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## Syncona Limited

### Interim Results for the six months ended 30 September 2022

*Scaling for growth: building a leading European life science investor with an ambition to grow NAV to £5 billion by 2032*

17 November 2022

Syncona Ltd, ("Syncona" or the "Company"), a leading healthcare company focused on creating, building and scaling a portfolio of global leaders in life science, today announces its Interim Results for the six months ended 30 September 2022.

#### Key highlights

- Positive operational and clinical progress across the portfolio against a challenging macro backdrop in the six-month period
- Successful first decade of Syncona; proven ability to build life science companies to a global standard, delivering a portfolio IRR of 26% and 15 clinical programmes progressed
- Growth plans outlined today for the next 10 years with ambition to organically grow net assets to £5 billion
- Announcement of key organisational changes to support growth plans:
  - Chris Hollowood is stepping up into the role of Chief Executive Officer (CEO) of the Investment Manager, Syncona Investment Management (SIML)<sup>1</sup>, leading the delivery of the growth plans for the next 10 years and managing the team, alongside creating new companies and managing portfolio companies
  - Martin Murphy will be Chair of SIML and will continue sourcing and driving the creation of new companies, alongside managing portfolio companies
  - Number of promotions across the team to Senior and Lead Partners
- Natural evolution of responsibilities of the senior team to deliver growth plans for the next 10 years

#### Financial performance

- Net assets of £1,365.9 million (31 March 2022: £1,309.8 million); 202.9p<sup>2</sup> per share (31 March 2022: 194.4p per share), a NAV total return of 4.3%<sup>3</sup>
- Life science portfolio, valued at £602.6 million (31 March 2021: £524.9 million), a 3.9% return<sup>4</sup>
- Performance driven by the positive impact of foreign exchange across the life science portfolio and capital pool, generating an aggregate £112.6 million uplift to NAV<sup>5</sup>, which more than offset the (£49.2 million) impact from the decline in share prices of our listed holdings
  - The decline in share prices of Syncona's listed holdings in the six-month period has primarily been driven by challenging macro conditions; both our public and privately held companies have continued to make progress against key milestones
- Capital base of £763.3 million (31 March 2022: £784.9 million), deploying £58.6 million of capital in the six-month period

#### Positive progress across a maturing portfolio with three companies expected to be in the clinic in the next six-months

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<sup>1</sup> Subject to regulatory approval from the FCA

<sup>2</sup> Fully diluted, please refer to note 9 in the financial statements. Alternative performance measure, please refer to glossary

<sup>3</sup> Alternative performance measure, please refer to glossary

<sup>4</sup> See footnote 3

<sup>5</sup> 36% of the capital pool is now held in foreign denominated currencies

- Seven clinical data read-outs from the clinical portfolio in the six months, with 12 updates expected by the end of CY2023, notably including the first update from the Autolus obe-cel pivotal study
- Three companies expected to enter the clinic over the next six months; maturing portfolio will have seven clinical-stage companies

### **Identifying exciting opportunities to create world-class companies and expand the portfolio**

- £16.0 million commitment to Kesmalea Therapeutics (“Kesmalea”) as part of a £20.0 million Series A financing alongside Oxford Science Enterprises. Kesmalea is a small molecule drug discovery platform founded by Dr Harry Finch, a world class chemist and co-inventor of GSK’s Serevent™
- Post period end, announcement of an all-cash tender offer for Applied Genetic Technologies Corporation (“AGTC”), a NASDAQ listed clinical-stage retinal gene therapy company with a potentially best-in-class Phase II/III AAV gene therapy programme in X-Linked Retinitis Pigmentosa (XLRP). The offer has been unanimously recommended by AGTC’s Board and values AGTC at approximately \$23.5 million (£20.8 million), with the potential for up to an additional \$50.0 million in contingent value rights payable on the achievement of specified milestones. If the transaction completes, AGTC will be Syncona’s third retinal gene therapy company
- Further opportunities to create new companies in late-stage diligence, diversified across domain and therapeutic areas

### **Scaling the portfolio to £5 billion in net assets by 2032**

- 2022 marks Syncona’s 10th anniversary - in our first decade we have proven our ability to build globally competitive businesses that can deliver for patients, society and for our shareholders
- Our fundamental model to deliver strong shareholder returns over the next 10 years remains the same
- We are setting out an ambition to organically grow net assets to £5 billion by 2032 reflecting the potential returns available from a maturing and expanding portfolio
- To deliver this ambition, we are updating our 10-year rolling targets as follows:
  - Increasing the rate of new Syncona-founded companies to three new companies per annum
  - Delivering an expanded portfolio of 20-25 companies
  - Aiming to deliver top quartile life science portfolio returns
- We are also:
  - Building an advisory function to enable us to provide further support for the building and management of our portfolio companies at a greater scale
  - Continuing to evolve our financing approach to optimise capital allocation and improve the risk and return profile of our portfolio
- Expanding our portfolio and optimising our financing approach will enable us to retain sole ownership of companies to proof-of-concept<sup>6</sup> on a selective basis – we believe this approach has the potential to enable us to access the out-sized returns available in this asset class

### **Evolving and leveraging the team to drive the next phase of growth**

- The Board and senior team have reviewed the Company’s organisational structure to enable the business to scale, and to better leverage the team to deliver our growth plans
- Chris Hollowood is stepping up into the role of CEO of SIML<sup>7</sup>, effective 1 January 2023 and Martin Murphy will be Chair of SIML
  - Chris will lead the day-to-day management of the business, responsible for the implementation of Syncona’s strategy, driving the 10-year growth plan, and managing the Syncona team, whilst creating and managing portfolio companies
  - Martin will be operationally involved in the business and continue to source and drive the creation of new Syncona companies, whilst continuing to manage existing portfolio companies

<sup>6</sup> Syncona view: company has generated a maturing clinical data set that validates its investment thesis

<sup>7</sup> See footnote 1

- Martin and Chris will both be on the Investment Committee which is responsible for investments into all new and existing portfolio companies
- This transition will allow Syncona to continue to leverage both Martin and Chris' significant investment experience and track records through the Company's next stage of growth
- In addition, Ed Hodgkin has been promoted to the role of Senior Partner, with Magdalena Jonikas and Elisa Petris being promoted to Lead Partners, helping to lead our Investment Partners and Associate Partners as they take the lead role in creating, building and scaling new companies
- Further expansion of the team planned to support growth; will result in an increase in cost base

**Martin Murphy, CEO and Chair, Syncona Investment Management Limited, said:** "I am very proud this year to be celebrating 10 years since I co-founded Syncona, alongside the Wellcome Trust. At foundation, we set out to change the way life science companies were built and funded in the UK and I believe our achievements over the last decade demonstrate the success of our approach, and the expertise and commitment of our people.

Today, we are setting out our vision to scale Syncona over the next 10 years which will deliver an expanded portfolio, develop more ground-breaking medicines, organically grow our net assets to £5 billion and deliver strong returns for our shareholders. As part of these plans, I am particularly excited that Chris will be stepping up into the role of Chief Executive Officer, whilst I will be Chair of SIML. I look forward to working closely alongside him to deliver on our purpose and vision for all our stakeholders. We are investing in and building our platform for growth at an exciting time for our industry."

**Chris Hollowood, CIO of Syncona Investment Management Limited, said:** "Over the six-month period, whilst our listed holdings have continued primarily to be impacted by market conditions, this has been outweighed by the positive impact of foreign exchange movements across our diversified portfolio and capital pool, with net assets increasing by 4.3%. Syncona was set up with an evergreen balance sheet to ensure we could navigate the market cycle and the strength of our model has been demonstrated in the six months, enabling us to continue to identify exciting opportunities that become available in these challenging market conditions.

Looking ahead, the UK's scientific research base continues to be right at the forefront of global innovation and our team continue to see significant opportunity to create more companies based on the hugely promising technology being developed to treat patients in real need. To realise the potential of our strategy and model, we have looked at how we can leverage our successes and apply the lessons we have learnt over the last 10 years to further grow the business. I am delighted to be stepping up into the role of CEO and alongside Martin and the senior team, leading Syncona through its next phase of growth as we build more global leaders in life science, develop life changing medicines and deliver strong returns for shareholders. The future is exciting."

**Melanie Gee, Chair of Syncona Limited, said:** "We have outlined today our enhanced strategy to deliver growth for our shareholders over the next 10 years. We are excited by the opportunity ahead of us and look forward to continuing to leverage Martin and Chris' leadership and expertise as they drive our maturing business through its next stage of growth. What Syncona has achieved over the last 10 years since Martin co-founded the business with the Wellcome Trust, has been truly remarkable. Under his leadership the business has grown from a start-up to a FTSE 250 listed business that has already made a significant social contribution. Looking ahead, we believe that the changes outlined today have the potential to increase the impact Syncona's portfolio companies have on patients in areas of high unmet medical need."

## **Outlook**

### *Capital deployment in FY2022/3*

Syncona continues to expect to deploy £150-250 million of capital in FY2022/3 as we support our existing portfolio and identify new opportunities. We have a number of opportunities to create new companies in late-stage diligence and expect at least one new company to be announced by the end of FY2022/3,

alongside further investment in our portfolio. Our strategic balance sheet enables us to continue to invest and be opportunistic in identifying exciting opportunities that become available in these challenging market conditions.

### *Key upcoming milestones*

Positive data generated from our clinical pipeline will be a key driver of value and, while not without risk, we have a number of portfolio companies approaching key clinical milestones.

