SYNCONA

Building a platform for long-term growth and impact

Syncona Limited
Annual Report and Accounts 2024

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Syncona Limited

Our purpose is to invest to extend and enhance human life

We do this by creating, building and scaling companies to deliver transformational treatments to patients in areas of high unmet need. We aim to build and maintain a diversified portfolio of 20-25 globally leading life science businesses, across development stage, modality and therapeutic area, for the benefit of all our stakeholders.

2024 HIGHLIGHTS

£1.24bn
Net Asset Value (NAV) (188.7p per share[1,2])
(2023: £1.25bn; 186.5p per share)

1.2%
NAV per share return[1]
(2023: (4.1)%)

£786.1m
Life science portfolio valuation[1]
(2023: £604.6m)

2.2%
Life science portfolio return[1]
(2023: (14.3)%)

£452.8m
Capital pool[1,3]
(2023: £650.1m)

£172.2m
Capital deployment[1]
(2023: £177.2m)

1. Alternative performance measure, please refer to page 137.
2. Fully diluted, please refer to note 14 in the financial statements on page 121.
3. Please see glossary on page 135 for definition.

Business review p.06

Syncona is a leading life science investor with a strong balance sheet and clear strategy for growth and patient impact. The core premise of our investment strategy is that significant risk-adjusted returns in life science come when novel technology is developed to a late-stage clinical product. We apply a differentiated investment model and take a long-term approach to build world-class companies which can reach this point.

Creating and investing in life science pioneers to deliver growth and transform lives

BUILDING A PORTFOLIO OF GLOBAL LEADERS

Our strategy is to create, build and scale companies around exceptional science to build a portfolio of 20-25 globally leading life science businesses, across development stage, modality and therapeutic area for the benefit of all our stakeholders.

A DIFFERENTIATED VALUE CREATION MODEL

We believe that significant value in our asset class can be accessed by delivering companies to late-stage clinical development.

CREATE or add globally leading companies based on exceptional science

BUILD sustainable businesses by taking a hands-on partnership approach

SCALE our companies over the long term, leveraging our capital pool and relationships with strategic co-investors and industry partners

BY CREATING OR ADDING

3 new companies a year

based on exceptional science

WE WILL ACHIEVE OUR PORTFOLIO TARGET SIZE OF

20-25 companies

targeting top quartile returns

AND DELIVER

3-5 companies

to late-stage development where we have significant ownership positions

If we do this, we will have driven strong risk-adjusted returns for investors and delivered transformational impact for patients

OUR AMBITION IS TO GROW OUR NAV TO

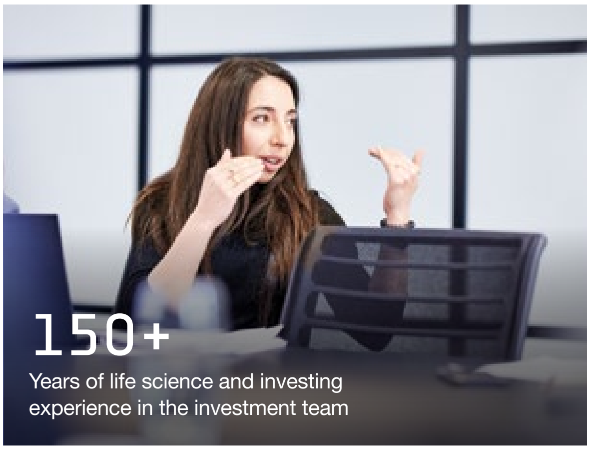
£5bn

BY 2032

Our purpose and strategy p.22

A MULTI-DISCIPLINARY TEAM WITH A STRONG TRACK RECORD

Our team is at the heart of Syncona's strategy. They leverage their expertise to find and build future global leaders in life science, whilst providing the operational, clinical and regulatory expertise necessary to support our portfolio companies through the development cycle. We have significant experience in managing risk and reward in a specialised asset class. To date our four exits have generated proceeds of £948 million, an aggregate 4.3x multiple of cost.



OUR CAPITAL POOL

We have a balance sheet structure which underpins our strategy and provides us with the flexibility to fund our companies from foundation to late-stage clinical development. Whilst we will bring in co-investors alongside us to diversify financial risk, our ability to fund over the long term helps to attract the best academics, founders, executives and financing syndicate partners. It also helps to provide a strong negotiating position for financing rounds or M&A.

£452.8m

In the capital pool

Financial review p.54

OUR STRATEGIC PORTFOLIO

Our strategic portfolio is made up of 13 leading life science companies, all built with product-focused strategies in emerging categories of novel science where we believe there is an opportunity to make a difference to the lives of patients.

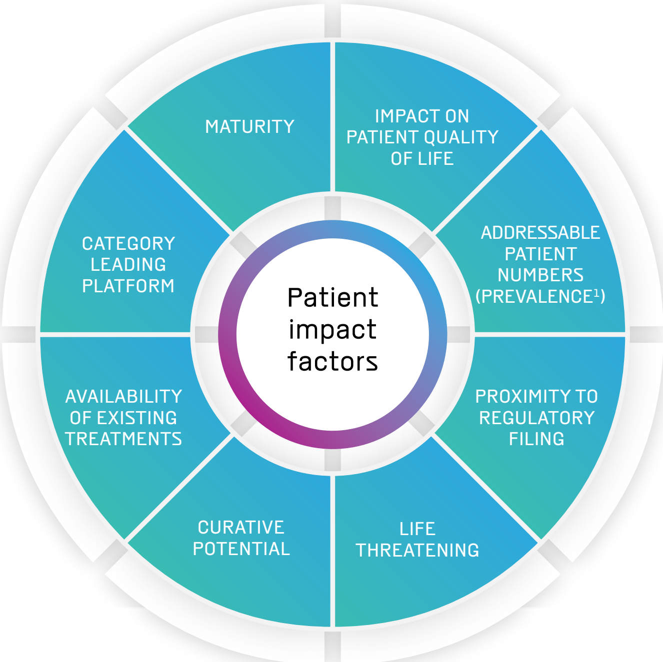
◆ Syncona investment point. 1. Biologics License Application.

Our NAV Growth Framework in action p.10

Portfolio review p.44

MAKING A POSITIVE IMPACT

Delivering a positive impact is fundamental to what we do at Syncona and we are motivated every day by our purpose of investing to extend and enhance human life. During the year we developed our first patient impact framework, which illustrates how we embed patient impact factors within our investment model.



Our ESG approach p.30

1. The number of existing cases of a disease.

Resilient performance against challenging backdrop

In the last year, the Syncona team's operational progress and proactive management of the portfolio has provided a platform for future growth."

MELANIE GEE
CHAIR, SYNCONA LIMITED

Global market conditions have continued to be impacted by significant macroeconomic and geopolitical uncertainties, which have weighed on sentiment more broadly. It has been one of the worst bear markets for biotech on record, with the S&P Biotech Index (XBI) ending Syncona's financial year 45.7% lower than its peak in February 2021. Over the same period Syncona's life science return is (13.5)% and NAV per share return is (6.1)%[1]. In particular, the funding environment for pre-clinical and early-stage clinical biotech companies has been difficult.

Against this backdrop, the Syncona team[2] has proactively managed the portfolio to protect value and has taken a rigorous approach to capital allocation, focused on clinical assets and assets approaching clinical entry, to enable the delivery of the key value inflection points outlined at our FY2023/4 Interim Results.

FINANCIAL PERFORMANCE

During FY2023/4, Syncona has delivered a resilient performance, ending the year with net assets of £1,238.9 million or 188.7p per share, a 1.2% NAV per share return in the year (31 March 2023: net assets of £1,254.7 million, NAV per share of 186.5p, (4.1)% NAV per share return). The life science portfolio delivered a 2.2% return, with the increase in the value of Autolus Therapeutics (Autolus), offset by the partial write-downs at Anaveon and Clade Therapeutics (Clade) and the write-off of Gyroscope Therapeutics (Gyroscope) milestone payments. Performance was further enhanced by accretive share buybacks and positive returns from our capital pool assets.

FOCUSED AND RIGOROUS CAPITAL ALLOCATION

The challenging market backdrop and broader sentiment has impacted Syncona's share price, which declined by 17.0% in the year, with the discount to NAV widening from 20.5% to 34.8%. The Board believes that the share price undervalues the portfolio and its potential and represents a compelling investment opportunity. In September 2023, the Board took the decision to allocate up to £40.0 million to a share buyback programme and post-period end a further £20.0 million has been allocated[3] to the programme. The Board believes this strikes the right balance between continuing to focus capital allocation on Syncona's maturing portfolio and a share buyback given the material discount to NAV at which the shares are currently trading. The capital allocated to the buyback does not impact planned investment into clinical-stage assets in the next 24 months.

1. 31 December 2020 used as starting valuation for life science and NAV per share returns.
2. Use of "Syncona team" refers to the Syncona Investment Management Limited (SIML) team.
3. The further £20.0 million allocated to the share buyback programme will be on the same terms as announced on 29 September 2023, save that the programme has been extended beyond the Company's 2024 Annual General Meeting, subject to the grant of a new buyback authority to the Company by the shareholders at that meeting. Any share purchases under the share buyback programme will be made pursuant to the authority to repurchase shares granted to the Company at its Annual General Meeting held on 1 August 2023, or any new authority granted to the Company at its 2024 Annual General Meeting.
4. As at 19 June 2024.
5. Please refer to glossary on page 135.

In the period, £20.2 million of shares have been repurchased at an average discount of 35.1% to NAV per share, resulting in an accretion of 1.61p to NAV per share in the year. The share buyback is ongoing, with a further £10.0 million of shares bought back since the period end[4].

Over the course of the year, the Syncona team has evolved the Company's approach to capital allocation, moving from focusing on having up to three years of financing available to ensuring Syncona is positioned to sustainably deliver capital access milestones, and is funded to deliver key value inflection points, which have the potential to deliver significant NAV growth. As our portfolio companies continue to mature there is increased potential to access third party capital and liquidity, allowing for a more dynamic approach to capital allocation. The Board believes the evolution in our approach retains the strategic balance sheet that underpins the delivery of Syncona's long-term strategy, whilst also allowing the Company to optimise returns for shareholders. This Capital Allocation Policy is covered more fully in the business review and included in full on page 8.

EMBEDDING A NEW OPERATING MODEL

During the year, the Syncona team has expanded its senior team and embedded a new operating model to enable the more efficient management of people, capital and the Syncona portfolio. As part of this process, in April 2023 Roel Bulthuis joined as Managing Partner and Head of Investments, bringing over 20 years of global life science venture capital, business development and investment banking experience. In May 2023, John Tsai (previously CMO at Novartis) joined as Executive Partner, with significant clinical, pharmaceutical and leadership experience. Effective 1 April 2024, Rolf Soderstrom former CFO of SIML moved to the role of Executive Partner, where he now supports the Leadership and Investment Teams whilst remaining on the SIML Board and as Chair of the Valuation Committee. Kate Butler, former Group Finance Director of SIML and an experienced financial leader from a career across biotech, took up the role of CFO of SIML. Our Executive Partner group[5] has also expanded during the year and is well placed to support execution at the portfolio companies as they scale. This is an important function for the business and supports our proactive portfolio management approach.

Martin Murphy stepped down as Chair of SIML after 11 years of playing an instrumental role in building Syncona into the business it is today. Martin's impact on both the Company's trajectory and the wider ecosystem has been remarkable, and we are indebted to him for his dedication and the platform he helped us to establish. The Board is pleased with the strategic progress Syncona has made and with how the senior team, now led by Chris, as CEO and Interim Chair of SIML, is operating. A recruitment process to appoint a new permanent Chair of SIML is ongoing. The evolution of the team and the model are critical to the delivery of Syncona's ambitious plans to achieve £5 billion of NAV by 2032.

BUILDING A SUSTAINABLE LIFE SCIENCE ECOSYSTEM

Since 2012, Syncona has been a key part of changing the landscape for ambitious life science company creation in the UK. As a direct consequence of Syncona's actions, many potential therapies have been taken from academic research into the clinic on an industrial and scalable footing. The Board and Syncona team are passionate about shaping a life science ecosystem that is sustainable and provides a platform for further success. We contribute to this in a range of ways, including by building companies in the UK, funding them at scale and focusing them on product development. The Board and Syncona team also continuously engage with a range of stakeholders, including Government, industry participants, life science property developers, charities and regulators, to enable the scaling of a dynamic biotech cluster in which Syncona and the companies we build can thrive.

The Board is increasingly encouraged by the growing cross-party public policy support for science and innovation, and increased investment in high-growth sectors. A key challenge in translating science from an academic setting and developing it into a commercial reality is accessing the appropriate level of capital to enable a company to scale. We are therefore highly supportive of the ambition behind the Mansion House reforms. The Board and Syncona team are committed to working alongside the signatory pension providers and other relevant parties as these commitments move towards tangible proposals to provide the scale-up capital that will take the UK's biotech sector to the next level.

Syncona's positive role within the ecosystem is also aligned with our commitment to sustainability, which is embedded into Syncona's investment, portfolio management, and business processes. I am pleased with our continued progress in this regard, which includes SIML becoming a signatory of the Net Zero Asset Managers (NZAM) initiative and completing its first UN Principles for Responsible Investment (PRI) submission. A full overview of our progress in and commitment to sustainability and responsible investment can be found in the Sustainability Report.

OUTLOOK

Macroeconomic and geopolitical uncertainties have created a challenging backdrop for Syncona and our portfolio. These conditions have impacted both the cost of capital and financing environment in our sector. As we move into FY2024/5, despite the ongoing macro uncertainties, we are cautiously optimistic given the gradual decline in inflation and potential for interest rate cuts. We believe improvements in the macroeconomic environment will create more favourable conditions for our companies to operate in.

In the last year, the Syncona team's operational progress and proactive management of the portfolio has provided a platform for future growth. A newly embedded operating model, expanded team, and evolved Capital Allocation Policy underpinning our disciplined approach to managing our balance sheet, mean Syncona is well positioned to take advantage of market conditions as they improve.

With three companies added to the portfolio during the year, including one at clinical stage, we are on track to deliver on our 10-year targets which were set out in November 2022:

- Three new companies created or added to the portfolio per year
  - This target has been updated to reflect that we will both create companies from highly innovative science and invest in existing companies at clinical stage
- Delivering three to five companies to late-stage development where we are significant shareholders
- Building a portfolio of 20-25 life science companies

The Board remains focused on overseeing and supporting the Syncona team with delivery of our long-term strategy to create, build and scale a portfolio of 20-25 leading life science companies and organically grow net assets to £5 billion by 2032. Together, the Board and Syncona team remain committed to these targets and to delivering medium and long-term growth for our shareholders.

Melanie Gee

Melanie Gee
Chair
Syncona Limited
19 June 2024

Resolute focus on proactively managing our portfolio

The financial year has started with positive momentum and we remain focused on driving NAV growth for shareholders whilst delivering transformational impact for patients."

CHRIS HOLLOWOOD
CEO, SYNCONA INVESTMENT MANAGEMENT LIMITED

The Syncona team has made significant progress in the year, proactively managing the portfolio against a challenging market backdrop, embedding a new operating model to enable scale and adding new companies to the portfolio to deliver on its 10-year targets.

LIFE SCIENCE PORTFOLIO PERFORMANCE

The performance of the life science portfolio has been driven by a £122.4 million valuation gain from Autolus, which was largely offset by partial write-downs of Anaveon and Clade and the write-off of Gyroscope milestone payments.

The share price appreciation at Autolus was driven by continued strong progress in the development of its obe-cel therapy. The company has submitted the key regulatory filing for approval of the drug, its Biologics License Application (BLA), with the US Food and Drug Administration (FDA) and expects to receive feedback regarding potential approval in November 2024. Autolus also completed a strategic collaboration with BioNTech worth $250 million in upfront proceeds and a public offering of $350 million.

Elsewhere, the partial write-down of Syncona's holding in Anaveon to £35.7 million[1] (£42.8 million decline in value) reflected the company's decision to focus on its next generation, pre-clinical ANV600 programme and the post-period end sale of Clade to Century saw a £14.4 million write-down to £9.4 million. These actions, whilst disappointing from a value perspective, were aligned with our rigorous approach to capital allocation and proactive management of the portfolio. In addition, Novartis' decision during the year to discontinue the development of GT005, which it had been responsible for progressing since acquiring Gyroscope in February 2022, resulted in a write-off of the £56.4 million risk-adjusted valuation of the milestone payments[2].

1. Includes additional £12.6 million invested following the write down as part of the final tranche of the Series B financing.
2. Increase from £54.5 million as at June 2023 due to the impact of foreign exchange during the period.

A MATURING, PROACTIVELY MANAGED PORTFOLIO

In November 2022, we set out 10-year targets to organically grow net assets to £5 billion. Since then, the Syncona team has worked hard to rebalance the portfolio whilst prioritising capital towards the most promising companies and assets to provide a platform for future growth. We now have 13 core life science companies in our strategic portfolio that we aim to build to a portfolio of 20-25 companies by 2032. This portfolio is diversified across therapeutic area and modality and weighted towards clinical and late-stage clinical companies.

Over the year, our strategic portfolio has continued to mature with 71.1% of its value now in clinical-stage companies. More broadly, we are pleased with the clinical, operational and financial delivery our companies have achieved, generating 15 clinical data readouts, initiating five new clinical trials, and securing nine financings and strategic transactions.

The Syncona team has proactively managed the portfolio to ensure that our companies have a path forward to reach late-stage clinical development, where we believe significant value can be accessed.

We set out a clear approach at our annual results last year to navigate our portfolio companies through challenging market conditions and have delivered well against this. We have worked alongside our portfolio companies to widen financing syndicates, execute strategic transactions, focus capital on their most promising assets, streamline budgets and consolidate with other companies to drive combined strength. Notably, the market conditions impacting the biotech sector presented a differentiated opportunity to take Freeline Therapeutics (Freeline) private. Following this transaction, post-period end we announced that Freeline had acquired SwanBio Therapeutics (SwanBio), creating Spur Therapeutics (Spur).

In our FY2023/4 Interim Results, we set out a NAV Growth Framework to provide shareholders with more clarity on the milestones and stages of the development cycle where we anticipate our companies will be able to access capital and drive significant NAV growth in the current market environment. In the second half, the portfolio has delivered six capital access milestones, including the initiation of new clinical trials, publishing new clinical data and the filing of Autolus' BLA submission to the US FDA. Since the period end, the portfolio has delivered a further four capital access milestones, including encouraging clinical data updates. This includes Spur, which published data at the American Society of Gene & Cell Therapy (ASGCT) Annual Meeting, underlining the strong potential of the company's FLT201 therapy in Gaucher disease. The NAV Growth Framework is covered in further detail in the life science portfolio review section.

CAPITAL ALLOCATION FOCUSED ON CLINICAL-STAGE ASSETS OR ASSETS APPROACHING CLINICAL ENTRY

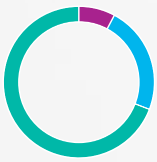
Syncona has been able to leverage its balance sheet throughout a period where cost of capital and access to capital have been challenging, deploying £172.2 million in the year, in line with capital deployment guidance. We have taken a rigorous approach to capital allocation, with 86.1% of capital deployed into clinical-stage assets and assets approaching the clinic, whilst funding our companies through to their next key value inflection points. In doing so we have closely monitored potential liquidity and NAV progression alongside capital needs, whilst considering external factors such as the macro and financing environment.

REBALANCED PORTFOLIO

Weighted towards later-stage companies with increased diversification

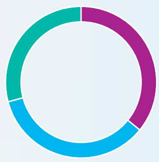
CLINICAL PROFILE (BY VALUE)

SEPTEMBER 2022: PORTFOLIO OF 12 COMPANIES



Late-stage clinical	8%
Clinical stage	23%
Pre-clinical	69%

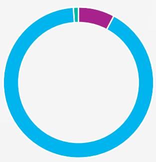
MARCH 2024: PORTFOLIO OF 13 COMPANIES



Late-stage clinical	36%
Clinical stage	35%
Pre-clinical	29%

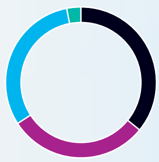
NAV GROWTH FRAMEWORK (BY VALUE)

SEPTEMBER 2022: PORTFOLIO OF 12 COMPANIES



Moving towards definitive data	8%
Moving towards emerging efficacy data	91%
Moving towards operational build	1%

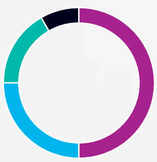
MARCH 2024: PORTFOLIO OF 13 COMPANIES



Moving towards the market	36%
Moving towards definitive data	30%
Moving towards emerging efficacy data	31%
Moving towards operational build	3%

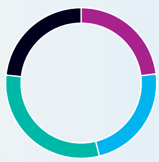
DIVERSIFICATION (BY NUMBER)

SEPTEMBER 2022: PORTFOLIO OF 12 COMPANIES



Cell therapy	6
Gene therapy	3
Small molecules	2
Biologics	1

MARCH 2024: PORTFOLIO OF 13 COMPANIES



Cell therapy	3
Gene therapy	3
Small molecules	4
Biologics	3

CAPITAL ALLOCATION POLICY

Syncona is committed to driving and maximising returns for shareholders over the long term as we seek to deliver on our 10-year targets as set out in November 2022. We strive to deliver growth through capital appreciation and offer investors the opportunity to access the expertise of Syncona's specialist team and the growth potential of a proprietary investment portfolio in a high risk and high reward sector.

FOCUS ON DRIVING SIGNIFICANT VALUE THROUGH INVESTING IN LIFE SCIENCE

The core premise of our investment strategy is that significant risk-adjusted returns in life science come when novel technology is developed to a late-stage clinical product. We generate opportunities to do this by creating companies from exceptional science, then building and scaling them over the long term to reach late-stage clinical development, alongside third-party investors.

We also seek to make new investments in clinical-stage opportunities, both public and private, where we can similarly advance them to late-stage clinical development and generate strong risk-adjusted returns.

PORTFOLIO MANAGEMENT AND OUR NAV GROWTH FRAMEWORK

Many of our investments are both capital intensive and illiquid. We aim to manage our portfolio as a whole to ensure we have the capital required to deliver our investment strategy, either in cash or from liquid assets in our life science portfolio. We leverage our balance sheet by accessing external sources of capital to support the funding of our portfolio companies. We take a rigorous approach to capital allocation, prioritising capital towards clinical opportunities and assets which are approaching clinical entry, while continuing to create companies based on exceptional science.

In our FY2023/4 Interim Results, we set out a NAV Growth Framework to give shareholders more clarity on which milestones and at what stage of the development cycle we anticipate our companies will be able to access capital and drive significant NAV growth. Emerging clinical data typically has the potential to drive access to capital either through company financings or, for companies that are publicly listed, it can drive returns by share price appreciation. Definitive clinical data has the potential to provide significant NAV growth and has the potential to provide access to capital through sales of portfolio companies, or significantly increased market liquidity in listed shares.

If our investment strategy is successful, we anticipate that we will generate significant cash proceeds from exits or other liquidity events and that over time this will be the principal source of capital to fund our strategy.

A SUSTAINABLE MODEL AND A STRATEGIC APPROACH TO CAPITAL EFFICIENCY

Primarily, we will look to re-invest cash proceeds across our portfolio and into new opportunities, where we believe we can drive significant returns by continuing to fund companies through to clinical and late-stage development.

Where we do not see investment opportunities that allow us to efficiently deploy capital across our portfolio, we will seek to return capital to shareholders. We will consider all forms of distribution mechanisms for capital returns at the time. This includes buying back our own shares, in particular if market conditions create dislocations between the share price of Syncona and its stated NAV.

We will continue to ensure that we are positioned to sustainably deliver milestones that have the potential to enable capital access and are funded to deliver key value inflection points which have the potential to deliver significant NAV growth.

Our approach to capital allocation is dynamic and continues to evolve as the business scales and matures, increasing the potential to access third party capital, liquidity and optimise returns for our shareholders.

Despite the challenging market conditions for biotech companies, from the £704.5 million raised by our portfolio, Syncona committed £118.2 million, with our companies attracting £586.3 million from external investors and pharma partners. This demonstrates the attractiveness of our portfolio and our ability to leverage the Syncona balance sheet to access significant further capital.

ADDING HIGHLY INNOVATIVE NEW COMPANIES TO THE PORTFOLIO TO UNDERPIN LONG-TERM GROWTH

During the year, we have delivered on our target of adding three new companies to the strategic portfolio. We have been able to selectively increase our exposure to clinical assets beyond the natural maturation of the portfolio, by investing €30 million (£25.7 million) as part of a Series B financing of iOnctura. This is a clinical-stage company developing innovative therapies for neglected and hard-to-treat cancers. Its lead candidate, roginolisib, has demonstrated long-term safety and emerging efficacy data in a Phase Ib clinical trial for uveal melanoma, a rare cancer of the eye where patients have very limited treatment options. Syncona is working with the company to explore the breadth of roginolisib's potential utility and we are excited to add iOnctura and this promising asset to our portfolio.

We are also pleased to announce the creation of a new company, Yellowstone Biosciences (Yellowstone), with a £16.5 million Series A financing. Yellowstone is an oncology company pioneering soluble bispecific T-cell receptor (TCR)-based therapies to unlock a new class of cancer therapeutics.

We have also committed to a Series A financing of a company we previously seed financed in 2021, Forcefield Therapeutics (Forcefield), a best-in-class therapeutics company aiming to revolutionise the treatment of heart attacks. Alongside Syncona's £20.0 million commitment to Forcefield's Series A, post-period end Roche Venture Fund committed a further £10.0 million to the financing, valuing Syncona's holding in Forcefield at £8.9 million, a 38% uplift to the 31 March 2024 valuation.

OUR NAV GROWTH FRAMEWORK

As we build and scale our companies, in the current market environment there are opportunities to deliver milestones that drive capital access and key value inflection points that have the potential to drive significant NAV growth.

MOVING TO OPERATIONAL BUILD → MOVING TO EMERGING EFFICACY DATA → MOVING TO DEFINITIVE DATA → MOVING TO MARKET

POTENTIAL TO ENABLE CAPITAL ACCESS

OPERATIONAL BUILD
- Clearly defined strategy and business plan
- Leading management team established

EMERGING EFFICACY DATA
- Clinical strategy defined
- Initial efficacy data from Phase I/II in patients

POTENTIAL TO DRIVE SIGNIFICANT NAV GROWTH

DEFINITIVE DATA
- Significant clinical data shows path to marketed product
- Moving to pivotal trial and building out commercial infrastructure

ON THE MARKET
- Commercialising product
- Revenue streams

Our NAV Growth Framework in action p.10

ONGOING FOCUS ON OPTIMISING SHAREHOLDER RETURNS

During the year, the Syncona team in partnership with the Board conducted an ongoing review of the Company's approach to capital allocation. As part of this, the Board launched a share buyback of up to £40.0 million in September 2023 and post-period end, a further £20.0 million has been allocated to the share buyback programme. Syncona has set out its Capital Allocation Policy to summarise our evolved approach to the way we manage capital to drive and maximise returns for shareholders. The core premise of our investment strategy is that significant risk-adjusted returns in life science come when novel technology is developed to a late-stage clinical product. As a result, many of our investments are both capital intensive and illiquid. We aim to manage our portfolio as a whole to ensure we have the capital required to deliver our investment strategy, either in cash or from liquid assets in our life science portfolio. We leverage our balance sheet by accessing external sources of capital to support the funding of our portfolio companies. We anticipate that we will generate significant cash proceeds from exits or other liquidity events and that over time this will be the principal source of capital to fund our strategy.

Primarily, we will look to re-invest cash proceeds across our portfolio and into new opportunities, where we believe we can drive significant returns by funding companies through to clinical and late-stage development.

Where we do not see investment opportunities that allow us to efficiently deploy capital across our portfolio, we will seek to return capital to shareholders. We will consider all forms of distribution mechanisms for capital returns at the time. This includes buying back our own shares, in particular if market conditions create dislocations between the share price of Syncona and its stated NAV. We will continue to ensure that we are positioned to sustainably deliver capital access milestones and are funded to deliver key value inflection points which have the potential to deliver significant NAV growth.

Our approach to capital allocation is dynamic and continues to evolve as the business scales and matures, increasing the potential to access third party capital, liquidity and optimise returns for our shareholders.

OUTLOOK

Market conditions have been challenging. However, value is returning to late-stage clinical assets and financing conditions are beginning to improve in the private markets. We continue to proactively manage our maturing portfolio to drive our companies to late-stage clinical development and are resolutely focused on delivering the 11 capital access milestones and eight key value inflection points that are mapped against our NAV Growth Framework. We have a strong pipeline of new investment opportunities based on highly innovative science, across therapeutic area, modality and stage of development, from company creation to clinical stage.

Syncona is well positioned with a well-funded portfolio, strong balance sheet, newly embedded operating model, experienced team and clear strategy to take advantage of market conditions as they improve. We have rebalanced the portfolio, prioritising capital towards the most promising companies and assets, and have preserved value in a challenging market. We are excited about the opportunity ahead to achieve our 2032 targets. The financial year has started with positive momentum and we remain focused on driving NAV growth for shareholders whilst delivering transformational impact for patients.

Chris Hollowood
Chief Executive Officer
Syncona Investment Management Limited
19 June 2024

Completed operational build

An ambition to transform the lives of millions

CREATING AND BUILDING COMPANIES FROM LEADING SCIENCE

Forcefield has developed a strategy focused on harnessing the potential of its first-in-class cardioprotective proteins to retain heart function following heart attacks, an area devoid of any significant advancements in the past two decades. Forcefield was founded by Syncona and Professor Mauro Giacca, a leading authority in cardiovascular disease, who is the Head of the School of Cardiovascular and Metabolic Medicine & Sciences at King's College London.

PLANNING A PATH TO THE CLINIC

The company has plans for its progression towards clinical development as it works towards the initiation of its planned Phase I/II trial. There is a significant commercial opportunity within the field, with heart attacks being the number one global cause of death. Syncona has worked closely with the Forcefield team on its financing and clinical strategy as it seeks to bring its therapies to patients in an area of high unmet need.

ESTABLISHING A LEADING MANAGEMENT TEAM

In line with Syncona's approach of establishing world-class management teams at our portfolio companies, in September 2023 Syncona Executive Partner John Tsai, MD was appointed as Chief Executive Officer of Forcefield. He was previously President, Global Drug Development and Chief Medical Officer at Novartis AG and has over 20 years of experience in bringing innovative therapies to market across geographies and therapeutic areas. John's proven track record in leading transformational organisational growth and strategy, along with expertise in regulatory approval, commercial launches, medical affairs, and great leadership skills make him ideally placed to lead Forcefield in progressing its cardioprotective protein technology towards clinical development.

£20.0m
Series A commitment

2024 PORTFOLIO HIGHLIGHT

Further commitment to a Series A financing

During the year Syncona committed to a Series A financing of Forcefield, following an initial seed investment in 2021. This funding will support Forcefield as it works towards the initiation of its Phase I/II trial. Post-period end Forcefield attracted a further £10.0 million Series A commitment from Roche Venture Fund, with Syncona's total commitment to the Series A being £20.0 million.

Forcefield has achieved a number of important milestones this year, including launching a Series A financing and completing the build out of its team. I am excited to lead this company on the next stage of its journey as it works towards the initiation of its Phase I/II clinical trial.”

John Tsai

FORCEFIELD CEO AND
SIML EXECUTIVE PARTNER

Moving to emerging efficacy data

Developing therapies to deliver patient impact

Anaveon's next generation asset has strong potential to build upon the clinical safety and efficacy that had been observed with its first generation compound."

Alex Hamilton

ANAVEON BOARD MEMBER AND SIML INVESTMENT PARTNER

HARNESSING THE POTENTIAL OF IL-2 THERAPIES

Anaveon is developing a selective IL-2 receptor agonist, a protein that could therapeutically enhance a patient's immune system to respond to tumours. In humans, IL-2 causes an immune cell, called a T-cell, to multiply and become activated. Under certain situations, T-cells can be activated to attack tumours and, as a result, IL-2 is an already approved therapy for the treatment of metastatic melanoma and renal cancer.

Anaveon's next generation compound, ANV600, is designed to overcome known challenges with IL-2 therapies. These include severe, dose-limiting side effects and a short half-life that requires frequent infusions. ANV600 could potentially have a wide therapeutic use in oncology, including in combination with cell therapies, vaccines, checkpoint inhibitors and radiotherapy.

PRE-CLINICAL DATA SUPPORTS THERAPEUTIC POTENTIAL OF ANV600

Whilst PD-1 checkpoint inhibitors have been established as the standard of care for many cancer indications, they still often result in refractory cancers (cancers that do not respond to medical treatment). During the year Anaveon presented positive pre-clinical data from ANV600, a targeted version of its first generation product ANV419, which showed encouraging efficacy signals in refractory cancer models as well as synergistic efficacy with checkpoint inhibitors. This data supports ANV600's potential as a new therapeutic in mono- and combination therapies for cancer.

INITIAL EFFICACY DATA A POTENTIAL KEY VALUE INFLECTION POINT

Anaveon is expecting to initiate its Phase I/II trial of ANV600 in H2 CY2024, with the delivery of clinical data from ANV600 in CY2026, a key value inflection point for the company. Following strategic actions taken during the year the company is now funded to this data readout which will allow it to focus on its clinical and operational execution as it approaches the clinical entry of ANV600.

2024 PORTFOLIO HIGHLIGHT

Defining a clinical strategy

During the year Anaveon took the strategic decision to focus on its next generation compound, ANV600, a targeted therapeutic which has the potential to extend the benefits of IL-2 therapies to a range of cancers. This programme builds on the company's ANV419 programme, with the potential for greater potency alongside a strong safety profile.

ANAVEON

Moving to definitive data

Our goal is to bring life-changing gene therapies to people with chronic debilitating disease. We are excited by the data we have presented in our Gaucher programme, which we believe has the potential to challenge the standard of care for the disease."

Michael Parini
SPUR THERAPEUTICS CEO

COMBINING TWO LEADING GENE THERAPY COMPANIES

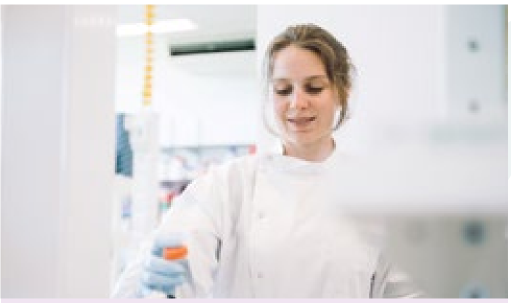
During the year, Syncona was able to take advantage of market conditions impacting the biotech sector and wholly acquire Freeline, an adeno-associated virus (AAV) gene therapy company previously listed on NASDAQ. Post-period end, Freeline completed the acquisition of Syncona portfolio company SwanBio, creating a new Syncona portfolio company Spur. This creates a consolidated AAV gene therapy pipeline, with the company focused on driving forward its two potentially first-in-class gene therapy assets in Gaucher disease and adrenomyeloneuropathy (AMN) towards late-stage development, supported by an increased capability in central nervous system (CNS) disorders, which supports its pre-clinical Parkinson's research programme.

CLINICAL DATA SUPPORTING COMMERCIAL OPPORTUNITY

Spur announced positive safety, tolerability and enzyme activity data during the year from its Phase I/II clinical trial of FLT201 in Gaucher disease, a debilitating genetic disorder in which a deficiency of the GCase enzyme leads to a buildup of fatty substances in the organs, causing symptoms including enlarged spleen and liver, low blood counts, bone pain and reduced lung function. This was followed by additional data released post-period end, which further supported the efficacy and safety profile of the therapy whilst also underlining the therapy's potential in improving quality of life for Gaucher patients.

DEMONSTRATING A CLEAR PATH TO A COMMERCIAL PRODUCT

The company expects to announce additional data from the Phase I/II Gaucher disease programme, a key value inflection point, in H2 CY2024, and an initial safety readout from the higher dose cohort of the Phase I/II trial in AMN, a devastating neurodegenerative disease for which there are currently no approved treatments, in H1 CY2025. Both programmes represent first-in-class opportunities to bring gene therapy to life-long debilitating diseases.



2024 PORTFOLIO HIGHLIGHT

Two strategic transactions in the year

The challenging market conditions impacting the biotech sector presented a differentiated opportunity to take Freeline private. Following this transaction, Freeline completed an acquisition of Syncona portfolio company SwanBio to form Spur, creating a consolidated AAV gene therapy pipeline that includes first-in-class gene therapies in Gaucher disease and AMN. The transaction consolidates costs, drives efficiencies, provides a broadened clinical pipeline, and brings strategic synergies including clinical capabilities and manufacturing know-how.

FREELINE SwanBio THERAPEUTICS

Delivering potentially first-in-class gene therapies

SPUR

£135.6m
Syncona valuation

$2bn
Annual Gaucher market size

Moving to market

"We are pleased with the positive clinical data Beacon has reported this year and look forward to the upcoming 24-month data from the Phase II SKYLINE trial, which we expect will be a key value inflection point for the business."

Elisa Petris

BEACON BOARD DIRECTOR AND SIML LEAD PARTNER

Progressing therapies through late-stage development

MATURING DATA SUPPORTING POTENTIAL OF CLINICAL PROGRAMMES

During the year Beacon published positive 12-month data from its Phase II SKYLINE trial of AGTC-501 in X-Linked Retinitis Pigmentosa (XLRP), with the data demonstrating a favourable efficacy and safety profile with improvements in visual function amongst treated patients. The positive data supported further investigation of AGTC-501 in XLRP, with the subsequent initiation of the Phase II DAWN trial and the post-period announcement of the initiation of the registrational Phase II/III VISTA trial[1]. The company expects to announce 24-month durability data from the SKYLINE trial in H2 CY2024, with data readouts to follow from DAWN and VISTA in CY2025 and CY2026, respectively.

ALIGNING MANUFACTURING CAPABILITIES WITH COMMERCIAL LAUNCH STRATEGY

In April 2024, Ascend Advanced Therapies announced the acquisition of Beacon's chemistry, manufacturing and controls (CMC) team and good manufacturing practice (GMP) facility, whilst concurrently entering a long-term partnership with Beacon, to continue manufacturing its products for clinical and commercial use. This secured a dependable and scalable product supply for Beacon, enabling it to focus on the clinical development of its gene therapy pipeline. Beacon is now well positioned as it progresses towards filing its Biologics License Application (BLA) for its late-stage clinical asset, AGTC-501, for the treatment of XLRP.

2024 PORTFOLIO HIGHLIGHT

Initiation of registrational trial

Following the positive clinical data published from the SKYLINE trial, Beacon has now initiated its registrational Phase II/III VISTA trial for AGTC-501. The clinical data from this registrational trial will support its BLA in the US and a marketing authorisation application (MAA) in Europe, with the programme now progressing through late-stage development and towards commercialisation.

beacon therapeutics

20,000+

XLRP patients in the US and Europe

1. The UK's MHRA and the EU's EMA have accepted the VISTA study design as being pivotal.

Positive long-term structural trends

Syncona's strategy aligns to a number of trends which support our investment process and pipeline.

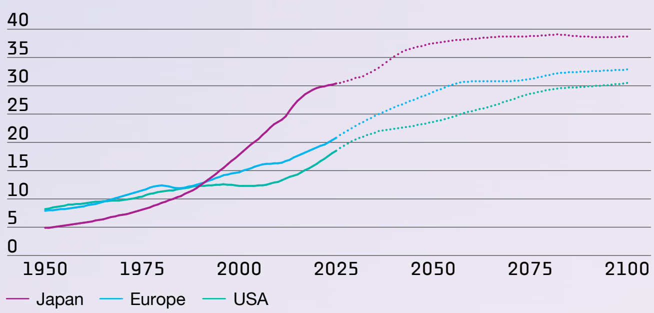
RISING DEMAND FOR MEDICINES

- Healthcare costs are increasing globally, with the US expecting to increase its spending on healthcare to c.20% of GDP in 2031 (2022: c.17%)[1]
- This increasing spend on healthcare is partly driven by a growing and ageing population, with the global population of those who are aged over 65 expected to increase to over 1.6 billion by 2050 (2022: 771 million)[2]
- Changes in lifestyle alongside other factors are also driving increases in levels of disease. This includes in oncology, where the number of those aged under-50 being diagnosed with cancer increased by nearly 80% between 1990-2019[3]

$4.5trn

Spent on healthcare by the US in 2022[4]

PERCENTAGE OF POPULATION OVER 65 YEARS OF AGE[2]



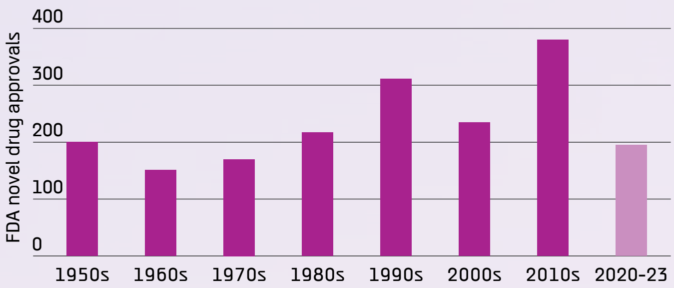
INNOVATION DRIVING GROWTH

- The healthcare sector benefits from ongoing innovation rather than cyclical growth patterns seen in other sectors
- There has been continued growth of new therapies in development, underlined by the recent increase in the number of new drug applications (NDAs) for new molecular entities to the US FDA
- Whilst the sector is not immune to volatile market cycles, biotech public markets have demonstrated long-term outperformance versus other indices over the last 20 years

60%

Increase in the number of NDAs for new molecular entities since the 2000s[5]

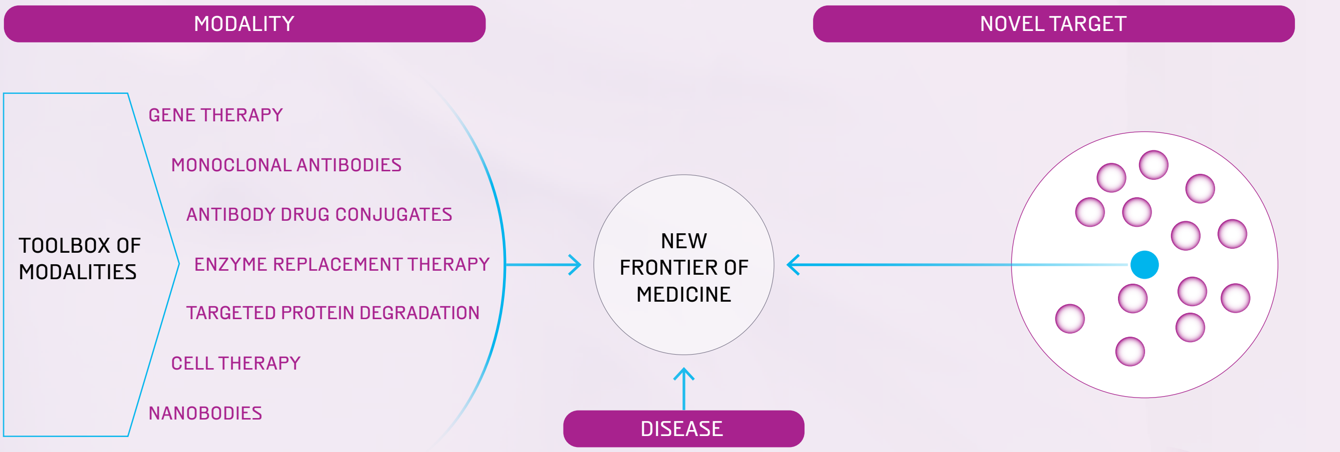
INCREASE IN APPROVALS OF NEW MEDICINE



1. cms.gov/data-research/statistics-trends-and-reports/national-health-expenditure-data/nhe-fact-sheet.
2. United Nations, Department of Economic and Social Affairs, Population Division, 2022 Revision of World Population Prospects.
3. bmjoncology.bmj.com/content/2/1/e000049.
4. cms.gov/files/document/highlights.pdf.
5. fda.gov/about-fda/histories-fda-regulated-products/summary-nda-approvals-receipts-1938-present.
6. A method of treatment. This comprises different modes of delivering therapies to patients.

THE NEXT FRONTIER OF SCIENCE

- There has been a recent paradigm shift in drug development through a combination of scientific advances in genetics and new modalities
- Since the sequencing of the human genome there has been an exponential increase in the understanding of genetics, which has unlocked new insights into what is causing disease, allowing us to better design drugs to suit the disease context
- A wide range of modalities across the Second and Third Waves provide us with increased flexibility in disease intervention
- The diversity of modalities now available brings new levels of precision to drug development, where the pairing of a novel target with the best modality[6] for the right disease can drive improved patient impact



"First Wave"
Small molecule drugs, dominated by large pharmaceutical companies

"Second Wave"
Large molecule (antibody therapies, enzyme replacement therapies)

"Third Wave"
Advanced biologics and genetic medicines such as gene therapy, cell therapy and DNA/RNA medicines

Poised for growth as sector conditions start to improve

> Optimism is beginning to return to the sector, and we believe that the opportunities in healthcare remain fundamentally strong."

Roel Bulthuis, Managing Partner and Head of Investments, SIML shares his perspective on the current biotech market landscape.

GETTING BACK TO HEALTH

Biotech is a cyclical market and is certainly not immune to macroeconomic and geopolitical uncertainty. The last few years have been particularly challenging for companies as they compete for resources and race to redefine what is possible in medicine.

The competitive environment has been incredibly fierce and many companies have not survived the current downturn. Those that have survived have had to prioritise, restructure and rationalise their portfolios to focus on assets with the most significant and near-term potential. Understanding the importance of this across our portfolio, we worked closely alongside our management teams during this period to do exactly that, proactively managing pipelines to ensure resilience.

It's been tough in both the public and private markets. However, optimism is beginning to return to the sector, and we believe that the opportunities in healthcare remain fundamentally strong.

The structural need for new medicines and our ever-increasing ability to address diseases by pushing scientific boundaries underpin biotech's enduring potential for growth. We continue to believe that great science, backed by ambitious capital and matched with the right team and strategy, has the best chance of translating to clinically and commercially relevant products.

While market conditions remain challenging, we look ahead with cautious optimism given gradual improvements in the macroeconomic headwinds. Improvements that could create more favourable conditions for our companies to operate in.

GREEN SHOOTS IN PUBLIC MARKETS

Despite ongoing uncertainty, public market conditions broadly are looking more positive, but biotech specifically is experiencing slower growth than some other sectors. This is demonstrated by NASDAQ's biotech index, which was marginally down from January-March 2024, versus NASDAQ's sector-agnostic index, which was up around 10% in the same period.

One of the positive trends we have been seeing, however, is a recovery in public market valuations for biotech companies at late-stage development. 2023 saw an encouraging increase in the average enterprise value of later-stage, meaningfully de-risked assets (see figure 1). Although we have seen a stabilisation in this more recently, it has partly been driven by a number of significant Phase III acquisitions[1]. Our experience continues to suggest that you can most reliably realise value at the late-stage end of the market.

Creating and building companies that are in control of their own destiny to realise true commercial potential has always been at the core of Syncona's strategy and current trends demonstrate how important this is. Our view is that companies with the stand-alone capability to develop, register and commercialise products are better positioned to negotiate strategic deals and access the financing markets.

This dynamic is being reflected in IPOs, where we are seeing an increase in the proportion of later-stage assets entering the public markets (see figure 2). This correction follows the overhyped IPO markets of 2020 to 2022, where pre-clinical or Phase I companies were the most active, often being taken to market too early or at unsustainably high valuations. With this observed stabilisation, more companies are waiting until they have a strong body of clinical data before coming to the public markets.

We believe that this is a positive sign of things to come but, for the time being, overall IPO activity continues to be restrained, after we saw an initial pick up of activity in the first quarter of 2024.

There is still a long way to go but we continue to believe that late-stage assets will provide the main source of realisable returns for the time being.

SIGNS OF RECOVERY IN PRIVATE MARKETS

The signs of recovery seen in the private markets are not dissimilar to what we have seen in the public markets, with an initial bounce back in private financings also focused on late-stage companies.

Investors are holding portfolio companies private for longer and looking to take them to a later stage, which is capital intensive and means they are more selective in allocating funds. With competition for private funding therefore intensified, biotech companies are increasingly having to meet development milestones to access funding.

This preference for funding later-stage assets was particularly evident in the first two months of 2024, where we saw the average round size for Phase III assets recover substantially (see figure 3).

This trend is yet to be replicated at earlier stages and, furthermore, the total number and value of private financings have been consistent between 2023 and 2024. The recovery in valuations across private rounds has also continued to be slow, with down and flat rounds still a feature of financings across biotech. Although we are encouraged by what we are seeing, this underlines that private markets have some way to go on their road to recovery.

PHARMA CONTINUES TO OUTSOURCE INNOVATION

The focus on late-stage assets is also being reflected within the M&A landscape. Faced with the reality of an upcoming patent cliff, which sees over $200 billion of revenue at risk of patent expiry over the next six years[2], pharma companies remain focused on restocking their pipelines with later-stage assets. This was seen in biopharma deal making in 2023, which had a clear focus on assets at Phase III stage or later, as buyers sought assets that could reach commercialisation on a shorter time horizon.

With pharma having the cash balances to deploy meaningfully into exciting late-stage assets, there is a clear path for biotechs to continue as the innovation engine within the sector.

POISED FOR GROWTH

So, what does this all mean for Syncona? The trends we are seeing align to our investment strategy of creating, building and scaling companies with a laser focus on commercially relevant assets. They also align with our thesis that there is significant value to be unlocked at the later stage of clinical development. Our unwavering belief in this has even allowed us to take advantage of market conditions, taking two clinical-stage companies private, which will further support our growth as the environment improves.

Having said that, we know there is a lot of work yet to be done. The financing market for biopharma remains difficult, competition for resource is fierce, and the road to recovery will take some time yet.

We've been working hard to support our portfolio companies as they navigate these market conditions, taking decisive action where necessary to protect and enhance shareholder value. This action and our rigorous approach to capital allocation mean that, much like the market, we are emerging from a challenging period, with a portfolio where we have built a platform to deliver long-term growth.

FIGURE 1: AVERAGE ENTERPRISE VALUE OF A BIOTECH LISTED ON US EXCHANGES BY STAGE OF DEVELOPMENT ($ MILLIONS)[1]

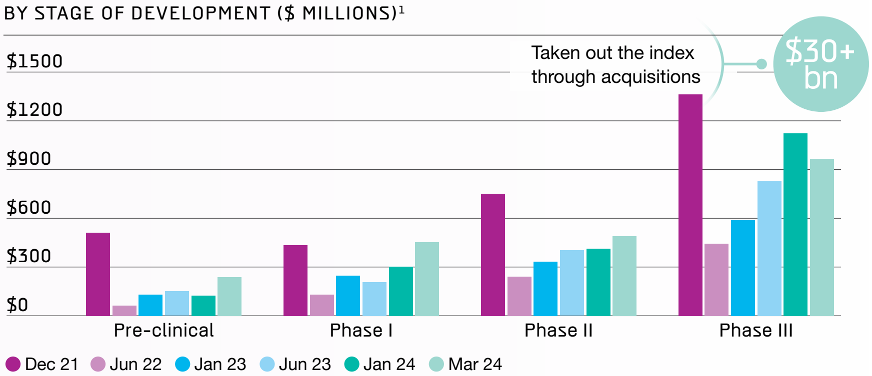


FIGURE 2: IPO MIX[3]

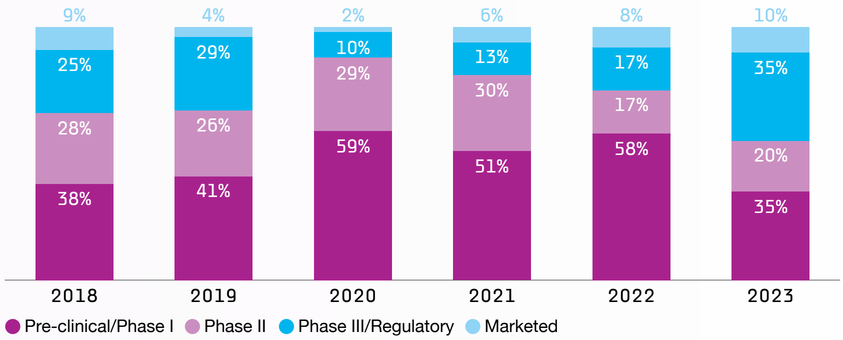


FIGURE 3: AVERAGE ROUND SIZE ($ MILLIONS)[4]

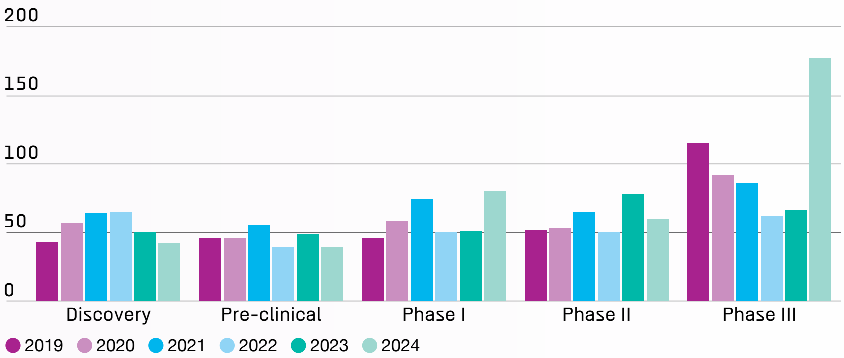
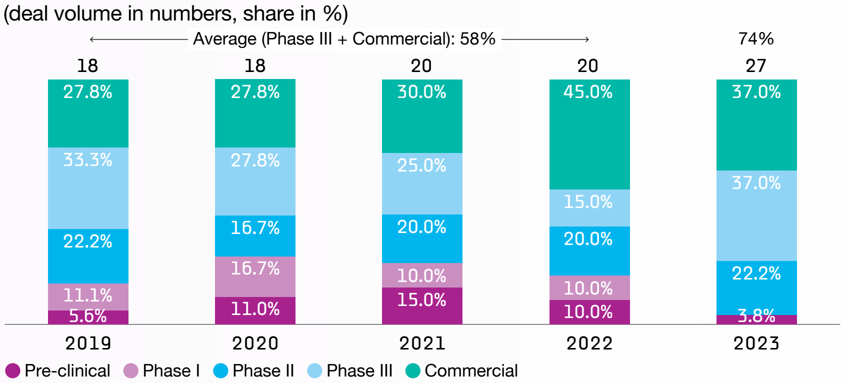


FIGURE 4: BIOPHARMA M&A DEALS INCREASINGLY FOCUS ON DE-RISKED TARGETS[5]

Biopharma deal volume by pipeline stage at time of M&A announcement (deal volume in numbers, share in %)



1. Stifel. Note that the recent sales of CymaBay Therapeutics, ImmunoGen, Ambrx, Karuna Therapeutics and Mirati Therapeutics have reduced the average value of Phase III companies in 2024.
2. Perspectives on Biopharma, Lazard.
3. Goldman Sachs.
4. Endpoints, data to March 2024.
5. IQVIA Pharma Deals, Mergemarket, IQVIA leadership analysis.

Building a portfolio of leading life science companies

Our purpose is to invest to extend and enhance human life.

We have a multi-disciplinary team, with the skill set, track record and capital pool that enables us to:

1 CREATE

Create or add globally leading companies based on exceptional science to deliver transformational treatments for patients in areas of high unmet need

2024 FOCUS AREAS
- Proactively source world-class science; bringing commercial vision
- Focus on dramatic impact for patients
- Select products a life science company can credibly take to approval
- Focus on adding a new clinical-stage opportunity to the portfolio to drive near-term growth

HOW WE PERFORMED IN 2024
- Three companies added to the strategic portfolio
  - Two pre-clinical companies added, Yellowstone and Forcefield
  - One clinical-stage company added, iOnctura

PRIMARY KPI
Building the portfolio to 20-25 companies

3

Companies added to the portfolio

Key performance indicators p.28

2 BUILD

Build sustainable businesses that can take products through the development cycle with the potential to reach approval

2024 FOCUS AREAS
- Attract and retain the best global talent
- Work closely with companies on an operational basis to set strategy to drive value and extend cash runways
- Take long-term decisions to enable successful product development
- Proactive management and focus on strong execution across the portfolio
- Ensure companies are well financed to achieve their vision

HOW WE PERFORMED IN 2024
- Maturing portfolio with five clinical-stage companies, including two late-stage clinical companies; 15 clinical data readouts in the year
- Proactive management of the portfolio to streamline clinical and pre-clinical pipelines and budgets
- Freeline taken private and subsequently acquired SwanBio, creating a leading AAV gene therapy company, Spur

PRIMARY KPI
Clinical progress across the portfolio

5

Clinical trials commenced in the year

We do this by creating, building and scaling companies to turn exceptional science into transformational treatments for patients in areas of high unmet need. We aim to build a portfolio of 20-25 globally leading life science businesses, across development stage, modality and therapeutic area, for the benefit of all our stakeholders.

3 SCALE

Scale companies ambitiously, leveraging our balance sheet, expertise and track record

2024 FOCUS AREAS

- Capital structure provides the flexibility to fund companies to maximise their ambitions
- Work alongside portfolio company management teams applying the Syncona team's multi-disciplinary experience and knowledge to drive value
- Work alongside aligned co-investors to provide broader financial scale and expertise
- Focus on allocating capital towards clinical opportunities and assets that are approaching clinical entry

HOW WE PERFORMED IN 2024

- Autolus filed its BLA with the FDA for obe-cel and agreed a strategic collaboration and equity investment from BioNTech, alongside a public fundraising
- Quell entered into a cell therapy collaboration with AstraZeneca focused on autoimmune diseases, in a deal potentially worth over $2.0 billion
- 86.1% of capital deployment into assets at clinical stage or approaching clinical entry
- Embedded new operating model to support delivery of long-term targets

PRIMARY KPI
Access to capital

£704.5m

Raised across the portfolio in the year of which Syncona committed £118.2 million

BY CREATING OR ADDING
3 new companies a year
based on exceptional science

WE WILL ACHIEVE OUR PORTFOLIO TARGET SIZE OF
20-25 companies
targeting top quartile returns

AND DELIVER
3-5 companies
to late-stage development where we have significant ownership positions

If we do this, we will have driven strong risk-adjusted returns for investors and delivered transformational impact for patients

OUR AMBITION IS TO GROW OUR NAV TO

£5bn

BY 2032

A rigorous and disciplined process

Company creation

We start by talking to leading academics developing highly innovative science and IP

BEFORE INVESTING INTO COMPANIES, WE ASK OURSELVES THE FOLLOWING KEY QUESTIONS:

Q: Is the company solving a problem where there is a high unmet need for patients?

Patient impact is central to our investment process. The team carefully evaluates opportunities across a range of criteria with a central focus on how the science being developed can deliver a transformational impact for patients. You can read more about our patient impact framework on pages 11-13 of our Sustainability Report.

Q: Are the science and academic founders globally leading?

To find the best scientific ideas, Syncona leverages our network in the UK and overseas. We work alongside our founders to understand their science, sharing a passion for commercialising their technology.

Q: Can a biotechnology company credibly take the product to market?

We seek to build companies that can deliver products to market. This is aligned with our thesis that significant value in life sciences investment can be accessed at late-stage development. We are focused on disease areas where there is the potential for accelerated development and where regulatory pathways enable a faster route to market.

Q: Can the science be translated into a commercial lead programme that will meet return targets and is there potential to be a category leader?

The investment team seeks opportunities with a defined lead programme which has the potential to deliver strong risk-adjusted returns for shareholders. Detailed analysis is carried out to understand the commercial potential of a programme, applying a range of filters to understand how it might drive long-term value, as well as how it might support building a platform that allows the company to lead a new category and build a pipeline.

HANDS ON

Once an opportunity has been identified and invested in...

A highly disciplined team supports the investment model

1 BEST-IN-CLASS OPPORTUNITY IDENTIFIED

INVESTMENT TEAM

Reviews the selected opportunity

Through ongoing evaluation of emerging data and analysis of the competitive landscape.

Input on the deal provided by the Leadership Team and Executive Partner group

LEADERSHIP TEAM AND EXECUTIVE PARTNER GROUP

Supports the investment team in their review process

Provide insight and experience through the identification and review process, ensuring only the best opportunities are progressed.

We take a proactive approach to sourcing science with a focus on how it could translate to products that can deliver transformational efficacy for patients in areas of high unmet need. We then apply our rigorous due diligence process.

BUILD OUT

...we are active partners, working together to scale companies for success

FUTURE INVESTMENTS ARE MADE ONLY IF KEY MILESTONES AND METRICS HAVE BEEN ACHIEVED:

- The company has delivered against its key milestones
- Any investment of further capital meets our returns criteria
- Management team and company build out are progressing well and are aligned with our processes
- Investments are in-line with our rigorous approach to capital allocation

A LONG-TERM APPROACH TO FUNDING WITH MULTIPLE INFLECTION POINTS

Ensuring our companies have the flexibility to fund to market, we are constantly assessing opportunities throughout their journey, with milestones that can drive capital access and key value inflection points that have the potential to drive significant NAV growth, maximising value along the way.

COMPANY INCEPTION → → → PRODUCT LAUNCH →

MULTIPLE MILESTONES AND KEY VALUE INFLECTION POINTS
Supporting the company through capital access milestones and key value inflection points.

ONGOING SUPPORT FOR FINANCING STRATEGY
Working with the company to build and execute a financing strategy alongside aligned co-investors.

EXECUTION
Working alongside the company to ensure it executes on its agreed strategy.

Underpinned by proactive involvement and support from the Syncona investment team and Executive Partner group.

2 APPROVAL AND CAPITAL ALLOCATION

INVESTMENT COMMITTEE
Final decision on allocation of capital
Assessment against Syncona's rigorous approach to capital allocation.

Hands-on development via our launch team

3 BUILD OUT NEW COMPANY IN ADVANCE OF LAUNCH

LAUNCH TEAM
Efficient set-up of new portfolio companies
Enables quick and effective operationalisation of a new company, accelerating early development in line with the Syncona model.

COMPANY SUCCESSFULLY LAUNCHED

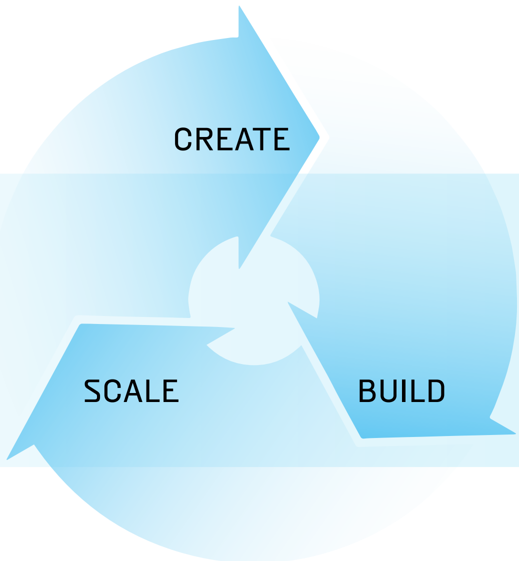
A differentiated approach

We are focused on maximising value at all points of the investment cycle to deliver transformational treatments to patients, capture superior risk-adjusted returns for shareholders and build long-term value for all our stakeholders.

A DIFFERENTIATED PLATFORM INVESTING IN A GLOBALLY SIGNIFICANT SCIENTIFIC RESEARCH BASE

KEY ENABLERS OF VALUE

- A multi-disciplinary team with a strong track record
- Our capital pool, which underpins our strategy
- A long-term and disciplined approach to capital allocation
- Proactive portfolio management
- A commitment to making a positive impact and responsible investing



IDENTIFY OPPORTUNITIES BASED ON EXCEPTIONAL SCIENCE...

Our investment process p.24

...WHICH HAVE THE POTENTIAL TO HAVE A TRANSFORMATIONAL IMPACT FOR PATIENTS

Read more about our patient impact framework on pages 11 to 13 of our Sustainability Report
synconaltd.com/sustainability

OUR NAV GROWTH FRAMEWORK

As we build and scale our companies, in the current market environment there are opportunities to deliver milestones that drive capital access and key value inflection points that have the potential to drive significant NAV growth.

MOVING TO OPERATIONAL BUILD → MOVING TO EMERGING EFFICACY DATA → MOVING TO DEFINITIVE DATA → MOVING TO MARKET

POTENTIAL TO ENABLE CAPITAL ACCESS

OPERATIONAL BUILD
- Clearly defined strategy and business plan
- Leading management team established

EMERGING EFFICACY DATA
- Clinical strategy defined
- Initial efficacy data from Phase I/II in patients

POTENTIAL TO DRIVE SIGNIFICANT NAV GROWTH

DEFINITIVE DATA
- Significant clinical data shows path to marketed product
- Moving to pivotal trial and building out commercial infrastructure

ON THE MARKET
- Commercialising product
- Revenue streams

The core premise of our investment strategy is that significant risk-adjusted returns come when highly innovative technology is developed into a late-stage clinical product. Our model is to identify exceptional science and create or add companies which have the potential to develop products to late-stage development, where significant value can be accessed.

As our companies progress there are various pathways for delivering returns and liquidity whilst protecting value.

Hold to late-stage development

Deliver 3-5 companies to late-stage development, where we have significant ownership positions; at this point Syncona's thesis is significant value can be accessed, whilst often providing liquidity opportunities.

Exits

As our companies mature, there is the potential for liquidity through M&A and realisations of listed shares. In all cases we are driven by the balance of risk and reward, and we sell companies to crystallise significant risk-adjusted returns. If our investment strategy is successful, we anticipate that we will generate significant cash proceeds from exits or other liquidity events.

Capital Allocation Policy p.08

Protecting value

Life science development is inherently risky and some companies won't succeed. When issues arise in our portfolio we take quick and decisive action to recover as much value as possible, reallocating capital and resource.

THE WIDER VALUE WE CREATE

INVESTING TOGETHER

- OUR SHAREHOLDERS
- OUR PORTFOLIO COMPANIES
- OUR CO-INVESTORS
- THE SCIENTIFIC RESEARCH COMMUNITY

EXTENDING AND ENHANCING TOGETHER

- PATIENTS
- OUR PEOPLE
- THE LIFE SCIENCES ECOSYSTEM

Purpose-led stakeholder engagement p.32

Measuring our performance

We measure our performance against a number of financial and non-financial key performance indicators (KPIs) that are aligned to our strategic priorities.

We updated our KPIs during the year to reflect the business evolution and strategy, including our 10-year growth targets that we announced in FY2022/3.

NAV PROGRESSION TO £5BN BY 2032

1 2 3 A B C D

RATIONALE

We seek to deliver strong risk-adjusted returns to shareholders over the long term, with an ambition to organically grow net assets to £5 billion by 2032.

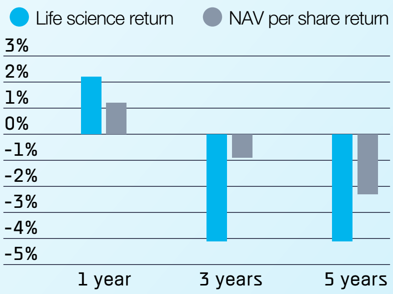
HOW WE MEASURE PROGRESS

- NAV per share return: on a one, three and five-year basis
- Life science portfolio return: on a one, three and five-year basis
- Capital pool as % of overall NAV

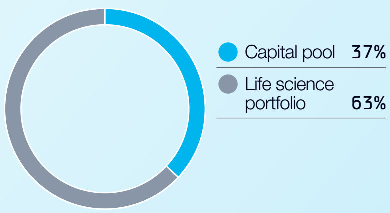
2024 HIGHLIGHTS

- Net assets of £1.2 billion
- 1.2% NAV per share return
- 2.2% return from the life science portfolio, with uplifts from Autolus offset by partial write-downs of Anaveon and Clade and the write-off of Gyroscope milestone payments
- £452.8 million capital pool, 36.5% of NAV

NAV PER SHARE/PORTFOLIO RETURN



CAPITAL POOL AS A % OF NAV



BUILDING THE PORTFOLIO TO 20-25 COMPANIES

1 2 3 A B C D

RATIONALE

By creating or adding three new companies per annum we aim to expand the portfolio to 20-25 companies, diversified across clinical stage and therapeutic area.

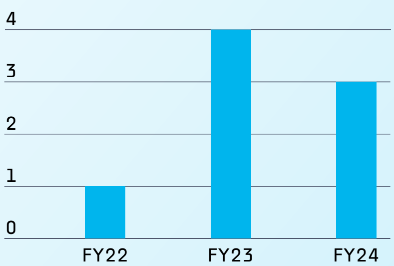
HOW WE MEASURE PROGRESS

- Number of companies in the portfolio
- New companies added to the portfolio (over one, three and five years)
- Capital deployed in the year

2024 HIGHLIGHTS

- Strategic portfolio of 13 companies
- Three new companies added to the portfolio in the year
- £172.2 million deployed into the life science portfolio in the year

NUMBER OF NEW PORTFOLIO COMPANIES



13

Companies in strategic portfolio

CLINICAL PROGRESS ACROSS THE PORTFOLIO

2 3 A B C D

RATIONALE

A measurement of progress of our portfolio companies through the clinical pathway and the growing maturity of the portfolio.

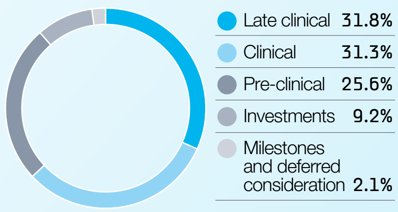
HOW WE MEASURE PROGRESS

- Number of clinical-stage companies
- Number of late-stage clinical companies
- Number of pivotal studies
- Number of clinical trials commenced in the year
- % of portfolio at different clinical stage and value

2024 HIGHLIGHTS

- Five clinical companies including two late-stage clinical, representing 71.1% of the strategic portfolio by value
- 15 clinical data readouts across trials during the year
- One clinical stage company added to the portfolio during the year
- Two pivotal studies across the portfolio
- Five new clinical trials commenced in FY2023/4

PORTFOLIO BY CLINICAL STAGE[1]



5

Clinical trials commenced in the year

1. As a percentage of life sciences NAV.

OUR STRATEGIC DRIVERS

1 CREATE
2 BUILD
3 SCALE

OUR RISKS

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

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

C People
- Reliance on small Syncona team
- Systems and controls failures
- Unable to build high-quality team/team culture
- Unable to execute business plans

D Macroeconomic environment
- Macroeconomic environment has a negative impact on sentiment for portfolio companies and Syncona business model

ACCESS TO CAPITAL

1 2 3 A B C D

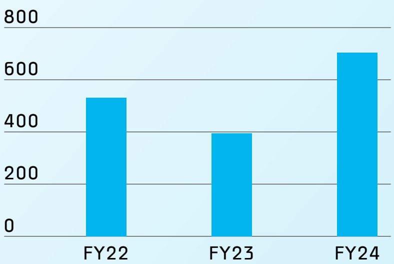
RATIONALE

A deep pool of capital underpins our strategy, enabling us to take a long-term view and support our portfolio companies as they scale.

HOW WE MEASURE PROGRESS
- Available capital to deliver key value inflection points
- Aggregate capital raised across Syncona and its portfolio companies

2024 HIGHLIGHTS
- Syncona is funded to deliver on upcoming key value inflection points across its portfolio
- Nine portfolio company financings and strategic transactions, with disciplined capital allocation across the portfolio to prioritise capital access

CAPITAL RAISED BY THE PORTFOLIO



£704.5m

Of capital raised across the portfolio

SUSTAINABILITY AND THE SYNCONA TEAM

1 2 3 A C

RATIONALE

A measurement of our strong commitment to sustainability and the Syncona team.

HOW WE MEASURE PROGRESS
- Performance against the four pillars of our Sustainability Policy

2024 HIGHLIGHTS

Responsible investor and partner
- Submitted first UN PRI questionnaire[2]
- Successful integration of sustainability into launch team processes
- Increase in carbon emissions data gathered across the strategic portfolio
- Rolled out increased monitoring for sustainability within the capital pool

Social impact
- Autolus BLA filing for its lead obe-cel therapy as it approaches planned commercialisation
- 0.35% donation to The Syncona Foundation
- Launch of patient impact framework
- Increased engagement with life sciences ecosystem

Inspiring and empowering our people
- Focus on supporting female leadership, including launch of our Level 20 sponsorship
- Launch of new Syncona Fellowship programme
- Introduction of new team operating model, underpinning the delivery of Syncona's 10-year targets

Responsible and ethical business
- Submitted first interim net zero target, under the NZAM initiative[2]

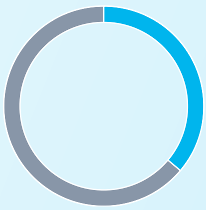
Signatory of: PRI Principles for Responsible Investment

LEVEL 20

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

RACE TO ZERO

LEADERSHIP AND SENIOR INVESTMENT TEAM



Female	4
Male	7

£4.4m

Donated to The Syncona Foundation

2. Syncona has signed up to the NZAM and PRI initiatives through the Company's investment manager, SIML.

Making a positive impact

A strong commitment to sustainability.

We are committed to managing our business in a sustainable way, investing responsibly and supporting our portfolio companies in making positive contributions to society by developing treatments that will make a difference to the lives of patients and their families.

Our Sustainability Policy outlines our goals and commitment to being a sustainable and responsible business. We are focused on the sustainability issues which are material to our business and stakeholders and our Policy is built around four core pillars:

OUR SOCIAL IMPACT

Our purpose and vision is to have a positive impact. We invest to extend and enhance human life and seek to unlock the potential of truly innovative science to transform patients' lives. We have made a significant contribution to the UK life sciences ecosystem since our foundation and continue to focus on how we can continue to evolve and improve the companies that are built here.

350+

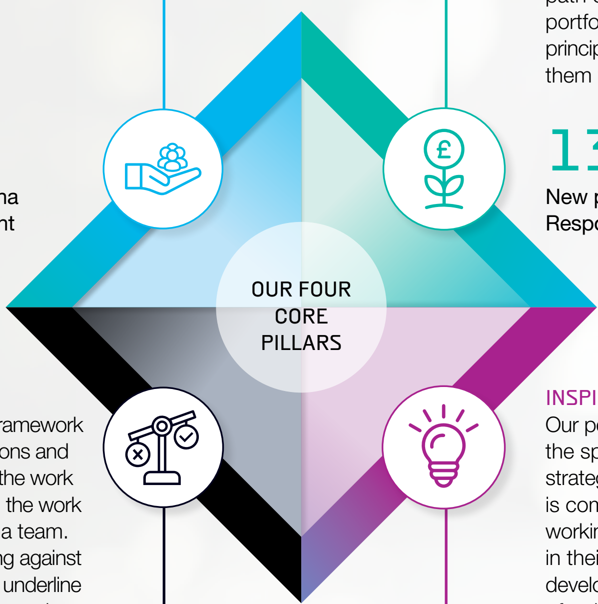
Patients dosed in clinical trials by Syncona companies since first Syncona investment

RESPONSIBLE INVESTOR AND PARTNER

Sustainability is integrated across our model of creating, building and scaling leading life sciences companies. We aim to help our companies mitigate negative impacts and enhance their positive impacts, and particularly to set the right culture, values and processes to help these businesses to follow a sustainable path over the long term. We support our portfolio companies to establish guiding principles and policies for sustainability, and ask them to report back to us on their progress.

13

New policies aligned with Syncona's Responsible Investment Policy implemented



RESPONSIBLE AND ETHICAL BUSINESS

We are committed to a strong governance framework which helps to support our business operations and mitigate risk. Sustainability is integrated into the work of committees of the Board as well as within the work of the different functions within the Syncona team. We understand the important role of reporting against globally recognised reporting frameworks to underline our commitment to sustainability. We also recognise the importance of reporting on our environmental impact and are transparent in our emissions reporting at a Company and portfolio level.

100%

In-scope strategic portfolio companies to set science-based targets validated by SBTi by 2030[1]

INSPIRING AND EMPOWERING OUR PEOPLE

Our people are a key differentiator. They provide the specialised expertise that underpins our strategy and drives its implementation. Syncona is committed to providing its people with a working environment where they feel empowered in their roles and supported in their career development. We also recognise the importance of a diverse workplace and have aligned our people strategy with our D&I Framework.

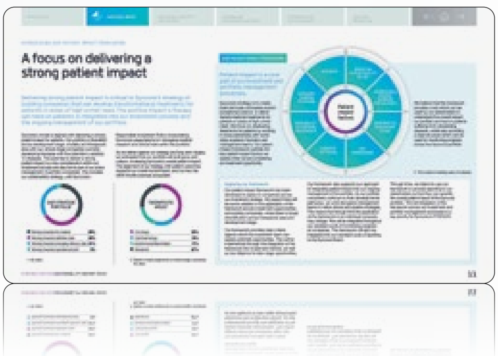
Top 10

Firm in the FTSE 250 for appointing women to Board and leadership positions

1. Please refer to page 34 of our Sustainability Report for more information.

> Over the last three years, we have established a robust and impactful approach to managing sustainability, both at Syncona and across our portfolio. Over the course of this year, we have continued to make progress against our four key sustainability pillars."

ANNABEL CLARK
HEAD OF CORPORATE AFFAIRS AND ESG, SIML



Read more in our 2024 Sustainability Report
synconaltd.com/sustainability

Standards of conduct and behaviour

Syncona has in place a robust set of policies, internal controls and management processes covering all of the areas for our business to operate responsibly and ethically. Many of these primarily apply to SIML, our subsidiary that manages Syncona and employs the team. SIML is an investment manager regulated by the Financial Conduct Authority, and so is also subject to the FCA's compliance requirements, including the Conduct Rules that apply to employees.

Our key policies are:

- Anti-fraud, bribery and corruption policy
- Political and charitable contributions
- Gifts and inducements
- Financial crime and anti-money laundering
- Conflicts of interest
- Inside information
- Sustainability
- Health & safety
- Modern slavery and ethical procurement
- Data protection and information security
- Approach to taxation
- Whistleblowing

Training is provided to all employees each year, and to new joiners, through a mixture of in person training and online resources, to ensure they are familiar with the obligations and requirements that apply to them.

Further detail on each of the key policies is provided in our Sustainability Report available on our website: synconaltd.com/sustainability

Investing to extend and enhance human life

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

In delivering against our purpose and strategy we consider the perspectives of key stakeholder groups. The Board and Syncona team work hard to stay connected to all of our stakeholders, allowing us to better understand their needs and inform day-to-day decision-making.

Investing together

We collaborate with key stakeholders to support our investment process and business model:

Our shareholders

Understanding and responding to the priorities of our shareholders

Our portfolio companies

Ambitiously scaling companies to deliver medicines to patients

Our co-investors

Working in collaboration to provide financial scale for our portfolio

The scientific research community

Identifying highly innovative science that can make a difference

Read more p.34

Section 172 statement

In line with the Corporate Governance Code 2018, this statement covers how the Board has considered the matters set out in section 172 of the UK Companies Act 2006.

Section 172 requires directors to have regard to the long-term consequences of their decisions, the interests of key company stakeholders, the impact of the company's activities on the community and the environment, the desirability of maintaining a reputation for high standards of business conduct, and fair treatment between the members of the company, against a backdrop of the company's overall strategy and business model.

As a Guernsey company, that legislation does not directly apply to Syncona, but the Board recognises the importance of these issues.

As described in the Corporate governance report (pages 74 to 77), Syncona is an investment company and has appointed its subsidiary Syncona Investment Management Limited (SIML) as Investment Manager, and delegated responsibility for managing the investment portfolio to it.

Accordingly, the Board is not directly involved in management of the investment portfolio, other than in respect of very large decisions, but sets strategy and oversees the activities of the Syncona team. The Board's consideration of the section 172 matters therefore mostly takes place in the context of setting strategy and oversight, with individual decisions being relatively infrequent.

LONG-TERM DECISION-MAKING

The Board is responsible for setting the Company's purpose, Investment Policy, strategic objectives and risk appetite. Our purpose is to invest to extend and enhance human life. We do this by creating, building and scaling companies to turn exceptional science into transformational treatments for patients in areas of high unmet need.

Inherent in this model is that we are making investments where it could take 10 to 15 years to reach product approval, and where significant investment and risk is involved to get to that point. A long-term outlook is therefore embedded in the Company's approach, and is a core part of the Board's discussions on strategy and its oversight of the Syncona team and when it does make individual decisions.

OUR KEY STAKEHOLDERS

Positive relationships with our stakeholders are important to the success of our business and in maintaining our reputation, and the Board reviews how it and the Syncona team engage with these stakeholders on an ongoing basis. Our key stakeholders include our shareholders, our people, our portfolio companies, our patients, the scientific research community, co-investors and the life sciences ecosystem. How the interests of key stakeholders are taken into account in the business and by the Board is described in more detail on pages 34 to 39. For further information relating to our impact on the environment, please see pages 56 to 57.

As an investment company, our suppliers are limited: other than SIML, they are principally our Administrator and Custodian, and professional service providers. Accordingly, we have not included suppliers as a key stakeholder on pages 34 to 35.

MAINTAINING A REPUTATION FOR HIGH STANDARDS OF BUSINESS CONDUCT

The Board is responsible for monitoring the culture, values and reputation of the business. During the year the Board reviewed the steps taken by the Syncona team to ensure that our processes and ways of working are aligned with the Company's purpose and values, including receiving reports from the employee engagement director. The Board also monitors the implementation of our sustainability framework, which sets out how we will act as a responsible investor.

Our ESG approach p.30

Corporate governance report p.74

Extending and enhancing together

We strive to have a positive social impact, helping to support the broader ecosystem within which we operate:

Patients

Seeking to deliver transformational impact

Our people

A multi-disciplinary team driving long-term strategy

The life sciences ecosystem

Supporting our wider industry and the biotech sector

Read more p.36

The Board is committed to ensuring there is active engagement with all of Syncona's key stakeholder groups.

The perspectives of the Company's stakeholders are a key consideration in Board decision-making and are integrated into discussions held at the Board as well as within ongoing engagement with the Syncona team.

The Board engages with stakeholders both directly and indirectly through the Syncona team, which is responsible for the day-to-day management of key stakeholder relationships.

Investing together

Our shareholders

WHY DO WE ENGAGE?

The Board recognises the critical importance of understanding and incorporating the expectations of Syncona's shareholders as we seek to deliver our strategy and sustainable long-term value. We strive to ensure our shareholders have an in-depth understanding of our operations, portfolio, value framework and sustainability approach.

HOW DO WE ENGAGE?

- The Board directly engages with shareholders through the Chair, who seeks the perspectives of key shareholders and investor groups each year via written correspondence and in-person meetings.
- Other members of the Board also engage with shareholders on specific key issues when relevant, including taking into account the perspectives of shareholders when reviewing Syncona's Remuneration Policy.
- Day-to-day communication with shareholders is led by the Syncona team, predominantly taking place through individual and group meetings hosted by Investor Relations (IR) and members of the Leadership Team, particularly following the publication of interim and full-year results.
- The Board is provided with regular updates on shareholder sentiment from the Syncona team and advisers as well as on delivery against Syncona's IR strategy by the Syncona team.

OUTCOMES AND ACTIONS DURING THE YEAR

- The Syncona Board took the decision in September 2023 to launch a £40.0 million share buyback, believing that the shares represented a compelling investment opportunity. The perspectives of key shareholders were taken into account in the decision to launch the share buyback.
- During the year an independent adviser conducted an investor study in order to understand the perspectives of shareholders across a range of key areas. Key outputs from the study have been agreed with the Syncona team and incorporated into ongoing IR activities.
- Updates on shareholder relations activities were provided at each Board meeting by the Syncona team and considered as part of discussions.

See case study on p.38

57

Presentations were made to shareholders and potential shareholders

Our portfolio companies

WHY DO WE ENGAGE?

As a company builder which takes a hands-on approach to managing its portfolio, strong relationships with its portfolio companies are critical to Syncona. Engaging with companies allows Syncona to add value by supporting these businesses and their management teams through the development cycle, providing expertise across commercial, financing and clinical strategy. This helps Syncona to manage risk across the portfolio and allows it to effectively support companies in addressing and managing issues when they arise.

HOW DO WE ENGAGE?

- The Board monitors high-level progress across the portfolio in order to track delivery against key milestones which support the delivery of Syncona's strategy.
- The oversight conducted by the Board includes monitoring against Syncona's sustainability expectations.
- Direct engagement with portfolio companies is managed by the Syncona team, with team members across functions having close relationships with portfolio company management teams which helps support delivery against commercial, clinical and financing plans.
- This support includes taking on board roles, where Syncona investment team members are able to provide guidance and ensure appropriate governance is in place.

OUTCOMES AND ACTIONS DURING THE YEAR

- During the year the Syncona team evolved the reporting that is provided to the Board on portfolio company progress, with a summary provided by the CEO of SIML following each quarterly business review meeting alongside key actions identified.
- An in-depth overview of portfolio investment strategy was provided to the Board as part of the September Strategy Day.

See case study on p.38

23

Board roles across portfolio companies

Our co-investors

WHY DO WE ENGAGE?

A strong relationship with aligned co-investors is critical to the delivery of Syncona's long-term strategy. Syncona's financing approach has evolved to bring aligned co-investors to new portfolio companies at an earlier stage, to enable broader financial scale across the portfolio, whilst still holding three to five companies with significant shareholdings to late-stage development. These co-investors play an important role in supporting our companies through the development cycle, providing funding and expertise in partnership with Syncona. Relationships with pharma teams are also a key priority for the Syncona team given their potential role as acquirers and collaborators of Syncona portfolio companies.

HOW DO WE ENGAGE?

- The Board is provided with regular updates on the status of key relationships with co-investors and strategic partners.
- The Board is also regularly updated on Syncona's capital strategy, which incorporates the role of co-investors in financing strategy within the portfolio.
- The Syncona team takes an active role in coordinating with current and prospective co-investors. This takes place through direct engagement at portfolio company Board meetings as well as in ad hoc engagement which can be focused on wider areas of collaboration.

OUTCOMES AND ACTIONS DURING THE YEAR

- Syncona's capital strategy was presented to the Board at the September Strategy Day.
- Increasing engagement with co-investors was a key priority for the Syncona team during the year and updates were provided to the Board on the status of key strategic relationships and their potential role supporting Syncona's capital strategy.

£586.3m

Of external capital raised by Syncona companies during the year

The scientific research community

WHY DO WE ENGAGE?

The strength of Syncona's relationships with academics, key opinion leaders and world-renowned institutions in the life sciences ecosystem is central to Syncona's model of creating companies based on exceptional science. Syncona is able to bring the commercial vision, working alongside founders to turn their scientific ideas into a commercial reality and bring therapies towards patients.

HOW DO WE ENGAGE?

- The Board is provided with regular updates on Syncona's investment pipeline, including information on where opportunities have been sourced from and how this helps to support investment cases.
- The Syncona team leverages its broad network in order to support the delivery of the Company's strategy. Members of the investment team engage regularly with institutions and senior leaders across the life sciences environment to source investment opportunities as well as promote Syncona's role within the sector.

OUTCOMES AND ACTIONS DURING THE YEAR

- Updates were provided at each Board meeting on the status of the investment pipeline, including the three investments which Syncona completed during the year.

2

Early-stage companies added to the portfolio sourced from leading academics

Extending and enhancing together

Patients

WHY DO WE ENGAGE?

Delivering strong patient impact is critical to Syncona's strategy of building companies that can develop transformational treatments for patients in areas of high unmet need. The impact a potential therapy can have on patients is integrated into our investment process and the ongoing management of the portfolio.

HOW DO WE ENGAGE?

- The Board is provided with updates relating to individual investment opportunities, including how these investments have the potential to deliver a strong patient impact, as well as key updates relating to patients at portfolio companies such as progress in clinical trials.
- The Board plays an active role in engaging with the Syncona team on sustainability strategy, which contains a strong focus on patients. This includes reviewing the Responsible Investment Policy on an annual basis, which incorporates Syncona's expectations for managing medical research and safety within clinical trials in the portfolio.
- The Syncona team integrates patient impact into its investment process, with the core of Syncona's strategy being to create and build companies delivering transformational treatments in areas of high unmet need. Patient considerations are also a key part of Syncona's ongoing management of its portfolio as it supports companies in their clinical and commercial strategies.

OUTCOMES AND ACTIONS DURING THE YEAR

- The Board reviewed and approved Syncona's sustainability strategy, which includes an increased focus on measuring patient impact across the Syncona portfolio.

350+

Patients dosed in clinical trials by Syncona companies since 2012

Our people

10
Employee town halls in the year

WHY DO WE ENGAGE?

The Syncona team is critical to the long-term success of the Company. Given the very specialised nature of Syncona's work, ensuring that the Syncona team has the relevant broad level of expertise is important for long-term delivery against strategy. It is also important that the Syncona team remains engaged through a healthy culture that fosters a vibrant workplace that challenges and supports them, with this ultimately supporting the Company's vision and strategy.

HOW DO WE ENGAGE?

- The Board plays a key role in overseeing the culture at Syncona and prioritises direct engagement with the Syncona team. This is predominantly led by Gian Piero Reverberi, the Board's designated engagement director.
- Regular updates are provided to the Board on people strategy. This includes details on hiring strategy for the year (including key senior hires), outputs of employee surveys, and summaries of key business process changes which will impact the Syncona team.
- The Remuneration Committee considers cross-team incentivisation through the LTIP incentive scheme.
- The Syncona Leadership Team is responsible for business operations as well as implementing the culture at Syncona. The Leadership Team prioritises engaging with the broader team on strategy and operational developments. The full team is updated on corporate news through a weekly meeting, whilst town halls are also used to provide more detailed updates on key issues to the business.

OUTCOMES AND ACTIONS DURING THE YEAR

- Gian Piero Reverberi directly engaged with members of the Syncona team throughout the year through quarterly lunches.
- Enabling a strong unified culture has been a key priority for the Syncona Leadership Team, with a number of changes to business processes implemented during the year following feedback received from Syncona's first Employee Engagement Survey, which was conducted in 2022/3.
- The Board was provided with a business update by the CEO of SIML at every Board meeting, which incorporated key people news as well as any important changes in business processes.
- The Board worked during the year to evolve and strengthen the Syncona team.

See case study on p.39

The life sciences ecosystem

2
BIA committees joined during the year

WHY DO WE ENGAGE?

Since its foundation Syncona has played a key role within the life sciences ecosystem. Our model of providing long-term capital has played a pivotal role in the development of the financing environment for early-stage life sciences companies in the UK, who are able to positively contribute to their communities and local economies. This is supported by our commitment to maintaining a close relationship with government and wider industry, where we actively contribute to initiatives which underpin the long-term growth of the sector. Our positive role within the ecosystem is also aligned with our commitment to sustainability, which is embedded into Syncona's investment, portfolio management and business processes. The Board and Syncona team are also active partners in working alongside Syncona's various not-for-profit and charitable partners (including The Syncona Foundation).

HOW DO WE ENGAGE?

- Members of the Board actively engage across the life sciences industry and participate in a range of initiatives which support the insights and perspectives they share with the Syncona team.
- The Board approves the annual donation to The Syncona Foundation and is provided with a detailed annual summary of progress across its chosen charities.
- The Syncona team provides an update on delivery against Syncona's Sustainability Policy on a biannual basis.
- The Syncona team actively engages with a broad range of government and industry figures. It does so through direct engagement as well as through its role as an active participant in industry organisations such as the BioIndustry Association (BIA).
- The Syncona team leads direct engagement with Syncona's charitable and not-for-profit partners, such as Level 20 and the Windsor Fellowship.

OUTCOMES AND ACTIONS DURING THE YEAR

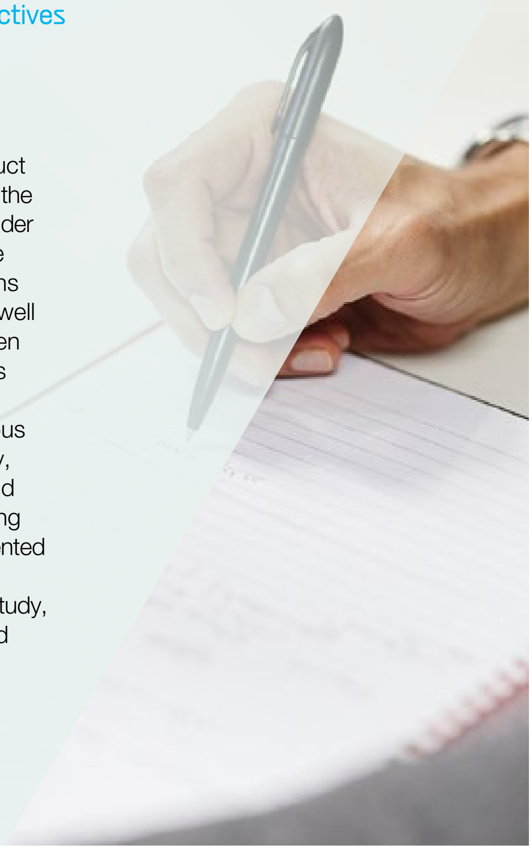
- The Board took the decision during the year to maintain the donation provided to The Syncona Foundation at 0.35% of NAV.
- The Board reviewed and approved updates to the Syncona Sustainability Policy and ongoing sustainability strategy in March 2024.
- The Syncona team increased its public affairs activities during the year to reflect key developments in the industry, including the UK Government's proposed Mansion House reforms.
- A public affairs strategy was developed and approved by the Board in March 2024.

See case study on p.39

Considering stakeholders in key decisions

A strong commitment to engaging with our shareholders

Our shareholders are important to Syncona and their views and perspectives are integrated into decisions made by the Syncona team and Board.



LAUNCHING A SHARE BUYBACK

In September 2023 as part of the Company's review of capital allocation across the portfolio, the Board took the decision to launch a share buyback programme of up to £40.0 million, with the shares representing a compelling investment opportunity. The perspectives and views of shareholders were taken into account in this decision. The Syncona IR team was also active in gathering feedback from investors following the launch of the buyback, with this being included within the regular cycle of IR reporting at Board meetings.

INVESTOR PERCEPTION STUDY

The Board also appointed an independent consultancy to conduct an investor perception study during the year. Key areas for seeking shareholder feedback were identified alongside the Syncona team, with discussions held with current shareholders as well as potential investors who had been identified as part of the Company's IR programme. This allowed the Board to gather feedback on various areas including Syncona's strategy, performance, Leadership Team and approach to sustainability. Following completion, key outputs were presented to the Board by the independent consultancy which conducted the study, with changes to ongoing IR agreed upon with the Syncona team.

£20.2m

Deployed into the share buyback during the year

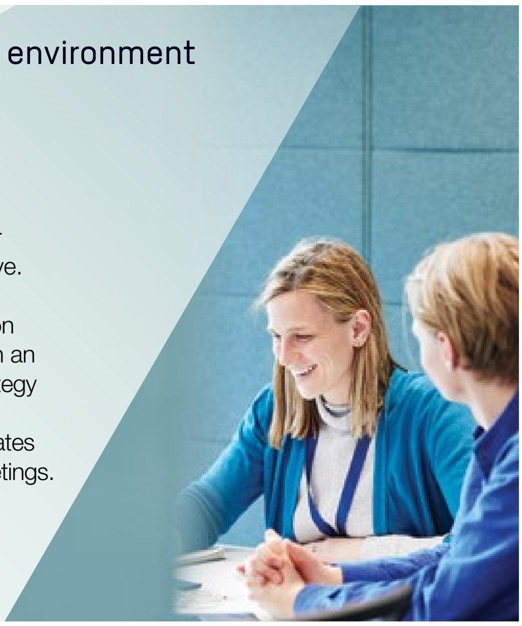
Supporting our portfolio through a challenging market environment

Proactive management of the portfolio to navigate companies through the development cycle.

In what has continued to be a challenging market environment, particularly for early-stage and pre-clinical companies, the Syncona team has worked alongside portfolio companies to widen financing syndicates, focus capital on their highest potential assets and streamline budgets, whilst exploring strategic transactions.

This proactive management of the portfolio has provided a platform for growth as market conditions improve.

The Board has remained engaged on progress, having been provided with an overview of Syncona's financing strategy for the portfolio at the 2023 Board Strategy Day and provided with updates on delivery against this at Board meetings.



Our people are key to the delivery against our strategy

Growing our senior team whilst evolving our organisational structure.

The Board has worked to evolve and strengthen the Syncona team. During the year senior leaders Roel Bulthuis (Managing Partner and Head of Investments) and John Tsai (Executive Partner) joined Syncona, bringing significant venture capital and clinical expertise from across biotech and pharma. Kate Butler also took up the role of CFO of SIML, with Rolf Soderstrom moving to the role of Executive Partner. Alongside these changes the Leadership Team has led a re-organisation of the Syncona team, with a focus on the efficient management of the portfolio, capital and people, which has helped to introduce increased clarity in roles and responsibilities across the business.

In November 2023 Martin Murphy stepped down from his role as Chair of SIML. Following his stepping down from the role of Chair, Martin remained as Syncona's representative on the Boards of Autolus, Anaveon, Clade and Quell for a varying period of time, until 30 April 2024. The Board oversaw this transition and is pleased that the senior team, led by Chris Hollowood, is structured to drive strong, sustainable risk-adjusted returns for Syncona's shareholders and deliver significant value for its other key stakeholders.

Positively contributing towards the life sciences ecosystem

Enhancing our coordination with government and industry stakeholders.

During the year the UK Government launched the Mansion House reforms, which introduced a voluntary compact which proposed that the UK's largest defined contribution pension providers increase their investment allocations towards high growth companies. The Syncona team has spent time throughout the year engaging across the industry on the reforms, including with the BIA and through joining the British Venture Capital Association's (BVCA) Investment Compact, which aims to support the delivery of the proposals.

In doing so it has been supported by the Board, whose members have provided their own perspectives from their experience across the investment company and life science sectors. With scale-up capital identified as a cross-party priority in the UK, engaging across government and industry stakeholders on this issue helps to support Syncona's long-term strategy whilst also enabling Syncona to contribute its expertise and experience to support the continued evolution of the life science ecosystem in the UK. We continue to engage with the relevant parties as these commitments move towards tangible proposals to provide the scale-up capital that will take the UK's biotech sector to the next level.

Our people are vital to our success

Our team is at the heart of Syncona's strategy. They leverage their expertise to find and build future global leaders in life science, whilst providing the operational, clinical and regulatory expertise necessary to support our portfolio companies through the development cycle.

A HIGHLY SKILLED AND DIFFERENTIATED TEAM

Our experienced team members have a wide range of skills which enable our differentiated company creation model. Our life sciences investment team members have a deep technical and scientific background, supplemented by commercial experience ranging from venture capital investment to pharmaceutical launch. Our Executive Partner group provides a range of expertise across commercial, clinical and regulatory strategy to support our portfolio companies as they move through the development cycle, helping to mitigate risk and enable course correction when issues arise. Our corporate functions provide operating capability to support the business, alongside our launch team which enables the efficient set-up of new portfolio companies.

TEAM ORGANISATION AND NEW OPERATING MODEL ESTABLISHED

During the year the Syncona Leadership Team led a project to re-organise the team and establish a new operating model. A clear focus has been on ensuring that there is clarity around roles and responsibilities across teams, with the introduction of new processes which have reduced the number of meetings, and supported productivity alongside the more efficient management of people, capital and the Syncona portfolio.

The structures that have been put in place during the year ensure that the Leadership Team are able to drive the operational delivery of Syncona's strategy, whilst also enabling the investment team to focus on investing in the next generation of Syncona companies. The changes made also addressed areas of feedback that were identified in the 2022/3 Employee Engagement Survey, with members of the Syncona team actively consulted on the evolution to our operating model throughout the year in order to ensure buy in across the Company.

Syncona retains a strong culture and set of values around which the team is aligned. In light of the operational changes that have taken place over the last year we have initiated a project to refresh our values and look forward to updating our stakeholders on this in 2024/5. This process will be led by the new Head of People, Harriet Gower Isaac, who joined post-period end.

More detail on how we support our people can be found in our Sustainability Report
synconaltd.com/sustainability

37
Total headcount

Building for the future

Syncona organisational operating model

Senior investment team

INVESTMENT COMMITTEE

Managing Partners
- Lead the investment team
- Utilise own networks to bring opportunities to Syncona
- Provide operational expertise to support deal decisions

Lead Partners
- Utilise own networks to bring opportunities to Syncona
- Lead deal teams during investment process, supported by the investment team

Executive Partner group
Provides expert advice and supports operational implementation through taking key actions in the portfolio

Leadership Team
Incorporates experience from across the business and is responsible for the operational delivery of Syncona's strategy as well as implementing its culture

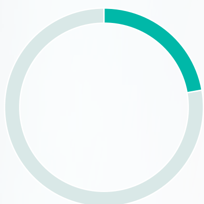
Investment team
- Actively networks to identify investment opportunities
- Delivers new investments as part of deal teams

Diversity across Syncona

SYNCONA LIMITED BOARD 31 MARCH 2024

Female	4
Male	3

SIML LEADERSHIP TEAM 31 MARCH 2024



Female	2
Male	7

SIML BOARD 31 MARCH 2024

Female	0
Male	2

SIML TEAM 31 MARCH 2024

Female	16
Male	21

Investment Committee

Driving capital allocation decisions across the portfolio.

CHRIS HOLLOWOOD
CHIEF EXECUTIVE OFFICER, SIML

Chris has been CEO of Syncona since January 2023, having previously held the role of Chief Investment Officer, where he was instrumental in the foundation and development of multiple Syncona portfolio companies, including notable portfolio exits such as Nightstar and Gyroscope. Previously, Chris was a partner of Apposite Capital LLP, a venture and growth capital healthcare investment company. Chris holds a degree in Natural Sciences and a PhD in Organic Chemistry, both from the University of Cambridge.

Portfolio company affiliation
- Spur (Chair)
- Purespring (Chair)
- Beacon (Chair)
- Yellowstone (Board member)

ROEL BULTHUIS
MANAGING PARTNER AND HEAD OF INVESTMENTS, SIML

Roel manages the investment team and utilises more than 20 years of life science venture capital, business development and investment banking experience to help Syncona deliver value through the investment cycle. Roel joined Syncona from Inkef Capital, an Amsterdam-based venture capital firm focused on life science investments. As Managing Partner and head of healthcare, he led the firm's growth into a leading European healthcare VC platform. Before this he served as SVP and Managing Director of Merck Group's M-Ventures for almost 10 years, where he played an instrumental role in creating the business and building it into a leading corporate venture capital fund.

Portfolio company affiliation
- iOnctura (Board member)

23
Board seats at portfolio companies

4
Portfolio companies where we currently hold operational roles

Read full Leadership Team biographies
synconaltd.com/our-people

DEVELOPING A PLATFORM FOR THE NEXT GENERATION OF LIFE SCIENCE INVESTORS

Syncona has launched a structured programme that aims to introduce talented young professionals to a career in life science venture capital. The new Syncona Fellowship Programme aims to seek top talent that can contribute to the investment team during their placement and become a member of our industry network going forward. Syncona aims to include three Fellows a year in the programme, underlining Syncona's commitment to supporting the next generation of life science investors and executives. The first Fellow, Ellis Kelly, joined Syncona during the year and we look forward to welcoming further young investors to the team through the programme in the future.

Senior investment team

A multi-disciplinary team of industry experts.

EDWARD HODGKIN
MANAGING PARTNER, SIML

Within the Syncona life science team, Edward is heavily involved in the creation of new businesses and fulfils executive roles within those companies to make them operational. He has previously acted as CEO of Autolus and Resolution, and is currently the Chair of Mosaic.

Portfolio company affiliation
- OMass (Board member)
- Resolution (Board member)
- Mosaic (Chair)

ELISA PETRIS
LEAD PARTNER, SIML

Elisa is closely involved in supporting Syncona's investment process, in the creation of new businesses and has taken on operational roles across several Syncona portfolio companies. She has been closely involved in the foundation of current and former portfolio companies including Quell, Blue Earth and Beacon, including in their operational and strategic set-up.

Portfolio company affiliation
- Quell (Board member)
- Beacon (Board member)
- Forcefield (Board member)

MAGDALENA JONIKAS
LEAD PARTNER, SIML

Magdalena is involved in sourcing and investing in new exciting companies as well as working closely alongside the existing portfolio. She was closely involved in the sourcing and strategic development of Kesmalea, Mosaic and OMass.

Portfolio company affiliation
- OMass (Board member)
- Kesmalea (Board member)
- Mosaic (Board member)

Executive Partner group

Our Executive Partner group provides a range of expertise across commercial, clinical and regulatory strategy to support our portfolio companies as they move through the development cycle, helping to mitigate risk and enable course correction when issues arise.

Our Executive Partners work closely alongside management teams across the portfolio as well as taking on Board and executive leadership positions.

JOHN TSAI
EXECUTIVE PARTNER

Experienced clinical leader and former CMO of Novartis.

ROLF SODERSTROM
EXECUTIVE PARTNER

Experienced biotech executive; CFO of multiple quoted companies and former CFO of SIML.

KENNETH GALBRAITH
EXECUTIVE PARTNER

Experienced biotech executive; Chair/CEO of multiple quoted companies.

LISA BRIGHT
EXECUTIVE PARTNER

Experienced commercial leader with a focus on launching innovative medicines.

HITESH THAKRAR
EXECUTIVE PARTNER

Former life sciences fund manager with significant asset allocation and public equities experience.

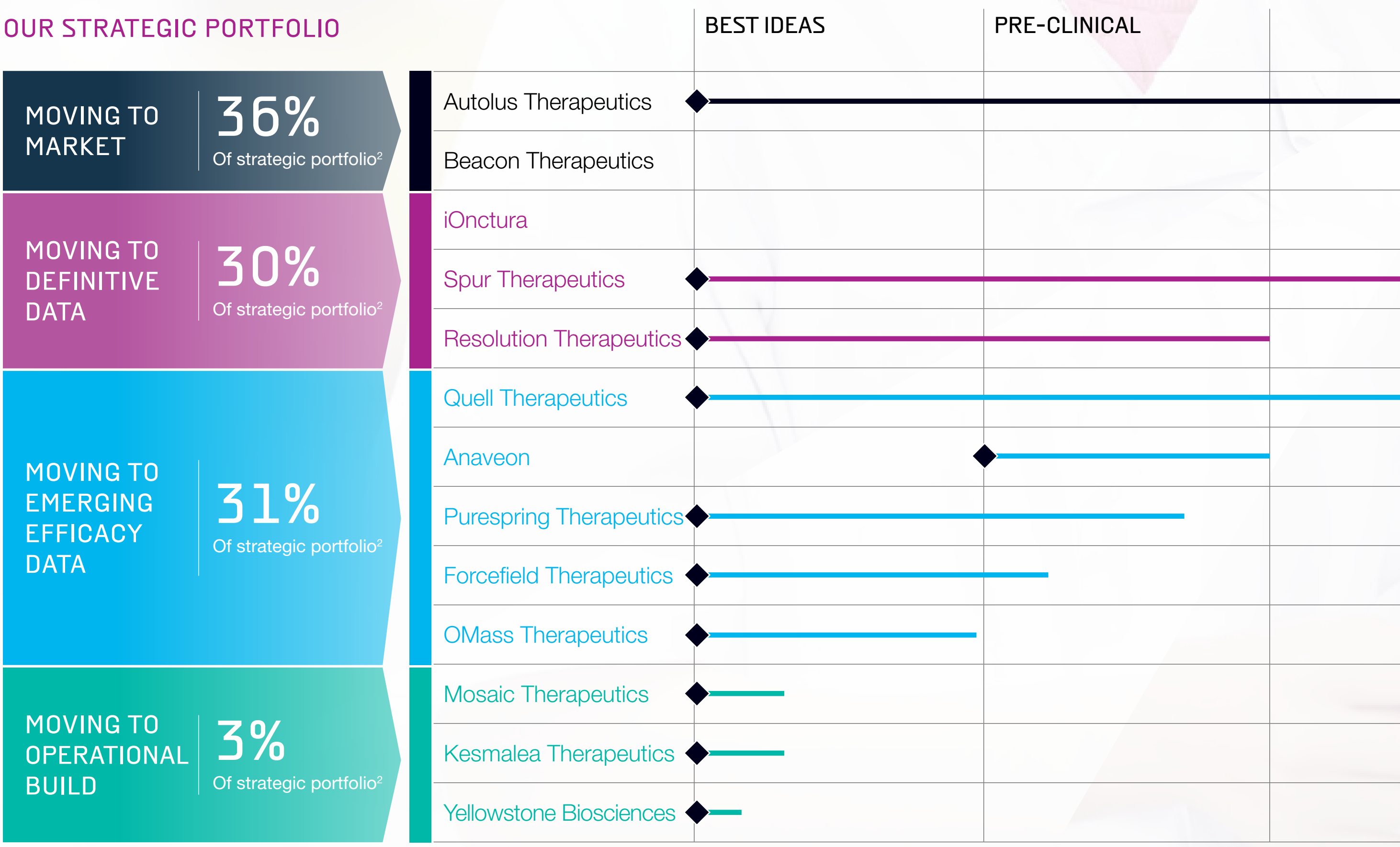
ANDREW COSSAR
EXECUTIVE PARTNER

Executive Partner and Head of Strategic Transactions. Experience in strategic transactions across biotech.

Read full Executive Partner group biographies
synconaltd.com/our-people

Actively managing our maturing portfolio

OUR STRATEGIC PORTFOLIO



◆ Syncona investment point. 1. Biologics License Application. 2. By value.

Our life science portfolio was valued at £786.1 million at 31 March 2024 (31 March 2023: £604.6 million), delivering a 2.2% return during the year. It comprises our 13 portfolio companies, potential milestone payments or deferred consideration, and investments, which are non-core and provide optionality to deliver returns for our shareholders.

Our 13 portfolio companies, known as our strategic portfolio, are the core life science companies where Syncona has significant shareholdings and plays an active role in the company's development. These companies are diversified across modality and therapeutic area, with five companies at the clinical stage (with two producing definitive data) and the remainder of the portfolio at pre-clinical stage.

OUR NAV GROWTH FRAMEWORK

We are continuing to report against the NAV Growth Framework we established at our FY2023/4 Interim Results, to give shareholders more clarity on which milestones and what stage of the development cycle we anticipate our companies will be able to access capital and drive significant NAV growth in the current market environment.

Our portfolio companies are mapped against the categories below.

1

Companies where delivery against milestones has the potential to enable access to capital

OPERATIONAL BUILD

- Clearly defined strategy and business plan
- Leading management team established

EMERGING EFFICACY DATA

- Clinical strategy defined
- Initial efficacy data from Phase I/II in patients

2

Companies where delivery against milestones have the potential to deliver NAV uplifts

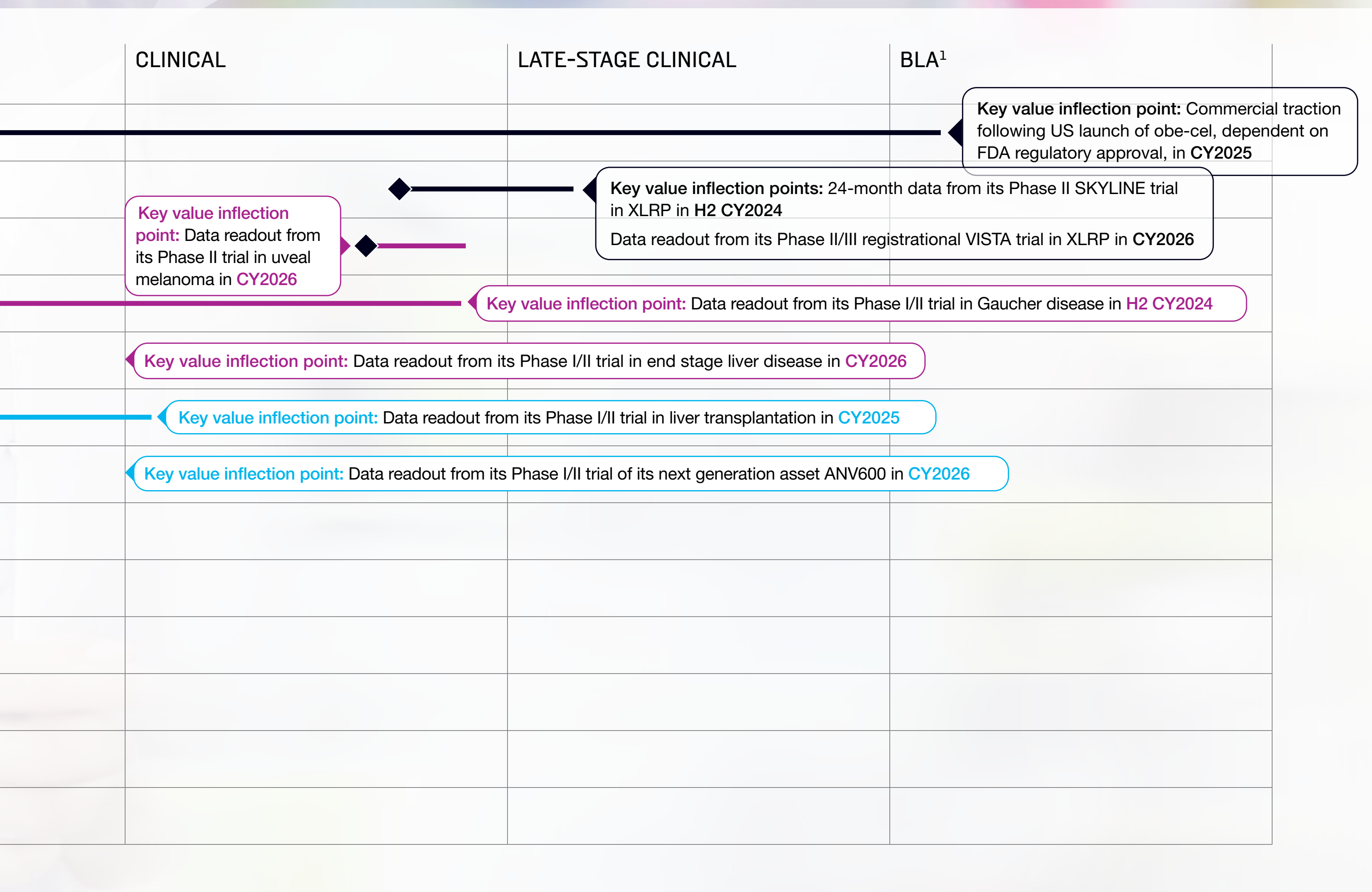
DEFINITIVE DATA

- Significant clinical data shows path to marketed product
- Moving to pivotal trial and building out commercial infrastructure

ON THE MARKET

- Commercialising product
- Revenue streams

Specific portfolio company capital access milestones and key value inflection points are not without risk and their impact will be affected by various factors including the market environment at the time of their delivery.



LATE-STAGE CLINICAL COMPANIES

Autolus

The Syncona team believes that Autolus' lead therapy, obe-cel in relapsed/refractory (r/r) adult acute lymphoblastic leukaemia (ALL), has the potential to have a meaningful impact for patients suffering from ALL whilst also having a very positive safety profile in a last line setting.

MOVING TO MARKET

13.7% OF NAV

12.6% SHAREHOLDING

Board seats	–
Date of founding	2014
Date of Syncona investment	2014
Syncona capital invested	£147.0m
Number of employees	500
Uncalled commitment	–
Total capital raised	£1,312.9m
Syncona valuation	£169.5m
Key competitors	Gilead, Novartis, Bristol Myers Squibb, Johnson & Johnson

This view has been reinforced post-period by positive longer-term follow-up data presented at The American Society of Clinical Oncology (ASCO) Annual Meeting. Autolus is well capitalised to drive the full launch and commercialisation of obe-cel as well as to advance its pipeline development plans into autoimmune diseases, which includes publishing data in a Phase I trial of obe-cel in systemic lupus erythematosus (SLE) in H2 CY2024. This follows a strategic collaboration and equity investment from BioNTech for aggregate proceeds of $250 million upfront, as well as an offering of American Depositary Shares for $350 million, for gross proceeds of $600 million received in the year. We are supportive of the company as it continues to deliver against its operational milestones as it approaches its Prescription Drug User Fee Act (PDUFA) date in November 2024, the target action date that the FDA has set to respond to Autolus' BLA filing for obe-cel.

Company focus: Autolus is developing next generation programmed T-cell therapies for the treatment of cancer and autoimmunity with a clinical pipeline targeting haematological malignancies, solid tumours and autoimmune diseases.

Lead programme: Autolus announced further data from its study of obe-cel in r/r adult ALL at the American Society of Haematology (ASH) Annual Meeting in December 2023, demonstrating prolonged event free survival and a favourable safety profile across all patient cohorts. Additional longer-term follow up data released post-period end at ASCO further underlined the strong safety profile of the drug, whilst demonstrating a durable response to treatment and potential for long-term survival outcomes. During the year Autolus filed a BLA with the US FDA and a Marketing Authorisation Application (MAA) with the UK's Medicines and Healthcare products and Regulatory Agency (MHRA) for obe-cel, both of which have been accepted. The FDA has set a PDUFA target action date of 16 November 2024 for reviewing the BLA application. The company is preparing for the commercial launch of obe-cel in H2 CY2024, subject to regulatory approval.

Commercialisation readiness: During the year Autolus opened its manufacturing facility, the Nucleus, in Stevenage, a 70,000 sq. foot advanced manufacturing facility which will support the commercial launch of obe-cel. The Nucleus is the first of its kind in the UK and provides a specialist manufacturing capability for the supply of personalised cell therapy products. The Nucleus has obtained a Manufacturer's Importation Authorisation (MIA) together with the accompanying GMP certificate. This authorisation enables Autolus to manufacture for global commercial and clinical product supply. Autolus has also selected Cardinal Health as its US Commercial Distribution Partner, enabling distribution capabilities required to commercialise a CAR T-cell therapy in the US. These significant operational milestones will help to support obe-cel's planned commercialisation in 2024, enabling Autolus to launch the product at a scale which serves global demand in r/r adult ALL. Autolus' commercial readiness has been strengthened through its strategic collaboration with BioNTech, where under the terms of the agreement BioNTech will support the launch and expansion of obe-cel and will receive a royalty on net sales.

Pipeline programmes: Autolus expanded the use of its lead asset, obe-cel, into autoimmune diseases through the initiation of a Phase I trial in SLE, with an initial data readout expected in H2 CY2024. During the year Autolus also published further data from the ALLCAR extension study of obe-cel in non-Hodgkin's lymphoma (NHL) and chronic lymphocytic leukaemia (CLL), as well as from its study of obe-cel in primary central nervous system lymphoma (PCNSL), further supporting the safety profile of the therapy.

The company also continues to make progress across its broader pipeline, releasing further data from AUTO1/22 in paediatric ALL and AUTO4 in peripheral T-cell lymphoma, initial data from AUTO8 in multiple myeloma, and initiating a Phase I trial of AUTO6NG in neuroblastoma. The data reported to date further demonstrates the strength of Autolus' technology and platform.

Strategic transactions: In February 2024 Autolus announced a strategic collaboration with BioNTech aimed at advancing both companies' autologous CAR-T programmes towards commercialisation, pending regulatory authorisations. In connection with the strategic collaboration, the companies entered into a license and option agreement and a securities purchase agreement. Under the terms of the agreement, BioNTech made a cash payment of $50 million to Autolus, and agreed to purchase $200 million of Autolus' American Depositary Shares in a private placement. BioNTech also has the option to utilise Autolus' manufacturing capacity in a cost-efficient set up, has access to Autolus' cell programming technologies and has co-commercialisation options for Autolus' AUTO1/22 and AUTO6NG programmes.

People: The company appointed Robert F. Dolski as CFO and promoted Dr Chris Williams to Chief Business Officer. Robert brings more than 20 years of diversified experience as a life sciences financial executive, driving the strategy, planning, execution and financing of private and public biopharmaceutical companies. Chris was part of the team that founded Autolus in 2014 and he initially served on the company's Board as a Non-Executive Director. He previously worked at University College London (UCL) Business where he led the establishment of strategic collaborations, licensing deals, new companies and financing transactions across a portfolio of cell and gene therapies in oncology and rare diseases.

Potential key value inflection point: Commercial traction following US launch of obe-cel in r/r adult ALL in CY2025, dependent on FDA regulatory approval.

beacon therapeutics

The Syncona team believes that the eye is a very attractive target for AAV gene therapy, and Beacon Therapeutics (Beacon) represents a significant opportunity for Syncona to apply its domain knowledge in retinal gene therapy, where it already has prior expertise, to a late-stage clinical asset in X-linked retinitis pigmentosa (XLRP).

	BEST IDEAS	PRE-CLINICAL	CLINICAL	LATE CLINICAL	BLA
AGTC-501 – XLRP[1]					

The initiation of Beacon's Phase II/III registrational trial, coupled with its exciting platform potential, means the company has real opportunity to drive value for our shareholders.

Company focus: Beacon is an ophthalmic AAV-based gene therapy company founded to save and restore the vision of patients with a range of prevalent and rare retinal diseases that result in blindness.

Financing stage: Raised £96.0 million in a Series A financing in 2023.

Lead programme: Post-period end Beacon announced the initiation of its Phase II/III registrational VISTA study for its lead candidate, AGTC-501, in XLRP. Beacon plans to use the data generated from the VISTA trial, in combination with data from the Phase I/II HORIZON and Phase II SKYLINE trials, to support its regulatory strategies in the EU and US. During the year the company also entered the clinic with the Phase II DAWN trial, which assesses the safety, efficacy and tolerability in AGTC-501 amongst patients who have already been treated once with the therapy in their other eye. There are no approved treatments for XLRP, and the programme has orphan drug designations from both the FDA and the European Commission. During the year Beacon presented encouraging efficacy from the SKYLINE trial at the Annual Macula Society Meeting, demonstrated by improvements in retinal sensitivity, the primary endpoint for the trial, with a 63% response rate in the higher dose cohort. AGTC-501 has also shown a favourable safety profile through data published from the SKYLINE and HORIZON studies.

Commercialisation update: Post-period end Beacon announced the sale of its manufacturing team and facility in Alachua, Florida to Ascend Advanced Therapies (Ascend). The transaction includes a long-term partnership with Ascend to continue manufacturing its products for clinical and commercial use, securing GMP product supply for AGTC-501, and enabling the company to focus on clinical development.

Pipeline programmes: Beacon has an exciting pre-clinical programme in dry age-related macular degeneration (dAMD), a leading cause of irreversible vision loss in people over 60. Beacon's dAMD programme features an intravitreally (IVT) delivered novel AAV based gene therapy. IVT delivery is less invasive, requires less clinician training and can be delivered in clinic rather than via surgery, hence provides greater access to more patients.

Potential key value inflection points:

- 24-month data from Phase II SKYLINE trial in XLRP expected in H2 CY2024.
- