages
A form of white blood cell and the principal phagocytic (cell engulfing) components of the immune system.

Management
The management team of Syncona Investment Management Limited.

Mass Spectrometry
A technique used by which chemical substances are identified by the sorting of gaseous ions in electric fields according to their mass-to-charge ratios.

Melanoma
A serious form of skin cancer that begins in cells known as melanocytes.

MES
Management Equity Shares.

Myeloma
A type of bone marrow cancer.

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.

NAV per share
See alternative performance measures below.

NAV return
See alternative performance measures below.

NSCLC
Non-small cell lung cancer – the most common form of lung cancer.

CNS
Central nervous system – a part of the body's nervous system comprised of the brain and spinal cord.

Companies Law
Companies (Guernsey) Law 2008.

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.

D&I
Diversity and inclusion.

Fabry disease
A rare genetic disease resulting from a deficiency of the enzyme alpha-galactosidase A, leading to dysfunctional lipid metabolism and abnormal glycolipid deposits.

Gaucher disease
A genetic disorder in which a fatty substance called glucosylceramide accumulates in macrophages in certain organs due to the lack of functional GCase enzyme.

General Partner
Syncona GP Limited.

Gene therapy
A therapy which seeks to modify or manipulate the expression of a gene in order to treat or cure disease.

Group
Syncona Limited and Syncona GP Limited are collectively referred to as the "Group".

ICR
The Institute of Cancer Research.

Immunotherapy
A type of therapy that uses substances to stimulate or suppress the immune system to help the body fight cancer, infection, and other diseases.

Investment Manager
Syncona Investment Management Limited.

iPSC technology
Induced pluripotent stem cells (iPSCs) are a type

NZAM
The Net Zero Asset Managers (NZAM) initiative is an international group of asset managers who are committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner.

Partnership
Syncona Investments LP Incorporated.

Pre-clinical
Not yet entered clinical trials

Return
A Simple Rate of Return is the method used for return calculations.

SIML
Syncona Investment Management Limited.

Strategic Portfolio
Portfolio of core life science companies where Syncona has significant shareholdings.

Syncona Group companies
The Company and its subsidiaries other than those companies within the life science portfolio.

Syncona team
The team of SIML, the Company's Investment Manager.

T cell
A type of lymphocyte white blood cell, which forms part of the immune system and develops from stem cells in the bone marrow.

TCFD
The Task Force on Climate-related Financial Disclosures (TCFD). First published in 2017, the TCFD recommendations act as a framework for assessing the physical and transition risks companies are exposed to from climate change and the transition to a green economy.

The Syncona Foundation
The Foundation distributes funds to a range of charities, principally those involved in the areas of life science and healthcare.

UN PRI
The United Nations (UN) Principles for Responsible Investment (PRI) is a network of investors, who commit to working to promote sustainable investment.

Valuation Policy
The Group's investments in life science companies are, in the case of quoted companies,

of pluripotent stem cell which can be generated directly from mature cells (such as those of the skin or blood).

IRR
Internal Rate of Return.

Late clinical
Has advanced past Phase II clinical trials.

Leukaemia
Broad term for cancers of the blood cells.

Life science portfolio
The underlying investments in this segment are those whose activities focus on actively developing products to deliver transformational treatments to patients.

valued based on bid prices in an active market as at the reporting date. In the case of the Group's investments in unlisted companies, the fair value is determined in accordance with the International Private Equity and Venture Capital ("IPEV") Valuation Guidelines. These may include the use of recent arm's length transactions (Price of Recent Investment or PRI), Discounted Cash Flow ("DCF") analysis and earnings multiples as valuation techniques. Wherever possible, the Group uses valuation techniques which make maximum use of market-based inputs.

Alternative performance measures

Capital deployed

With reference to the life science portfolio valuation table is calculated as follows:

	2023	2022
A Net investment in the period	£154.7m	£(203.0)m
adjusted for:		
B Proceeds from sales	£17.4m	£325.8m
C CRT Pioneer fund distributions	£5.1m	£0.4m
Total Capital deployed (A+B+C)	£177.2m	£123.2m

Life science portfolio return

Gross life science portfolio return for 2023 (14.3) per cent; 2022 0.8 per cent. This is calculated as follows:

	2023	2022
A Opening life science portfolio	£524.9m	£722.1m
Net investment in the period	£154.7m	£(203.0)m
B Valuation movement	£(75.0)m	£5.9m
Closing life science portfolio	£604.6m	£524.9m
Life science portfolio return (B/A)	(14.3)%	0.80%

Capital Pool

With reference to the life science portfolio valuation table. This is calculated as follows:

	2023	2022
A Cash	£82.8m	£485.2m
B Other assets and liabilities	£(12.3)m	£(19.7)m
C Net Cash (A+B)	£70.5m	£465.5m
D UK and US Treasury bills	£285.0m	£180.0m
E Credit investment funds	£101.6m	£99.5m
F Multi asset funds	£160.0m	-
G Legacy funds	£33.0m	£39.9m

Total Capital Pool (C+D+E+F+G)	£650.1m	£784.9m

Capital Pool return

Gross Capital Pool return for 2023 5.5 per cent (2022 1.6 per cent). Any small differences in calculation may be due to rounding of inputs. This is calculated as follows:

	2023	**2022**
Opening Capital Pool	£784.9m	£578.2m
Add back net liabilities not included in Gross Capital Pool	£19.6m	£38.9m
Less SIML cash	£(8.2)m	£(7.5)m
A Opening Gross Capital Pool	£796.3m	£609.6m
Life science net investments and ongoing costs	£(185.5)m	£177.0m
B Valuation movement	£44.3m	£9.7m
Closing Gross Capital Pool	£655.1m	£796.3m
Capital Pool return (B/A)	5.5%	1.6%

	2023	**2022**
Closing Gross Capital Pool	£655.1m	£796.3m
Add back SIML cash	£7.3m	£8.2m
Less net liabilities not included in Gross Capital Pool	£(12.3)m	£(19.6)m
Total Capital Pool	£650.1m	£784.9m

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. This is calculated as follows:

	2023	**2022**
A NAV for the purposes of NAV per share	£1,254,654,716	£1,309,840,518
B Ordinary shares in issue (note 14)	669,329,324	666,733,588
C Dilutive shares	3,487,581	6,880,057
D Fully diluted number of shares (B+C)	672,816,905	673,613,645
NAV per share (p) (A/D)	186.5	194.4

NAV return

NAV return is a measure of how the NAV per share has performed over a period, considering both capital returns and dividends paid to shareholders. NAV return is calculated as the increase in NAV between the beginning and end of the period, plus any dividends paid to shareholders in the year. This is calculated as follows:

	2023	**2022**
A Opening NAV per fully diluted share (note 14):	194.4p	193.9p
B Closing NAV per fully diluted share (note 14):	186.5p	194.4p
C Movement (B-A)	(7.9)p	0.5p
D Dividend paid in the year (note 15):	0.0p	0.0p

E Total movement (C+D)	(7.9)p	0.5p
NAV return (E/A)	(4.1)%	0.3%