- **Autolus** expects to:
  - Progress its FELIX pivotal study of obe-cel in r/r adult ALL and provide initial results in Q4 CY2022; data expected H1 CY2023. Longer-term follow-up data from the ALLCAR19 Phase I trial of obe-cel in r/r adult ALL is also expected in Q4 CY2022
  - Announce additional patients and longer-term follow-up of obe-cel in B-NHL, longer-term follow-up data from AUTO1/22 in paediatric ALL and AUTO4 in peripheral T cell lymphoma in Q4 CY2022
- **Achilles** will provide an interim update from its ongoing Phase I/IIa trials of its cNeT therapy in non-small cell lung cancer (NSCLC) and melanoma at the ESMO Immuno-Oncology Annual Congress in December 2022
- **Freeline** expects to:
  - Announce initial safety and efficacy data from the second cohort in the Phase I/II dose-finding trial in Fabry disease in H1 CY2023
  - Begin dosing in the Phase I/II dose-finding trial in Gaucher disease in Q4 CY2022, with initial safety and efficacy data to be reported in H1 CY2023
- **Anaveon** expects to publish further data from its Phase I/II trial for its selective IL-2 agonist, ANV419, in Q3 CY2023, following its recent data release
- **Quell** expects to dose the first patient in its lead programme, QEL-001, in H1 CY2023
- **SwanBio** expects to enter the clinic with its lead SBT101 programme in adrenomyeloneuropathy (AMN) in Q4 CY2022
- **Neogene** expects to enter the clinic with its NT-125 TCR therapy in advanced solid tumours in H1 CY2023

Enquiries

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### **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 healthcare businesses, across development stage 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](http://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.*

### Business review

Syncona was founded in 2012 to take a long-term approach working with life science innovators in Europe, particularly in the UK, to create companies with the potential to have a transformational impact on the lives of patients. 2022 marks our 10<sup>th</sup> anniversary and we believe we have demonstrated our ability to successfully build globally competitive businesses that can deliver for patients, society and for our shareholders.

Our team has leveraged our expertise and our strong balance sheet to invest at scale in the world-class scientific research base in Europe. Since our foundation we have provided £964.5 million of funding in creating and building 19 companies, delivering one product to patients, and progressed 15 programmes through clinical trials, executing three sales which returned £932.7 million of proceeds, delivering a portfolio IRR of 26% and grown NAV to £1.37 billion. We have made a significant contribution to transforming the life science ecosystem in the UK and beyond and we are excited about the opportunity that lies ahead.

The UK's scientific research base is right at the forefront of global innovation and our team see significant opportunity to create more companies based on the hugely promising technology being developed to treat patients in real need. To realise the potential of our strategy and model, we have looked at how we can leverage our successes and apply the lessons we have learnt over the last 10 years to further grow the business.

### *Scaling the business to drive growth and optimise shareholder returns*

Our fundamental model to deliver strong shareholder returns over the next 10 years remains the same. We will continue to create companies around world-leading science, bringing the commercial vision and strategy, building the team and infrastructure, and providing scaled funding when the risk is appropriate.

Going forward, we plan to increase the rate of new company creation to three per year, having previously founded one-two companies a year, driving increased potential for growth from the life science portfolio and helping us to build an expanded portfolio of 20-25 companies. Growing the life science portfolio whilst maintaining a runway of 2-3 years of capital will mean that over time our capital pool becomes a smaller proportion of overall NAV, driving balance sheet efficiency and optimising shareholder returns. We will be updating our key performance indicators to reflect this increase in company creation and have set ourselves an ambition of growing NAV organically to £5.0 billion over the next 10 years, 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. Reaching our stated goal of NAV of £5.0 billion will provide us with increased options to fund companies on a sole basis, which we believe has the potential to deliver out-sized returns.

To achieve this ambition, we are building and investing in our platform today to scale the business to deliver on the significant opportunity that lies ahead.

### *Enhancing organisational strength and building depth across the business*

Over the last year, the Board and SIML team have been reviewing the Company's organisational structure, looking to scale and leverage the Syncona team as effectively as possible to support the expansion of the portfolio. I am delighted that, Chris Hollowood will be stepping up into the role of CEO of SIML<sup>8</sup>, effective 1 January 2023, whilst I will be Chair of SIML and on the Investment Committee. Chris and I have worked closely together for the last decade, building Syncona to where it is today, and this is the natural next step for the Company.

As part of this review, we have promoted Ed Hodgkin to the role of Senior Partner, and plan to hire new Senior Partners over the next 12-18 months. Magdalena Jonikas and Elisa Petris have also been promoted to Lead Partners. These partners will take on the primary role in sourcing and driving the creation of new companies. This will support the ongoing work of our leadership team as it manages and leads corporate activity to better support the investment team, and the introduction of new expertise via a newly formed advisory function to provide further support for the building and management of our portfolio companies.

To create and launch three new companies a year requires more pace and bandwidth and alongside these changes, we have also formed a discrete "company launch team" within Syncona. This team's focus will be to support our new portfolio companies in becoming operational, allowing our investment partners to focus their time on sourcing new opportunities once the commercial vision and strategy for the business is set.

### *Improving execution through the clinic across the portfolio*

A critical learning from the last 10 years has been the importance of portfolio company execution as they drive their products through the clinic. Syncona's hands-on operational model is important in helping our management teams navigate this pathway and to complement our team's expertise, our developing advisory function will add significant operational, regulatory and clinical expertise to the team, helping us to build further sustainability into our model. In the past year we have appointed Lisa Bright (Ex-President International, Intercept Pharmaceuticals) and Gwenaelle Pemberton (ex-Head of Global Regulatory, Quality and Safety, Gilead) as advisors. We are delighted that Lisa has recently taken up the role of Chair of Resolution Therapeutics and think this capability will ensure that we can support our portfolio company management teams to optimise their path through the clinic and navigate challenging issues as they inevitably arise in this field.

### *Supporting our growth ambitions*

Growing our team and expanding our advisory capabilities will mean a modest increase to our cost base. Syncona is a self-managed vehicle and SIML costs are managed prudently by our management team within a budget approved by the Syncona Limited Board annually. We take a disciplined approach to costs and to date management fees paid by Syncona Limited have been approximately 0.8% of NAV. Looking forward, we expect SIML costs for FY2022/3 to be in the range of £12.5-13.5 million (c1% of NAV; an increase of £1.8-2.7 million on FY2021/2). This increase is due to a number of factors including compensation for senior hires and salary increases across the team to reflect the inflationary environment. We are investing in further expanding the team over the next 1-2 years to deliver on our updated strategy 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. To bring Syncona into

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<sup>8</sup> See footnote 1

line with other self-managed investment companies, the Syncona Limited Board is removing the management fee cap of 1.05% of NAV on SIML's costs but will continue to approve the annual budget.

#### *Developing financing approach to optimise capital allocation*

I have previously outlined our aim to improve our approach to financing our companies and today we set out three core financing paths, which build on our current approach:

- Strategic hold; fund companies on a sole basis to clinical proof-of-concept
- Strategic syndicated; following the launch financing, companies will be syndicated with like-minded long-term investors and are likely to be held privately to clinical proof-of-concept
- Fully syndicated; companies syndicated early in their lifecycle by bringing in significant external capital with comparatively lower Syncona investment, to fully exploit the opportunity

Our broad network with pharma and capital providers will enable our companies to scale appropriately whilst diversifying our source of funding providers and increasing the level of capital available in financing rounds for “strategic syndicated” and “fully syndicated” companies. Our “strategic hold” approach is enabled by our balance sheet strength and will be deployed on a selective basis where we believe there is an opportunity to deliver out-sized returns to shareholders by holding businesses privately on a sole basis for longer. We believe that this financing approach will provide our shareholders with access to a set of privately held, high-growth life science companies where Syncona has significant ownership positions and a number of exciting, syndicated holdings built on the same product-focused strategy.

We also believe the increased diversification of our financing approach will ultimately improve the portfolio's overall risk/return profile, whilst delivering a sustainable financing strategy and holding a greater proportion of our investments privately through to proof-of-concept will enhance portfolio management and drive risk-adjusted returns.

#### *Progress in the six-month period and outlook for the second half of the financial year*

In the first half of this financial year, alongside our work on strategy and setting a clear vision for the future, we have been focused on supporting our companies to deliver on their plans and where necessary, helping them navigate the challenging macro backdrop.

We have been pleased with the progress our companies have continued to make against their clinical and operational plans. Whilst the 4.3% NAV growth in the six-month period has been driven by the positive impact of foreign exchange across the portfolio and capital pool and we have seen a continued decline in the share prices of our listed holdings against a challenging backdrop for listed biotech companies, we remain confident in their potential. Across our life science portfolio, our companies continue to make progress against key milestones. We are expecting 12 clinical milestones by the end of CY2023, notably including the first update from the Autolus obe-cel pivotal study. Our portfolio is well positioned to deliver with three companies expected to enter the clinic over the next six months.

We were pleased during the period to commit £16.0 million to Kesmalea Therapeutics, in a £20.0 million Series A financing alongside Oxford Science Enterprises. Kesmalea is a small molecule company with a drug discovery platform focused on protein homeostasis. Its founder, Dr Harry Finch, is a world-renowned chemist and co-inventor of GSK's Serevent™, and we look forward to working alongside him and the rest of the world class founding team as we support Kesmalea in its early development. Magdalena Jonikas led the investment on behalf of Syncona and we are pleased that she has joined the company's board of directors.

Post period end, we announced that we were commencing an all-cash tender offer for AGTC, a NASDAQ-listed retinal gene therapy company. AGTC's lead candidate, AGTC-501, is a potentially best-in-class adeno-associated virus (AAV) gene therapy for X-linked retinitis pigmentosa (XLRP), a disease that we know very well from our previous investment in Nightstar Therapeutics. If the transaction is approved, AGTC

will become our third retinal gene therapy company, further underlining our expertise in this area, and we believe we have the model and experience to support the company as it progresses its lead programme through Phase II/III trials. Our strategic capital base has enabled us to execute on exciting opportunities in challenging markets as we look to deliver strong risk-adjusted returns for shareholders.

Our strategic balance sheet remains strong at £763.3 million. We deployed £58.6 million in the first half and continue to expect to deploy £150-250 million in this financial year to support our existing portfolio and to create exciting new companies. We hold 12-24 months of liquidity in cash and treasuries, with approximately £200 million now also allocated to a number of low volatility, multi asset funds with daily liquidity, to manage inflationary risk. These funds are managed by three separate managers, and we will continue to closely monitor the macro environment to ensure that the capital pool is appropriately managed moving forward. We have a number of investment opportunities in late-stage diligence and expect at least one new company to be announced by the end of FY2022/3 alongside further investment in our existing portfolio.

