

Syncona Limited

Third Quarter Update

Prioritising capital allocation across the portfolio to enable delivery of key inflection points; continue to be well positioned to deliver long-term growth

08 February 2024

Syncona Ltd (the “Company”), a leading life science investor focused on creating, building and scaling global leaders in life science, today issues its quarterly update covering the period from 01 October to 31 December 2023.

Financial performance in the quarter

- Net assets of £1,251.0 million (30 September 2023: £1,201.3 million), equivalent to 188.2p per share (30 September 2023: 178.6p per share)
- NAV per share return of 5.4% in the period, driven by a £111.1 million increase in the value of Autolus Therapeutics (Autolus), outweighing the partial write down of the Company’s holding in Anaveon to £24.9 million (£42.8 million decline in value), which reflects the company’s decision to focus on its next generation, pre-clinical programme
- Life science portfolio valued at £699.8 million (30 September 2023: £620.9 million), a return of 9.7% in the quarter¹
- Over the nine months to 31 December 2023, NAV per share has returned 0.9% with the life science portfolio generating a return of 3.0%
- Capital pool of £551.2 million at 31 December 2023 (30 September 2023: £580.4 million)
 - £18.5 million deployed into the life science portfolio in the quarter and £77.2 million in the nine months to 31 December 2023
 - £(4.6) million impact from foreign exchange movements across the capital pool²
 - £9.9 million of shares repurchased at an average discount of 33.8% resulting in a 0.76p accretion to NAV per share in the quarter³

69% of value in the strategic life science portfolio in clinical-stage companies with late-stage clinical companies making good progress

- Portfolio of 13 companies with six at clinical stage, including two late-stage clinical
- Nine clinical data read outs in the period including positive data published from two late-stage companies, Autolus and Beacon Therapeutics (Beacon)
- Autolus achieved an important strategic milestone filing its Biologics License Application (BLA) with the Food and Drug Administration (FDA) for obe-cel in relapsed/refractory (r/r) adult acute lymphoblastic leukaemia (ALL)
 - The filing was accepted post-period end and the FDA is expected to make a decision on approval in November 2024
- The University of Edinburgh published data from an academic study, which will support Resolution Therapeutics’ (Resolution) upcoming entry into a Phase I/II clinical trial in its lead macrophage cell therapy programme
- Post-period end, Freeline Therapeutics (Freeline) announced further data from the company’s Gaucher disease programme, which was supportive of the efficacy and safety profile of the company’s FLT201 gene therapy

Prioritising capital access across the portfolio to enable delivery of key value inflection points

- Continuing challenging macro conditions have significantly impacted the financing environment for life science companies
- Syncona’s capital pool provides the flexibility to prioritise capital towards clinical stage assets

¹ Life science portfolio return reflects net valuation movement in the period excluding net capital invested

² Net valuation movement from foreign exchange across the capital pool and life science portfolio of £(18.0)m

³ Since the period end, as of 6 February 2024, a further £5.6 million of shares have been bought back at an aggregate discount of 37.3%

- The Syncona team continues to take proactive and decisive action across the portfolio to maximise value:
 - Anaveon has taken the strategic decision to focus on its next generation compound ANV600
 - Reflecting that its next generation programme ANV600 is pre-clinical (ANV419 was clinical), Syncona and the syndicate of investors in Anaveon have adjusted the price of the final tranche of CHF 36.2 million (£32.8 million)⁴ of the 2021 Series B financing which is also aligned with current market conditions, resulting in a write down of the Company's holding in Anaveon to £24.9 million, a £42.8 million decline in value
 - The strategic actions ensure Anaveon is now funded to deliver the key value inflection point of its clinical data readout from its Phase I/II trial of ANV600 in CY2026
 - Syncona believes in the potential of Anaveon's next generation compound, which is supported by the positive pre-clinical data available to date
 - A newly established portfolio company of Syncona entered into an agreement with Freeline to acquire all of the shares of Freeline that Syncona does not own in an all-cash transaction. Syncona continues to be encouraged by the data published by Freeline in its FLT201 programme and is pleased with how the company is executing
 - The acquisition is subject to approval or acceptance by the required number of Freeline's minority shareholders and is expected to close in the first quarter of 2024, with a General Meeting in which shareholders will vote on the proposed acquisition scheduled for 12 February 2024
- The impact of the current financing environment is specific to the stage and progress of each individual portfolio company. Syncona is focused on ensuring capital efficiency in its portfolio and ensuring portfolio companies are executing to deliver key milestones
- Where appropriate Syncona continues to focus on widening financing syndicates and exploring creative financing options for portfolio companies
- Continuing to work with portfolio company co-investors to fund companies through to achieving positive clinical and operational progress
- Syncona is funded to deliver expected milestones and value inflection points in the portfolio that it believes have the potential to drive access to capital and NAV growth

Focus on identifying transformational science to deliver long-term growth

- In advanced stages of diligence in two new opportunities in oncology; with one an early-stage opportunity and the second a clinical stage company
- Continued focus on clinical stage opportunities to add to our maturing portfolio and drive near-term growth

Operational and Governance changes

- Rolf Soderstrom, Chief Financial Officer (CFO) of Syncona Investment Management Limited (SIML) is moving to the role of Executive Partner, where he will support the Leadership and Investment teams whilst remaining on the Board of SIML and as Chair of the Valuation Committee
- Kate Butler, Group Finance Director of SIML will take up the role of CFO of SIML, effective 1 April 2024. Kate joined Syncona in September 2022 and brings with her a wealth of experience from previous finance leadership roles at Vectura Group plc and Gilead Sciences, Inc.
- During the period, Martin Murphy also stepped down as Chair of SIML with Chris Hollowood holding the role of Interim Chair; Martin continues to represent Syncona on the Boards of Autolus, Anaveon and Clade Therapeutics

Chris Hollowood, Chief Executive Officer, Syncona Investment Management Limited, said: "We have continued to take decisive action to support our companies' ability to deliver on their next key clinical milestones to maximise value across the portfolio against a continuing challenging market backdrop in the third quarter. We have been pleased with the recent clinical and regulatory progress at Autolus, which we believe is now being reflected in its recent positive share price performance. Whilst the macroeconomic outlook is starting to look more favourable with conditions improving in the public

⁴ FX rate taken at 7 February 2024

markets, we continue to see the private markets under pressure especially in earlier stage assets and where companies are financing ahead of delivering key milestones. We are focused on funding our companies to their next key clinical data points to drive long-term value and whilst the pricing of the recent investment tranche in Anaveon has led to a partial write-down in our holding, the company is now well positioned to deliver clinical data from its next generation asset.

We have also continued to evolve our operating model with Rolf moving to Executive Partner bringing his broad experience to support our strategic ambitions whilst maintaining his governance role at the SIML Board. I would like to thank Rolf for his support in developing the strategy and operations for the next phase of Syncona’s growth and his leadership of our Finance team to support our growth ambitions. I look forward to working with Kate who brings both extensive finance and life science experience and congratulate her on her well-deserved promotion to CFO.

Looking ahead, we have six key value inflection points over the next 12-36 months with the potential to drive significant NAV growth and are funded to deliver these. We will continue to take a rigorous approach to capital allocation and portfolio management, whilst also continuing to fuel our long-term growth by creating new companies across the new frontier of science.”

Outlook

Capital deployment guidance

The Company continues to anticipate that deployment into the portfolio and pipeline at financial year end will be £150-200 million, in line with prior guidance. This excludes the £40.0 million of capital allocated to the share buyback.

Portfolio milestones and potential value inflection points

- 11 expected milestones across the portfolio over the next 12 months which have the potential to enable capital access
- Six key value inflection points which have the potential to drive significant NAV growth over the next 12-36 months
- These milestones and value inflection points are not without risk

Strategic life science portfolio	Next expected milestones with the potential to enable capital access	Syncona view of potential value inflection points across the portfolio
Moving towards being on the market		
Autolus	<p>H1 CY2024</p> <ul style="list-style-type: none"> - Initiate a Phase I study of obe-cel in refractory systemic lupus erythematosus (SLE), extending the use of obe-cel into autoimmune diseases <p>H2 CY2024</p> <ul style="list-style-type: none"> - Provide initial data from the Phase I trial in SLE <p>CY2024</p> <ul style="list-style-type: none"> - Commence the US commercial launch of obe-cel, dependent on anticipated FDA regulatory approval in November 	<p>CY2025</p> <ul style="list-style-type: none"> - Traction following US commercial launch of obe-cel, dependent on FDA regulatory approval

Beacon	H1 CY2024 - Publish 12-month data from its Phase II SKYLINE trial in XLRP - Initiate its Phase II/III trial in XLRP	H2 CY2024 - Present 24-month data from its Phase II SKYLINE trial in XLRP
Moving towards publishing definitive data		
Freeline		H2 CY2024 - Release of additional data from its Phase I/II trial in Gaucher disease
Resolution	H2 CY2024 - Enter the clinic in a Phase I/II trial in liver cirrhosis	CY2026 - Completion of Phase I/II trial in liver cirrhosis
Moving towards publishing emerging efficacy data		
Achilles	Q1 CY2024 - Provide further data from its Phase I/IIa clinical trial in NSCLC - Provide further data from its Phase I/IIa clinical trial in melanoma	
Quell	H1 CY2024 - Initial safety data in Phase I/II trial in liver transplantation	CY2025 - Proof of concept data from its Phase I/II trial in liver transplantation
SwanBio	H2 CY2024 - Initial safety readout in higher dose cohort from its Phase I/II trial in AMN -	
Anaveon	H2 CY2024 - Initiate a Phase I/II trial of ANV600, the company's next generation compound	CY2026 - Interim clinical data readout from its Phase I/II trial of its next generation asset ANV600

Valuation movements in the quarter

Company	30 Sep 2023	Net investment in the period	Valuation change	FX movement	31 Dec 2023	% of Group NAV	Valuation basis ^{5, 6, 7}	Fully diluted ownership stake	Focus area
	(£m)	(£m)	(£m)	(£m)	(£m)				

⁵ Primary input to fair value

⁶ 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

⁷ 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

Strategic portfolio companies										
Late-stage clinical										
Autolus	64.0	-	111.1	(5.5)	169.6	13.5%	Quoted	17.5%	Cell therapy	
Beacon	75.0	-	-	-	75.0	6.0%	PRI	65.3%	Gene therapy	
Clinical										
Quell	87.7	-	-	(3.7)	84.0	6.7%	PRI	33.7%	Cell therapy	
SwanBio	77.4	-	0.6	(3.4)	74.6	6.0%	Cost	80.0%	Gene therapy	
Freeline	8.8	8.0	4.5	(0.7)	20.6	1.6%	Quoted /cost ⁸	49.7%	Gene therapy	
Achilles	8.3	-	(0.2)	(0.3)	7.8	0.6%	Quoted	24.5%	Cell therapy	
Pre-clinical										
Purespring	35.1	9.9	0.1	-	45.1	3.6%	Cost	82.9%	Gene therapy	
OMass	43.7	-	-	-	43.7	3.5%	PRI	32.7%	Small molecules	
Resolution	37.9	-	-	-	37.9	3.0%	Cost	81.6%	Cell therapy	
Anaveon	64.9	-	(42.8)	2.8	24.9	2.0%	PRI	37.9%	Biologics	
Clade	24.6	-	-	(1.1)	23.5	1.9%	Cost	21.7%	Cell therapy	
Kesmalea	12.0	-	-	-	12.0	1.0%	Cost	71.8%	Small molecules	
Mosaic	7.3	-	-	-	7.3	0.6%	Cost	52.4%	Small molecules	
Portfolio milestones and deferred consideration										
Beacon deferred consideration	14.0	-	0.4	(0.6)	13.8	1.1%	DCF	-	Gene therapy	
Neogene milestone payment	2.2	-	0.1	(0.1)	2.2	0.2%	DCF	-	Cell therapy	
Syncona investments										

⁸ As of 31 December, £8.0m of the value of Freeline was in relation to a convertible loan valued at cost. The value of Syncona's shares held in Freeline was £12.6m, valued at the quoted market price

CRT Pioneer Fund	32.9	0.6	-	-	33.5	2.7%	Adj Third Party	64.1%	Oncology
Biomodal ⁹	18.7	-	-	(0.8)	17.9	1.4%	PRI	5.5%	Epigenetics
Forcefield	5.5	-	-	-	5.5	0.4%	Cost	82.0%	Biologics
Adaptimmune	0.9	-	-	-	0.9	0.1%	Quoted	0.8%	Cell therapy
Total Life Science Portfolio	620.9	18.5	73.8	(13.4)	699.8	55.9%			
Capital pool	580.4	(34.4)	9.8	(4.6)	551.2	44.1%			
TOTAL	1,201.3				1,251.0	100%			

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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 life science businesses, across development stage, modality and therapeutic areas, for the benefit of all our stakeholders. We focus on developing treatments for patients by working in close partnership with world-class academic founders and management teams. Our balance sheet underpins our strategy enabling us to take a long-term view as we look to improve the lives of patients with no or poor treatment options, build sustainable life science companies and deliver strong risk-adjusted returns to shareholders.

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.

Syncona Limited seeks to achieve returns over the long term. Investors should seek to ensure they understand the risks and opportunities of an investment in Syncona Limited, including the information in our published documentation, before investing.

⁹ Formerly CEGX