#### *A clear vision, purpose and long-term strategy*

This is an exceptional time to be creating, building and scaling innovative life science companies. The quality and ambition of the individuals and ideas we see exceed those witnessed historically. Syncona has a world-class platform, a strategy to deliver growth over the next 10 years and most critically a clear purpose and vision to deliver for patients and shareholders. We are excited for the next decade.

*Martin Murphy, CEO and Chair of Syncona Investment Management Limited*

#### Life science portfolio review

Our life science portfolio was valued at £602.6 million (31 March 2022: £524.9 million), delivering a 3.9% return in the period with positive foreign exchange movements offsetting the valuation impact from the decline in our listed holdings. Across the portfolio, our life science companies have continued to make good progress. Syncona does not believe public market conditions in the period have had an impact on the reported valuations of our privately held companies, reflecting our valuation policy, which focuses on their progress and delivery against key milestones.

#### Clinical-stage companies

##### *Anaveon (4.8% of NAV, 41% shareholding) – Clinical*

- **Company focus:** Developing a selective Interleukin 2 (IL-2) receptor agonist, a type of protein that could enhance a patient's immune system to respond therapeutically to cancer.
- **Financing stage:** Raised CHF110 million in a Series B financing in December 2021.
- **Clinical update:** Announced new data in its ongoing Phase I/II trial of its ANV419 therapy in patients with solid tumours. ANV419 can deliver high levels of IL-2 to patients without dose limiting toxicities. Of the 26 patients dosed, ANV419 demonstrated a very good safety profile as well as early signs of potential efficacy in a heavily pre-treated population. Further data released post period end also underlined the deepening of tumour response with continued ANV419.
- **Regulatory update:** The US Food and Drug Administration (FDA) granted clearance for the company's Investigational New Drug (IND) application for the Phase I/II study of ANV419 in advanced cutaneous melanoma, allowing the company to expand its clinical programme to the US.
- **People update:** Dr Gary Phillips was appointed as Chief Business Officer (CBO), bringing 30 years of healthcare leadership across operations, strategy, business development and drug development to the company, most recently from his time as President and CEO of OrphoMed.

##### *Autolus (2.7% of NAV, 19% shareholding) – Clinical*



- **Company focus:** Developing next generation programmed T cell therapies for the treatment of cancer with a clinical pipeline targeting haematological malignancies and solid tumours.
- **Financing stage:** Listed on NASDAQ, and has a cash runway which extends to H1 CY2024 (including anticipated milestone payments in the relevant period from the company's strategic collaboration with Blackstone)
- **Clinical update:** New data was released by the company at the European Hematology Association (EHA) Congress in June 2022 from AUTO1/22 in paediatric ALL, AUTO4 in T cell lymphoma and obe-cel in a number of indications. The data reinforced the strong safety and efficacy profile of Autolus' broader pipeline targeting a range of B and T cell cancers, with further data from these indications to be presented at the American Society of Hematology (ASH) Annual Meeting in December 2022.
- **Regulatory update:** The FDA granted Regenerative Medicine Advanced Therapy (RMAT) designation for the obe-cel programme in adult acute lymphoblastic leukaemia (ALL).
- **Commercial update:** Post period end, the company announced a collaboration with Bristol Myers Squibb, allowing access to Autolus' proprietary RQR8 safety switch in an initial set of selected cell therapy programmes. The company also announced post period end that Moderna had exercised an option to license Autolus' binders against an undisclosed immuno-oncology target, in return for an option exercise fee and potential further milestone payments and royalties.

*Freeline (1.7% of NAV, 51% shareholding) – Clinical*

- **Company focus:** Developing therapies focused on liver expression for a range of chronic systemic diseases.
- **Financing stage:** Listed on NASDAQ and has a cash runway which extends into CY2024, including anticipated proceeds from the sale of its German subsidiary.
- **Clinical update:** Announced new data from three patients in the Phase I/II dose-confirmation B-LIEVE trial for FLT180a in haemophilia B. Although the data published underlined the potential of FLT180a in helping patients managing the disease, Freeline announced post period end that it has decided to stop further investment and focus its resources on its Fabry and Gaucher disease programmes, which both have the potential to be first-in-class and best-in-class therapies.
- Post period end, the company dosed its first patient in the second dose cohort in its MARVEL-1 trial of FLT190 in Fabry disease, and released encouraging data from the first cohort, which showed the drug to be well tolerated and induced durable increases in  $\alpha$ -galactosidase A ( $\alpha$ -Gal A), the key enzyme that Fabry patients suffer a deficiency from.
- **Commercial update:** Post period end entered into a definitive agreement to sell its German subsidiary to Ascend for \$25 million. The transaction is expected to close in the first quarter of 2023.
- **People update:** Appointed Paul Schneider as Chief Financial Officer, bringing more than 20 years' experience in biopharmaceutical companies, most recently at Exo Therapeutics, where he was Senior Vice President, Finance and Operations.

*Achilles (1.6% of NAV, 25% shareholding) – Clinical*

- **Company focus:** Developing precision T cell therapies targeting clonal neoantigens to treat solid tumours.
- **Financing stage:** Listed on NASDAQ and has a cash runway which extends to Q2 CY2025.
- **Clinical update:** The company dosed its first patient in its higher dose cohort for its trial in non-small cell lung cancer (NSCLC), underlining the potential of the company's updated manufacturing process as it approaches the release of the first data from its higher dose process in December 2022.
- **People update:** Appointed James Taylor as CBO, bringing 25 years of deal making expertise across pharmaceutical and biotechnology businesses, most recently at Sosei Heptares where he was CBO.

Pre-clinical stage companies

*SwanBio (7.7% of NAV, 80% shareholding) – Pre-clinical*

- **Company focus:** Developing gene therapies to target neurological disorders; lead programme is targeting the treatment of adrenomyeloneuropathy, a genetic neuro-degenerative disease affecting the spine.
- **Financing stage:** Raised \$56 million in a Series B financing in May 2022.
- **Clinical update:** During the period the company presented preclinical data from its lead SBT101 programme in AMN, supporting its dosing strategy for its upcoming Phase I/II clinical trial, which is expected to dose its first patient in Q4 CY2022.

*Quell (7.0% of NAV, 39% shareholding) – Pre-clinical*

- **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:** The company expects to dose the first patient in its Phase I/II lead programme targeting liver transplant in H1 CY2023.
- **Commercial update:** Entered a strategic collaboration with Cellistic™ to develop an induced pluripotent stem cell (iPSC) derived allogeneic T regulatory cell therapy platform, providing Quell with the opportunity to potentially develop off-the-shelf treatments across a range of diseases caused by the dysregulation of the immune system.

*Purespring (2.6% of NAV, 83% shareholding) – Pre-clinical*

- **Company focus:** Developing gene therapies for the treatment of chronic renal diseases which are currently poorly served by existing treatments.
- **Financing stage:** Purespring raised £45 million in a Series A financing in 2020
- **Commercial update:** Announced a licensing agreement with SwanBio, allowing access to FunSel, Purespring's proprietary gene therapy search engine, further underlining the benefits that can be drawn from collaboration across the Syncona platform.
- **People update:** Strengthened scientific leadership with the appointment of Dr Alice Brown as Chief Scientific Officer, bringing more than a decade of experience working in advanced therapies in biotech and large pharma, most recently as VP Research and VP Gene Engineering at GammaDelta Therapeutics.

*Resolution (1.7% of NAV, 77% shareholding) – Pre-clinical*

- **Company focus:** Developing macrophage cell therapies to treat diseases characterised by life-threatening inflammatory organ damage.
- **Financing stage:** Raised a further £10 million in an extension of its £26.6 million Series A financing in April 2022.
- **Commercial update:** Announced a research collaboration with panCELLA which provides Resolution with access to its hypo-immunogenic iPSC technology, allowing the company to progress the development of its allogeneic macrophage programme.
- **People update:** Strengthened and expanded its board with Syncona Commercial Advisor Lisa Bright taking up the role of Chair and Altavant Sciences CEO Dr Bill Symonds also joining as a non-executive. The company also appointed Dr Amol Ketkar as Chief Development Officer, who brings over 25 years of experience in pharmaceutical development, most recently through 21 years spent at GSK.

*Neogene (1.3% of NAV, 8% shareholding) – Pre-clinical*

- **Company focus:** Developing an engineered cell therapy product for solid tumours based on a patient's own neoantigens.
- **Financing stage:** Announced a \$110 million Series A financing in November 2020.

- **Clinical update:** Announced approval of the company's Clinical Trial Application (CTA) by the Dutch regulatory authority for the Phase I trial of its T cell receptor therapy in solid tumours, which is expected in the clinic in H1 CY2023.

*Clade (1.0% of NAV, 16% shareholding) – Pre-clinical*

- **Company focus:** Discovering and delivering scalable next-generation iPSC derived medicines.
- **Financing stage:** Raised \$87 million in a Series A financing in August 2020.
- **People update:** Continuing to make progress in building out its team and pre-clinical pipeline under the leadership of CEO Chad Cowan (co-founder of Sana Biotechnology and CRISPR Therapeutics) and CBO Jim Glasheen (co-founder Atlanta Therapeutics).

*OMass (3.2% of NAV, 34% shareholding) – Drug Discovery*

- **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.
- **Clinical update:** Post period end 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' OdysION™ platform in searching for new drugs against inadequately drugged and previously intractable targets.
- **People update:** Announced the appointment of Dr John Roffey as Vice President, Head of Medicinal Chemistry. Dr Roffey has joined OMass' leadership team and brings over 20 years of drug discovery experience across biotech and pharmaceuticals, including taking multiple candidate drugs into late-stage clinical development.

*Life Science Investments*

- Forcefield Therapeutics (Forcefield) announced its official company launch during the period. Forcefield has been founded on the innovative science of Professor Mauro Giacca, a leading figure in cardiovascular disease and co-founder of Syncona portfolio company Purespring. The company's technology seeks to protect heart function by limiting the loss of cardiomyocytes following myocardial infarction (heart attacks).
- Syncona committed \$1.0 million in seed financing to Tier 1 Bio, an early-stage biologics opportunity.
- Cambridge Epigenetix (CEGX) named Peter Froman as CEO, with Peter joining the company from NASDAQ listed PacBio, where he served as Chief Commercial Officer.

**Next key milestones for clinical programmes at 30 September 2022**

<b>Autolus – cell therapy / oncology</b>	
Obe-cel – adult ALL	Initial results from pivotal FELIX study in obe-cel in r/r adult ALL expected in Q4 CY2022; data expected in H1 CY2023. Longer-term follow up from the ALLCAR19 Phase I trial of r/r adult ALL is also expected in Q4 CY2022
Obe-cel – B-NHL	Additional patients and longer-term follow up data expected in Q4 CY2022
AUTO1/22 – paediatric ALL	Longer-term follow-up data expected in Q4 CY2022
AUTO4 in peripheral T cell lymphoma	Longer-term follow-up data expected in Q4 CY2022
<b>Achilles – cell therapy / oncology</b>	
cNeT – non-small cell lung cancer	Interim update from ongoing Phase I/IIa trials of cNeT therapy at ESMO IO in December 2022
cNeT – melanoma	Interim update from ongoing Phase I/IIa trials of cNeT therapy at ESMO IO in December 2022

<b>Freeline – gene therapy / systemic diseases</b>	
FLT190 – Fabry disease	In the second cohort of the Phase I/II dose-finding trial in Fabry disease, initial safety and efficacy data is expected in H1 CY2023
FLT201 – Gaucher disease Type 1	Dosing in the Phase I/II dose-finding trial in Gaucher disease is expected in Q4 CY2022, with initial safety and efficacy data expected to be reported in H1 CY2023
<b>Anaveon – biologics</b>	
ANV419 – multiple tumour types	Following data released at a conference in November 2022, further data in Phase I/II study of selective IL-2 agonist now expected in Q3 CY2023

#### Next milestones for pre-clinical programmes as at 30 September 2022

<b>Quell – cell therapy / autoimmune diseases</b>	
QEL-001 – liver transplant	Expects to dose the first patient in Phase I/II lead programme targeting liver transplant in H1 CY2023
<b>SwanBio – gene therapy / neurological diseases</b>	
SBT101 – adrenomyeloneuropathy (AMN)	Expects to enter the clinic with lead programme targeting AMN in Q4 CY2022
<b>Neogene – TCR cell therapy</b>	
NT-125 – advanced solid tumours	Expects to enter clinic with TCR therapy in H1 CY2023

#### Financial review

Company	NAV 31 Mar 2022	Net investm ent in the period	Valuation change	FX movement	NAV 30 Sep 2022	% of Group NAV	Valuati on basis <sup>9</sup> <sub>10 11</sub>	Fully diluted owner- ship stake	Focus area
	(£m)	(£m)	(£m)	(£m)	(£m)			(%)	
<b>Portfolio Companies</b>									
<b>Clinical</b>									
Anaveon	59.8	-	-	6.0	65.8	4.8%	PRI	40.7%	Biologics
Autolus	62.0	-	(30.2)	5.6	37.4	2.7%	Quoted	18.9%	Cell therapy
Freeline	32.3	-	(12.3)	3.5	23.5	1.7%	Quoted	51.3%	Gene therapy
Achilles	24.8	-	(5.7)	3.3	22.4	1.6%	Quoted	24.5%	Cell therapy
<b>Pre-Clinical</b>									
SwanBio	75.1	15.6	0.7	14.3	105.7	7.7%	Cost	79.9%	Gene therapy
Quell	81.4	-	-	14.4	95.8	7.0%	PRI	39.0%	Cell therapy
Purespring	18.5	16.6	-	-	35.1	2.6%	Cost	82.9%	Gene therapy
Resolution	10.4	12.6	-	-	23.0	1.7%	Cost	77.4%	Cell therapy

<sup>9</sup> Primary input to fair value

<sup>10</sup> 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

<sup>11</sup> 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

Neogene	14.5	-	-	2.6	17.1	1.3%	Cost	7.9%	Cell therapy
Clade	11.4	-	-	2.0	13.4	1.0%	Cost	16.4%	Cell therapy
Kesmalea	-	4.0	-	-	4.0	0.3%	Cost	37.1%	Small molecule
<b>Drug discovery</b>									
OMass	34.7	9.0	-	-	43.7	3.2%	PRI	34.4%	Small molecule
<b>Life Science Investment</b>									
Gyroscope milestone payments	49.8	-	-	8.8	58.6	4.3%	DCF		Gene therapy
CRT Pioneer Fund	28.2	(1.2)	5.0	-	32.0	2.3%	Adj Third Party	64.1%	Oncology
CEGX	17.3	-	-	3.1	20.4	1.5%	PRI	5.5%	Epigenetics
Forcefield	2.5	-	-	-	2.5	0.2%	Cost	86.3%	Biologics
Adaptimmune	2.2	-	(1.0)	0.1	1.3	0.1%	Quoted	0.8%	Cell therapy
Tier 1 Bio	-	0.8	-	0.1	0.9	0.1%	Cost	4.9%	Biologics
<b>Total Life Science Portfolio</b>	<b>524.9</b>	<b>57.4</b>	<b>(43.5)</b>	<b>63.8</b>	<b>602.6</b>	<b>44.1%</b>			
<b>Capital pool</b>	<b>784.9</b>	<b>(68.5)</b>	<b>(1.9)</b>	<b>48.8</b>	<b>763.3</b>	<b>55.9%</b>			
<b>TOTAL</b>	<b>1,309.8</b>				<b>1,365.9</b>	<b>100%</b>			

### Supplementary information

- £964.5 million deployed in life science portfolio since foundation
- 26% IRR and 1.6x multiple on cost across the whole portfolio

Company	Cost (£m)	Value (£m)	Multiple	IRR
<b>Existing portfolio companies</b>				
Autolus	£124.0	£37.4	0.3	-26%
Freeline	£183.1	£23.5	0.1	-53%
Achilles	£60.7	£22.4	0.4	-27%
SwanBio	£90.7	£105.7	1.2	8%
OMass	£35.4	£43.7	1.2	12%
Anaveon	£39.9	£65.8	1.6	33%
Quell	£61.4	£95.8	1.6	27%
Resolution	£23.0	£23.0	1.0	0%
PureSpring	£35.1	£35.1	1.0	0%
Neogene	£14.3	£17.0	1.2	0%
Clade	£10.8	£13.4	1.2	21%
Kesmalea	£4.0	£4.0	1.0	0%

<b>Realised companies</b>				
Gyroscope	£113.1	£383.9 <sup>12</sup>	3.4	57%
Nightstar	£56.4	£255.8	4.5	71%
Blue Earth	£35.3	£351.0	9.9	83%
Azeria	£6.5	£2.1	0.3	-58%
<b>Investments</b>				
Unrealised investments	£53.1	£57.1	1.1	2%
Realised investments	£17.7	£23.1	1.3	25%
<b>Total</b>	<b>£964.5</b>	<b>£1,559.9</b>	<b>1.6</b>	<b>26%</b>

## 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

<sup>12</sup> Including the NPV of the Gyroscope milestones

The principal risks and uncertainties facing the Company for the second half of the financial year are substantially the same as those disclosed in the Report and Accounts for the year ended 31 March 2022: <https://www.synconaltd.com/media/a2tc0qhx/6723-syn-ar22-web-22-06-28-1.pdf>.

These include:

Business model risks:

- Scientific theses fail
- Clinical development doesn't deliver a commercially viable product
- Portfolio concentration to platform technology
- Concentration risk and binary outcomes

Financing risks:

- Not having capital to invest
- Private/public markets don't value or fund our companies when we need to access them
- Capital pool losses or illiquidity

Operational execution risks:

- Reliance on small Syncona team
- Systems and controls failures

Portfolio company operational risks:

- Unable to build high quality teams in portfolio companies
- Unable to execute business plans

### **Going concern**

The Condensed Consolidated 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 £1,365.9 million (30 September 2021: £1,152.8 million, 31 March 2022 £1,309.8 million) of which £739.0 million (30 September 2021: £475.3 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 £74.0 million (30 September 2021: £103.4 million, 31 March 2022: £88.5 million).

Given the Group's capital pool of £763.3 million (30 September 2021: £534.9 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 Condensed Consolidated financial statements. The Directors also continue to monitor the potential future impact of COVID-19, the war in Ukraine and the ever changing macro environment on the Group. Hence, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Condensed Consolidated Financial Statements.

### **Statement of Directors' Responsibilities**

The directors confirm that to the best of their knowledge:

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

The Directors of Syncona Limited 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

## **INDEPENDENT REVIEW REPORT TO SYNCONA LIMITED**

### **Conclusion**

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2022 which comprises the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Net Assets Attributable to Holders of Ordinary Shares, the Condensed Consolidated Statement of Cash Flows and the related notes 1 to 14. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2022 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

### **Basis for Conclusion**

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

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

### **Conclusion Relating to Going Concern**

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This Conclusion is based on the review procedures performed in accordance with ISRE (UK)



2410; however future events or conditions may cause the entity to cease to continue as a going concern.

## Responsibilities of the directors

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

In preparing the half-yearly financial report, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our Conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

## Use of our report

This report is made solely to the Company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP  
Statutory Auditor  
St Peter Port, Guernsey  
16 November 2022

## SYNCONA LIMITED

### UNAUDITED GROUP PORTFOLIO STATEMENT

As at 30 September 2022

	Fair value £'000	% of Group NAV 30 September 2022	Fair value £'000	% of Group NAV 30 September 2021	Fair value £'000	% of Group NAV 31 March 2022
<b>Life science portfolio</b>						
<b>Life science companies</b>						
Achilles Therapeutics plc	22,432	1.6	64,099	5.6	24,810	1.9
Anaveon AG	65,752	4.8	19,245	1.7	59,818	4.6
Autolus Therapeutics plc	37,411	2.7	94,926	8.2	61,979	4.7
Cambridge Epigenetix Limited	20,402	1.5	16,913	1.5	17,345	1.3
Freeline Therapeutics Holdings plc	23,548	1.7	48,035	4.2	32,277	2.5
Gyroscope Therapeutics Limited	–	–	153,504	13.3	–	–
Neogene Therapeutics Inc	17,010	1.2	–	–	–	–

Omass Therapeutics Limited	43,712	3.2	21,563	1.9	34,712	2.7
Purespring Therapeutics Limited	35,100	2.6	18,500	1.6	18,500	1.4
Quell Therapeutics Limited	95,761	7.0	45,171	3.9	81,416	6.2
Resolution Therapeutics Limited	23,027	1.7	–	–	–	–
SwanBio Therapeutics Limited	105,731	7.7	62,792	5.4	75,103	5.7
Companies of less than 1% of NAV	22,149	1.8	37,587	3.2	40,929	3.1
<b>Total life science companies <sup>(1)</sup></b>	<b>512,035</b>	<b>37.5</b>	<b>582,335</b>	<b>50.5</b>	<b>446,889</b>	<b>34.1</b>
CRT Pioneer Fund <sup>(2)</sup>	32,004	2.3	35,523	3.1	28,183	2.2
Milestone payments	58,576	4.3	–	–	49,802	3.8
<b>Total life science portfolio <sup>(3)</sup></b>	<b>602,615</b>	<b>44.1</b>	<b>617,858</b>	<b>53.6</b>	<b>524,874</b>	<b>40.1</b>
<b>Capital pool investments</b>						
UK treasury bills	311,180	22.8	362,865	31.5	179,984	13.7
Multi asset funds	97,599	7.1	–	–	–	–
Credit investment fund	96,559	7.1	–	–	99,489	7.6
Legacy funds	33,954	2.5	77,070	6.7	39,857	3.1
<b>Total capital pool investments <sup>(2)</sup></b>	<b>539,292</b>	<b>39.5</b>	<b>439,935</b>	<b>38.2</b>	<b>319,330</b>	<b>24.4</b>
<b>Other net assets</b>						
Cash and cash equivalents <sup>(4)</sup>	233,639	17.1	112,396	9.8	485,223	37.0
Charitable donations	(2,340)	(0.2)	(2,061)	(0.2)	(4,250)	(0.3)
Other assets and liabilities	(7,303)	(0.5)	(15,378)	(1.4)	(15,336)	(1.2)
<b>Total other net assets</b>	<b>223,996</b>	<b>16.4</b>	<b>94,957</b>	<b>8.2</b>	<b>465,637</b>	<b>35.5</b>
<b>Total NAV of the Group</b>	<b>1,365,903</b>	<b>100.0</b>	<b>1,152,750</b>	<b>100.0</b>	<b>1,309,841</b>	<b>100.0</b>

<sup>(1)</sup> The fair value of Syncona Holdings Limited amounting to £1,052,679,941 (30 September 2021: £802,272,987, 31 March 2022: £980,282,165) is comprised of investments in life science companies of £570,610,737 (30 September 2021: £582,334,992, 31 March 2022: £446,888,721) investments in Syncona Investment Management Limited of £5,855,456 (30 September 2021: £5,793,776, 31 March 2022: £5,822,250) other net assets of £480,770,227 (30 September 2021: £218,609,656, 31 March 2022: £482,281,565) in Syncona Portfolio Limited and other net liabilities of £4,556,479 (30 September 2021: £4,465,437, 31 March 2022: £4,511,919) in Syncona Holdings Limited.

<sup>(2)</sup> The fair value of the investment in Syncona Investments LP Incorporated amounting to £319,259,220 (30 September 2021: £363,719,588, 31 March 2022: £342,949,949) is comprised of the investment in the capital pool investments of £539,293,325 (30 September 2021: £439,935,066, 31 March 2022: £319,330,598), the investment in the CRT Pioneer Fund of £32,004,458 (30 September 2021: £35,523,330, 31 March 2022: £28,183,492) cash of £216,555,373 (30 September 2021: £103,871,577, 31 March 2022: £475,786,299) and other net liabilities of £468,593,936 (30 September 2021: £215,610,385, 31 March 2022: £480,350,440).

<sup>(3)</sup> The life science portfolio of £602,615,195 (30 September 2021: £617,858,322, 31 March 2022: £524,873,761) consists of life science investments totalling £512,034,843 (30 September 2021: £582,334,992, 31 March 2022: £446,888,721), milestone payments on the sale of a subsidiary of £58,575,894 (30 September 2021: £Nil 31 March 2022 £49,801,548) held by Syncona Holdings Limited and the CRT Pioneer Fund of £32,004,458 (30 September 2021: £35,523,330, 31 March 2022: £28,183,492) held by Syncona Investments LP Incorporated.

<sup>(4)</sup> Cash amounting to £14,351 (30 September 2021: £578,591, 31 March 2022: £275,902) is held by Syncona Limited. The remaining £233,624,884 (30 September 2021: £111,816,947, 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 Condensed Consolidated Statement of Financial Position since it is included within financial assets at fair value through profit or loss.

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

## SYNCONA LIMITED

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2022

	Notes	Revenue £'000	Capital £'000	Unaudited six months to 30 September 2022 £'000	Unaudited six months to 30 September 2021 £'000	Audited year to 31 March 2022 £'000
<b>Investment income</b>						
Other income		17,929	–	17,929	17,114	25,391
Total investment income		17,929	–	17,929	17,114	25,391
Net gains/(losses) on financial assets at fair value through profit or loss	5	–	47,552	47,552	(162,884)	(6,698)
Total gains/(losses)		–	47,552	47,552	(162,884)	(6,698)
<b>Expenses</b>						
Charitable donations	6	2,340	–	2,340	2,061	4,250
General expenses		7,495	–	7,495	42	5,605
Total expenses		9,835	–	9,835	2,103	9,855
Profit/(loss) for the period		8,094	47,552	55,646	(147,873)	8,838
Taxation		–	–	–	–	–
<b>Profit/(loss) for the period after tax</b>		8,094	47,552	55,646	(147,873)	8,838
Earnings/(loss) per Ordinary Share	9	1.22p	7.11p	8.33p	(22.22)p	1.33p
Earnings/(loss) per Diluted Share	9	1.21p	7.07p	8.28p	(22.07)p	1.31p

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

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

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

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

## SYNCONA LIMITED

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	Note s	Unaudited 30 September 2022 £'000	Unaudited 30 September 2021 £'000	Audited 31 March 2022 £'000
<b>ASSETS</b>				
Non-current assets				

Financial assets at fair value through profit or loss	7	1,371,939	1,165,993	1,323,232
<b>Current assets</b>				
Bank and cash deposits		14	579	276
Trade and other receivables		5,723	5,522	9,878
Total assets		<u>1,377,676</u>	<u>1,172,094</u>	<u>1,333,386</u>
<b>LIABILITIES AND EQUITY</b>				
<b>Non-current liabilities</b>				
Share based payments	8	846	11,658	8,459
<b>Current liabilities</b>				
Share based payments	8	9,523	6,558	9,388
Payables		1,404	1,128	5,698
Total liabilities		<u>11,773</u>	<u>19,344</u>	<u>23,545</u>
<b>EQUITY</b>				
Share capital	9	767,999	767,999	767,999
Capital reserves		578,001	374,263	530,449
Revenue reserves		19,903	10,488	11,393
Total equity		<u>1,365,903</u>	<u>1,152,750</u>	<u>1,309,841</u>
Total liabilities and equity		<u>1,377,676</u>	<u>1,172,094</u>	<u>1,333,386</u>
<b>Total net assets attributable to holders of Ordinary Shares</b>		<u>1,365,903</u>	<u>1,152,750</u>	<u>1,309,841</u>
Number of Ordinary Shares in Issue	9	<u>669,329,324</u>	<u>666,733,588</u>	<u>666,733,588</u>
Net assets attributable to holders of Ordinary Shares (per share)	9	<u>£2.04</u>	<u>£1.73</u>	<u>£1.96</u>
Diluted NAV (per share)	9	<u>£2.03</u>	<u>£1.72</u>	<u>£1.94</u>

The unaudited Condensed Consolidated Financial Statements were approved on 16 November 2022.

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

## **SYNCONA LIMITED**

### **CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF ORDINARY SHARES**

**For the period ended 30 September 2022**

	Notes	Share capital £'000	Capital reserves £'000	Revenue reserves £'000	Total £'000
<b>As at 31 March 2021 (audited)</b>		<b>767,999</b>	<b>537,147</b>	<b>(4,857)</b>	<b>1,300,289</b>
Total comprehensive loss for the period		—	(162,884)	15,011	(147,873)
<b>Transactions with shareholders:</b>					
Share based payments		—	—	334	334

<b>As at 30 September 2021 (unaudited)</b>	<b>767,999</b>	<b>374,263</b>	<b>10,488</b>	<b>1,152,750</b>
Total comprehensive income for the period	–	156,186	525	156,711
<b>Transactions with shareholders:</b>				
Share based payments	–	–	380	380
<b>As at 31 March 2022 (audited)</b>	<b>767,999</b>	<b>530,449</b>	<b>11,393</b>	<b>1,309,841</b>
Total comprehensive income for the period	–	47,552	8,094	55,646
<b>Transactions with shareholders:</b>				
Share based payments	–	–	416	416
<b>As at 30 September 2022 (unaudited)</b>	<b>767,999</b>	<b>578,001</b>	<b>19,903</b>	<b>1,365,903</b>

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

## **SYNCONA LIMITED**

### **CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

**For the period ended 30 September 2022**

	<b>Notes</b>	<b>Unaudited six months to 30 September 2022 £'000</b>	<b>Unaudited six months to 30 September 2021 £'000</b>	<b>Audited year to 31 March 2022 £'000</b>
<b>Cash flows from operating activities</b>				
Profit/(loss) for the period		55,646	(147,873)	8,838
Adjusted for:				
(Gains)/losses on financial assets at fair value through profit or loss	5	(47,552)	162,884	6,698
Non-cash movement in share based payment provision		(8,217)	(14,722)	(15,764)
Operating cash flows before movements in working capital		(123)	289	(228)
Decrease in other receivables		4,155	4,924	568
Decrease in other payables		(4,294)	(4,648)	(78)
Net cash generated (used in)/from operating activities		(262)	565	262
<b>Net (decrease)/increase in cash and cash equivalents</b>		(262)	565	262
Cash and cash equivalents at the beginning of the period		276	14	14
Cash and cash equivalents at the end of the period		14	579	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 Condensed Consolidated Financial Statements.

## **SYNCONA LIMITED**

### **CONDENSED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS** **For the period ended 30 September 2022**

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#### **1. GENERAL INFORMATION**

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

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

Syncona 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 within the Annual Report and Accounts for the year ended 31 March 2022.

#### **2. ACCOUNTING POLICIES**

The accounting policies applied in these interim accounts are the same as those applied by the Group in its Annual Report and Accounts for the year ended 31 March 2022 and shall form the basis of the 2023 Annual Report and Accounts. No new standards that have become effective in the period have had a material effect on the Group’s financial statements.

Information reported to the Board (the Chief Operating Decision Maker (“CODM”)) for the purpose of allocating resources and monitoring performance of the Group’s overall strategy to create, build and scale around exceptional science, consists of financial information reported at the Group level. The capital pool is fundamental to the delivery of the Group’s strategy and performance and 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.

#### **Statement of compliance**

The Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the European Union, and should be read in conjunction with the Annual Report and Accounts for the year ended March 2022, which have been prepared in accordance with IFRS as adopted by the European Union, and are in compliance with The Companies (Guernsey) Law 2008. The financial information in these interim accounts was approved by the Board and authorised for issue on 16 November 2022. The financial information is unaudited but has been subject to a review by the Group’s independent auditor.

#### **Basis of preparation**

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

#### **Going concern**

The Condensed Consolidated 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 £1,365.9 million (30 September 2021: £1,152.8 million, 31 March 2022 £1,309.8 million) of which £739.0 million (30 September 2021: £475.3 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 £74.0 million (30 September 2021: £103.4 million, 31 March 2022: £88.5 million).

Given the Group's capital pool of £763.3 million (30 September 2021: £534.9 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 Condensed Consolidated financial statements. The Directors also continue to monitor the potential future impact of COVID-19, the war in Ukraine and the ever changing macro environment on the Group. Hence, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Condensed Consolidated Financial Statements.

### **Basis of consolidation**

The Group's Condensed Consolidated Financial Statements consist of the financial statements of the Company and the General Partner.

The results of the General Partner during the period are consolidated in the Condensed 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 ("United Kingdom") 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 periods and year ended 30 September 2022, 30 September 2021 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 "Consolidated Financial Statements" 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 and is therefore consolidated.

## **3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the interim results requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses at the reporting date. However, uncertainties about these assumptions and estimates, in particular relating to underlying investments of private equity investments and life science investments could result in outcomes that require a material adjustment to the carrying value of the assets or liabilities in future periods.

In preparing these interim results, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Annual Report and Accounts for the year ended 31 March 2022.

The key critical accounting judgement is the basis for determining the fair value of life science investments. Further information can be found in note 3 of the Annual Report and Accounts.

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

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

The unquoted investments within the life science portfolio are very illiquid. Many of the companies are early stage investments and privately owned. 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 12.

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 17% (30 September 2021: 25%, 31 March 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 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 and the current macroeconomic environment on the private life science companies and does not consider that any revaluations are required as a direct 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.

#### 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 (which provides investment related service to the Group), the Company does not consolidate its subsidiaries and indirect associates, but rather recognises them as financial assets at fair value through profit or loss.

##### Direct interests in subsidiaries

Subsidiary	Principal place of business	Principal activity	Unaudited 30 September 2022	Unaudited 30 September 2021	Audited 31 March 2022
			% interest <sup>(1)</sup>	% interest <sup>(1)</sup>	% interest <sup>(1)</sup>
Syncona GP Limited	Guernsey	General Partner	100%	100%	100%
Syncona Holdings Limited	Guernsey	Portfolio management	100%	100%	100%
Syncona Investments LP Incorporated	Guernsey	Portfolio management	100%	100%	100%

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

##### Indirect interests in subsidiaries

Indirect Subsidiaries	Principal place of business	Immediate parent	Principal activity	Unaudited 30 September 2022	Unaudited 30 September 2021	Audited 30 March 2022
				% interest <sup>(1)</sup>	% interest <sup>(1)</sup>	% interest <sup>(1)</sup>
		Syncona Investments LP				
Syncona Discovery Limited	United Kingdom	Incorporated	Portfolio management	100%	100%	100%
Syncona Portfolio Limited	Guernsey	Syncona Holdings Limited	Portfolio management	100%	100%	100%
Syncona IP Holdco Limited	United Kingdom	Syncona Portfolio Limited	Portfolio management	100%	100%	100%
Syncona IP Holdco (2) Limited	United Kingdom	Syncona Portfolio Limited	Portfolio management	100%	–%	–%
Syncona Investment Management Limited	United Kingdom	Syncona Holdings Limited	Portfolio management	100%	100%	100%
SIML Switzerland AG	Switzerland	SIML	Portfolio management	100%	–%	100%
SPL 123 Limited	United Kingdom	Syncona Portfolio Limited	Portfolio management	100%	–%	–%
Purespring Therapeutics Limited	United Kingdom	Syncona Portfolio Limited	Gene therapy	86%	76%	76%
Resolution Therapeutic Limited	United Kingdom	Syncona Portfolio Limited	Cell therapy	85%	66%	73%
Forcefield Therapeutics Limited	United Kingdom	Syncona Portfolio Limited	Gene therapy	81%	86%	76%
SwanBio Therapeutics Limited	United States	Syncona Portfolio Limited	Gene therapy	77%	76%	76%
Freeline Therapeutics Holdings plc	United Kingdom	Syncona Portfolio Limited	Gene therapy	58%	53%	61%
Gyroscope Therapeutics Limited	United Kingdom	Syncona Portfolio Limited	Gene therapy	–%	59%	–%

##### Indirect interests in associates

Indirect interests in associates	Principal place of business	Immediate parent	Principal activity	Unaudited 30 September 2022	Unaudited 30 September 2021	Audited 30 March 2022
				% interest <sup>(1)</sup>	% interest <sup>(1)</sup>	% interest <sup>(1)</sup>
Quell Therapeutics Limited	United Kingdom	Syncona Portfolio Limited	Cell therapy	43%	73%	44%



Anaveon AG	Switzerland	Syncona Portfolio Limited	Biologics	42%	50%	41%
Kesmalea Therapeutics Limited	United Kingdom	Syncona Portfolio Limited	Small molecule	41%	–%	–%
OMass Therapeutics Limited	United Kingdom	Syncona Portfolio Limited	Small molecule	38%	51%	53%
Azeria Therapeutics Limited	United Kingdom	Syncona Portfolio Limited	Involuntary liquidation	34%	34%	34%
Achilles Therapeutics plc	United Kingdom	Syncona Portfolio Limited	Cell therapy	27%	27%	27%
Autolus Therapeutics plc	United Kingdom	Syncona Portfolio Limited	Cell therapy	21%	27%	21%

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

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

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

		Unaudited six months to 30 September 2022 £'000	Unaudited six months to 30 September 2021 £'000	Audited year to 31 March 2022 £'000
	Notes			
Net gains/(losses) from:				
The Holding Company	5.a	71,241	(154,936)	22,019
The Partnership	5.b	(23,689)	(7,948)	(28,717)
		<u>47,552</u>	<u>(162,884)</u>	<u>(6,698)</u>

### 5.a Movements in the Holding Company:

	Unaudited six months to 30 September 2022 £'000	Unaudited six months to 30 September 2021 £'000	Audited year to 31 March 2022 £'000
Expenses	(45)	(44)	(90)
Movement in unrealised gains/(losses) on life science investments at fair value through profit or loss	<u>71,286</u>	<u>(154,892)</u>	<u>22,109</u>
Net gains/(losses) on financial assets at fair value through profit or loss	<u>71,241</u>	<u>(154,936)</u>	<u>22,019</u>

### 5.b Movements in the Partnership:

	Unaudited six months to 30 September 2022 £'000	Unaudited six months to 30 September 2021 £'000	Audited year to 31 March 2022 £'000
Investment income	61	11	23
Rebates and donations	155	225	409
Expenses	(128)	(120)	(229)

Realised gains/(losses) on financial assets at fair value through profit or loss	9,958	(690)	13,716
Movement in unrealised gains/(losses) on financial assets at fair value through profit or loss	8,903	8,818	(19,185)
(Losses)/gains on foreign currency	(24,709)	922	1,940
(Losses)/gains on financial assets at fair value through profit or loss	(5,760)	9,166	(3,326)
Distributions	(17,929)	(17,114)	(25,391)
Net losses on financial assets at fair value through profit or loss	(23,689)	(7,948)	(28,717)

## 6. CHARITABLE DONATIONS

For the year ended 31 March 2023, the Group agreed to make a donation to charity of 0.35% of the total net asset value (“NAV”) of the Group calculated on a monthly basis, 0.35% to be donated to The Syncona Foundation, and these donations are made by the General Partner. This is a change to the percentages from 30 September 2021 and 31 March 2022 where 0.15% was donated to the Institute of Cancer Research and 0.20% was donated to the Syncona Foundation.

During the period, charitable donations expense amounted to £2,340,240 (30 September 2021: £2,060,805, 31 March 2022: £4,249,836). As at 30 September 2022, £2,340,240 (30 September 2021: £2,060,805, 31 March 2022: £4,249,836) remained payable.

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	Unaudited 30 September 2022 £'000	Unaudited 30 September 2021 £'000	Audited year 31 March 2022 £'000
The Holding Company	7.a	1,052,680	802,273	980,282
The Partnership	7.b	319,259	363,720	342,950
		<u>1,371,939</u>	<u>1,165,993</u>	<u>1,323,232</u>

### 7.a The net assets of the Holding Company

	Unaudited 30 September 2022 £'000	Unaudited 30 September 2021 £'000	Audited year 31 March 2022 £'000
Cost of the Holding Company's investment at the start of the period	494,810	494,810	494,810
Purchases during the period	—	—	—
Cost of the Holding Company's investments at the end of the period	494,810	494,810	494,810
Net unrealised gains on investments at the end of the period	562,426	311,928	489,984
Fair value of the Holding Company's investments at the end of the period	1,057,236	806,738	984,794
Other current liabilities	(4,556)	(4,465)	(4,512)
Financial assets at fair value through profit or loss at the end of the period	<u>1,052,680</u>	<u>802,273</u>	<u>980,282</u>

### 7.b The net assets of the Partnership

	<b>Unaudited 30 September 2022 £'000</b>	<b>Unaudited 30 September 2021 £'000</b>	<b>Audited year 31 March 2022 £'000</b>
Cost of the Partnership's investments at the start of the period	334,834	418,472	418,472
Purchases during the period	1,336,789	363,641	835,375
Sales during the period	(1,122,471)	(344,872)	(923,659)
Return of capital	(8,271)	(1,527)	(9,070)
Net realised gains/(losses) on disposals during the period	9,958	(690)	13,716
Cost of the Partnership's investments at the end of the period	550,839	435,024	334,834
Net unrealised gains on investments at the end of the period	25,050	44,150	16,147
Fair value of the Partnership's investments at the end of the period	575,889	479,174	350,981
Cash and cash equivalents	216,555	103,872	475,786
Other net current liabilities	(473,185)	(219,326)	(483,817)
Financial assets at fair value through profit or loss at the end of the period	319,259	363,720	342,950

## 8. SHARE BASED PAYMENTS

Share based payments are associated with awards of MES in the Holding Company, relevant details of which are set out in note 2 of the Annual Report and Accounts for the year ended 31 March 2022.

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

	<b>Unaudited six months to 30 September 2022 £'000</b>	<b>Unaudited six months to 30 September 2021 £'000</b>	<b>Audited year to 31 March 2022 £'000</b>
Charge related to revaluation of the liability for cash settled share awards	(1,585)	(5,665)	(7,304)
Total	(1,585)	(5,665)	(7,304)

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

	<b>Unaudited 30 September 2022 £'000</b>	<b>Unaudited 30 September 2021 £'000</b>	<b>Audited year 31 March 2022 £'000</b>
Share based payments - current	9,523	6,558	9,388
Share based payments - non-current	846	11,658	8,459
Total	10,369	18,216	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 MES has been established using an externally developed model, which is consistent with that used as at 31 March 2022. Key inputs described in note 2 of the Annual Report and Accounts have been determined based on internally generated data as at 30 September 2022. Vesting is subject only to the condition that employees must remain in employment at the vesting date. Each MES is entitled to share equally in value attributable to the Holding Company above the applicable base line value at the date of award provided that the applicable hurdle value of 15% or 30% growth in the value of the Holding Company above the base line value at the date of award has been achieved.

The fair value of awards made in the period ended 30 September 2022 was £2,529,130 (30 September 2021: £2,710,500, 31 March 2022: £2,883,500). An award was made on 14 July 2022 at 27p per MES.

The number of MES outstanding are shown below:

	<b>Unaudited 30 September 2022</b>	<b>Unaudited 30 September 2021</b>	<b>Audited year 31 March 2022</b>
Outstanding at the start of the period	42,282,122	43,873,239	43,873,239
Issued	9,325,006	7,744,257	8,238,571
Realised	(7,762,846)	(7,253,638)	(7,253,638)
Lapsed	(15,203)	(1,153,546)	(2,576,050)
Outstanding at the end of the period	<u>43,829,079</u>	<u>43,210,312</u>	<u>42,282,122</u>
Weighted average remaining unvested life of outstanding MES, years	1.65	1.57	1.20
Vested MES at the end of the period	48,179,285	40,761,540	31,293,486
Realisable MES at the end of the period	11,786,343	10,190,406	11,478,050

As at 30 September 2022, if all MES were realised, the number of shares issued in the Company as a result would increase by 4,024,467 (30 September 2021: 4,621,710, 31 March 2022: 6,880,057). The undiluted per share value of net assets attributable to holders of Ordinary Shares would fall from £2.04 to £2.03 if these shares were issued (30 September 2021: £1.73 to £1.72, 31 March 2022: £1.97 to £1.94).

## 9. SHARE CAPITAL

### 9.a Authorised share capital

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

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

	<b>Unaudited 30 September 2022 £'000</b>	<b>Unaudited 30 September 2021 £'000</b>	<b>Audited 31 March 2022 £'000</b>
<b>Ordinary share capital</b>			
Balance at the start of the period	<u>767,999</u>	<u>767,999</u>	<u>767,999</u>
Balance at the end of the period	<u>767,999</u>	<u>767,999</u>	<u>767,999</u>
	<b>Unaudited 30 September 2022 Shares</b>	<b>Unaudited 30 September 2021 Shares</b>	<b>Audited 31 March 2022 Shares</b>

**Ordinary share capital**

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

No cash consideration is paid in relation to the issue of share based payment shares.

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

**9.b Capital reserves**

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

**9.c Earnings/(Loss) per share**

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

	<b>Unaudited six months to 30 September 2022</b>	<b>Unaudited six months to 30 September 2021</b>	<b>Audited year to 31 March 2022</b>
Earnings/(loss) for the purposes of earnings/(loss) per share	£55,646,000	£(147,873,000)	£8,838,000
Basic weighted average number of shares	667,825,783	665,486,396	666,108,284
Basic revenue earnings per share	1.22p	2.26p	2.3p
Basic capital earnings/(loss) per share	7.11p	(24.48)p	(1.0)p
Basic earnings/(loss) per share	8.33p	(22.22)p	1.3p
Diluted weighted average number of shares	671,850,250	670,108,106	672,988,341
Diluted revenue earnings per shares	1.21p	2.24p	2.3p
Diluted capital earnings/(loss) per share	7.07p	(24.31)p	(1.0)p
Diluted earnings/(loss) per share	8.28p	(22.07)p	1.3p

**9.d NAV per share**

	<b>Unaudited 30 September 2022</b>	<b>Unaudited 30 September 2021</b>	<b>Audited 31 March 2022</b>
Net assets for the purposes of NAV per share	£1,365,903,347	£1,152,750,142	£1,309,840,518
Ordinary Shares in issue	669,329,324	666,733,588	666,733,588
NAV per share	204.1p	172.9p	196.5p
Diluted number of shares	673,353,791	671,355,298	673,613,645
Diluted NAV per share	202.9p	171.7p	194.4p

**10. DISTRIBUTION TO SHAREHOLDERS**

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

During the period ended 30 September 2022, the Company did not declare or pay a dividend (30 September 2021: £nil, 31 March 2022: £nil).

## 11. RELATED PARTY TRANSACTIONS

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

### Life science investments

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

During the period, the total amount invested in life science investments which the Group controls was £44,824,695 (30 September 2021: £39,668,846, 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.

During the period, the total amount invested in life science investments in which the Group has significant influence was £12,999,998 (30 September 2021: £10,835,801, 31 March 2022: £46,592,768).

Commitments of milestone payments to the life science investments are disclosed in note 13.

During the period, SIML charged the life science investments a total of £99,213 (30 September 2021: £105,464, 31 March 2022: £222,406) in relation to Director's fees and other fees of £330,538 (30 September 2021: £184,450, 31 March 2022: £nil).

### Investment Manager

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

For the period ended 30 September 2022, SIML was entitled to receive an annual fee of up to 1.05% (30 September 2021: 1.05%, 31 March 2022: 1.05%) of the Company's NAV at the previous year end per annum.

	Unaudited six months to 30 September 2022 £'000	Unaudited six months to 30 September 2021 £'000	Audited year to 31 March 2022 £'000
Amounts paid to SIML	5,474	5,223	10,699

Amounts owed to SIML in respect of management fees totalled £1,145,213 (30 September 2021: £845,110, 31 March 2022: £1,047,525).

During the period, SIML received fees from the Group portfolio companies of £285,551 (30 September 2021: £259,914, 31 March 2022: £615,342).

### Company Directors

At the period 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 periods and year ended, excluding expenses incurred, and outstanding Directors' remuneration as at the end of the year, are set out below.

Unaudited six months to	Unaudited six months to	Audited year to 31 March 2022
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	30 September 2022 £'000	30 September 2021 £'000	£'000
Directors' remuneration for the period	247	210	419
Payable at end of the period	—	—	—

### The Syncona Foundation

Charitable donations are made by the Company to The Syncona Foundation. The Syncona Foundation was incorporated in England and Wales on 17 May 2012 as a private company limited by guarantee, with exclusively charitable purposes and holds the Deferred Share in the Company. The amount donated to The Syncona Foundation during the period ended 30 September 2022 was £2,428,478 (30 September 2021: £2,091,553, 31 March 2022: £2,691,553).

## 12. FAIR VALUE MEASUREMENT

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

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

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

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

The following table presents the Group's financial assets and liabilities by level within the valuation hierarchy as at 30 September 2022, 30 September 2021 and 31 March 2022:

30 September 2022 Assets (unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets at fair value through profit or loss:</b>				
The Holding Company	—	—	1,052,680	1,052,680
The Partnership	—	—	319,259	319,259
<b>Total assets</b>	<b>—</b>	<b>—</b>	<b>1,371,939</b>	<b>1,371,939</b>

30 September 2021 Assets (unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
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### Financial assets at fair value through profit or loss:

The Holding Company	—	—	802,273	802,273
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The Partnership	–	–	363,720	363,720
<b>Total assets</b>	–	–	1,165,993	1,165,993

<b>31 March 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets (audited)</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>

**Financial assets at fair value through profit or loss:**

The Holding Company	–	–	980,282	980,282
The Partnership	–	–	342,950	342,950
<b>Total assets</b>	–	–	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 unadjusted NAV of the subsidiaries as a proxy for fair value. The subsidiaries hold some investments valued using techniques with significant unobservable inputs as outlined in the sections that follow.

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

The following table presents the Holding Company's investments by level within the valuation hierarchy as at 30 September 2022, 30 September 2021 and 31 March 2022:

Asset type	Level	30 September 2022 £'000	30 September 2021 £'000	31 March 2022 £'000	Valuation technique	Significant unobservable inputs	Impact on valuation £'000
<b>Listed investments</b>	1	84,716	212,344	121,226	Publicly available share price as at statement of financial position date	n/a	n/a
<b>SIML</b>	3	5,855	5,794	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% of the NAV of SIML is applied.	+/- £293
<b>Milestone payments</b>	3	58,576	–	49,802	Discounted Cash Flow	The main unobservable inputs consist of the assigned probability of milestone success and the discount rate used.	PoS: +/- £6,927 Discount rate: £10,207
<b>Calibrated price of recent investment ("PRI") <sup>(1)</sup></b>	3	427,319	369,991	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 +/-17%.	+/- £72,644

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

The following table presents the movements in Level 3 investments of the Holding Company for the period ended 30 September 2022:

	Life science investments £'000	Other asset £'000	SIML £'000	Unaudited six months to 30 September 2022 £'000	Unaudited six months to 30 September 2021 £'000	Audited six months to 30 March 2022 £'000
<b>Opening balance</b>	325,662	49,802	5,822	381,286	303,804	303,804
Purchases during the period	58,635	–	–	58,635	50,455	107,817
Sales during the period	–	–	–	–	–	(325,837)



Gains on financial assets  
at fair value through profit  
or loss

	43,022	8,774	33	51,829	21,526	295,502
<b>Closing balance</b>	<b>427,319</b>	<b>58,576</b>	<b>5,855</b>	<b>491,750</b>	<b>375,785</b>	<b>381,286</b>

The net gain for the period included in the Condensed Consolidated Statement of Comprehensive Income in respect of Level 3 investments of the Holding Company held at the period end amounted to £51,829,000 (30 September 2021: £21,526,000 gain, 31 March 2022: £295,502,000).

During the period, there were no movements from Level 3 to Level 1 (30 September 2021: nil, 31 March 2022: nil) or between Level 2 and Level 1 (30 September 2021: £nil, 31 March 2022: £nil).

The following table presents the Partnership's investments by level within the valuation hierarchy as at 30 September 2022, 30 September 2021 and 31 March 2022:

	Level	Unaudited 30 September 2022 £'000	Unaudited 30 September 2021 £'000	Audited 31 March 2022 £'000	Valuation technique	Significant unobservable inputs	Impact on valuation £'000
UK treasury bills	1	311,180	362,865	179,984	Publicly available share price at statement of financial position date	n/a	n/a
Capital pool investment fund- Credit funds	2	96,559	—	99,489	Valuation produced by fund administrator. Inputs into fund components are from observable inputs	n/a	n/a
Capital Pool Investment fund - Multi asset funds	2	48,156	—	—	Valuation produced by fund administrator. Inputs into fund components are from observable inputs.	n/a	n/a
Legacy funds – unlisted fund investments	2	—	26,643	—	Valuation produced by fund administrator. Inputs into fund components are from observable inputs	n/a	n/a
Capital pool investment fund - Multi asset fund	3	49,444	—	—	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 +/- 11%	+/- 5,439
Legacy funds – Long-term unlisted investments	3	33,954	50,427	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 +/-11%.	+/- 3,735
Investment in CRT Pioneer Fund	3	32,004	35,523	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 +/-34%.	+/- 10,881

During the period ending 30 September 2022, there were no movements from Level 1 to Level 2 (30 September 2021: nil, 31 March 2022: nil) or between other levels in the fair value hierarchy.

Assets classified as Level 2 investments are underlying funds fair-valued using the latest available NAV of each fund as reported by each fund's administrator, which are redeemable by the Group subject to necessary notice being given. Included within the Level 2 investments above are investments where the

redemption notice period is greater than 90 days. Such investments have been classified as Level 2 because their value is based on observable inputs.

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

The following table presents the movements in Level 3 investments of the Partnership for the six months to 30 September 2022, the six months to 30 September 2021 and the year to 31 March 2022:

	Investment in Subsidiary £'000	Capital pool investment £'000	Unaudited six months to 30 September 2022 £'000	Unaudited six months to 30 September 2021 £'000	Audited year to 31 March 2022 £'000
<b>Opening balance</b>	31,651	39,857	71,508	82,844	82,844
Purchases during the period	–	50,353	50,353	987	2,592
Return of capital	–	(8,271)	(8,271)	(1,594)	(9,070)
Gains/(losses) on financial assets at fair value through profit or loss	4,945	1,459	6,404	7,429	(4,858)
<b>Closing balance</b>	<u>36,596</u>	<u>83,398</u>	<u>119,994</u>	<u>89,666</u>	<u>71,508</u>

The net gain for the period included in the Condensed Consolidated Statement of Comprehensive Income in respect of Level 3 investments of the Partnership held at the period end amounted to £6,404,000 (30 September 2021: £7,429,000 gain, 31 March 2022: £4,857,645 loss).

### 13. COMMITMENTS AND CONTINGENCIES

The Group had the following commitments as at 30 September 2022, 30 September 2021 and 31 March 2022:

	Unaudited 30 September 2022 £'000	Unaudited 30 September 2021 £'000	Audited year 31 March 2022 £'000
<b>Life science portfolio</b>			
Milestone payments to life science companies	68,993	96,162	82,617
CRT Pioneer Fund	3,268	4,521	3,424
<b>Capital pool investment</b>	<u>1,760</u>	<u>2,760</u>	<u>2,429</u>
<b>Total</b>	<u>74,021</u>	<u>103,443</u>	<u>88,470</u>

There were no contingent liabilities as at 30 September 2022 (30 September 2021: £nil, 31 March 2022: £nil). The commitments are expected to fall due in the next 36 months.

### 14. SUBSEQUENT EVENTS

These Condensed Consolidated Financial Statements were approved for issuance by the Directors on 16 November 2022. Subsequent events have been evaluated until 16 November 2022.

Post period end further investment of \$9.6m was made into SwanBio as part of the existing Series B financing.

A new portfolio company, Alliance Holdco Limited, was established, and a commitment to invest \$23.5m in its shares was made to it to enable it to purchase 100% of the share capital of Applied Genetic Technologies Corporation (subject to the stockholders of that company tendering sufficient shares to enable the transaction to close).

### ALTERNATIVE PERFORMANCE MEASURES

### Capital deployed

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

A Net investment in the period	£57.4m
Adjusted for	
B Net distributions from CRT Pioneer Fund	£1.2m
Total Capital deployed (A+B)	£58.6m

### Life science portfolio return

Gross life science portfolio return for September 2022 3.9 per cent; March 2022 0.8 per cent. This is calculated as follows:

A Opening life science portfolio	£524.9m
Net investment in the period	£57.4m
B Valuation movement	£20.3m
Closing life science portfolio	£602.6m
Life science portfolio return (B/A)	3.9%

### 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:

A NAV for the purposes of NAV per share	£1,365,903,347
B Ordinary shares in issue (note 14)	669,329,324
C Dilutive shares	4,024,467
D Fully diluted number of shares (B+C)	673,353,791
NAV per share (p) (A/D)	202.9

### NAV total return

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

A Opening NAV per fully diluted share (note 9):	194.4p
B Closing NAV per fully diluted share (note 9):	202.9p
C Movement (B-A)	8.5p
D Dividend paid in the year (note 10):	–
E Total movement (C+D)	8.5p
NAV Total Return (E/A)	4.3%

All alternative performance measures are calculated using non-rounded figures

## GLOSSARY

### Company

### Syncona Limited

Capital deployed

“See Alternative Performance Measures”

Capital pool/Capital base

Capital pool investments plus cash plus less other net liabilities.

Capital pool investments

The underlying investments consist of cash and cash equivalents, including short-term (1, 3, and 6 month) UK

	treasury bills, and a number of credit, multi-asset and legacy fixed term funds.
Company	Syncona Limited.
CRT Pioneer Fund	The Cancer Research Technologies Pioneer Fund LP. The CRT Pioneer Fund is managed by Sixth Element Capital and invests in oncology focused assets.
General Partner	Syncona GP Limited.
Group	Syncona Limited and Syncona GP Limited are collectively referred to as the “Group”.
Holding Company	Syncona Holdings Limited.
Investment Manager	Syncona Investment Management Limited.
IRR	Internal Rate of Return.
Life science portfolio	The underlying investments in this segment are those whose activities focus on actively developing products to deliver transformational treatments to patients.
Life science portfolio return	“See Alternative Performance Measures”
MES	Management Equity Shares.
Net asset value, net assets or NAV	Net asset value (“NAV”) is a measure of the value of the Company, being its assets – principally investments made in other companies and cash and cash equivalents held – minus any liabilities.
NAV per share	“See Alternative Performance Measures”
NAV total return	“See Alternative Performance Measures”
Partnership	Syncona Investments LP Incorporated.
Return	A Simple Rate of Return is the method used for return calculations.
SIML	Syncona Investment Management Limited.
Syncona Group Companies	The Company and its subsidiaries other than those companies within the life science portfolio.
The Syncona Foundation	The Foundation distributes funds to a range of charities, principally those involved in the areas of life science and healthcare.
Valuation Policy	<p>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.</p> <p>In the case of the Group’s investments in unlisted companies, the fair value is determined in accordance with the International</p>

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.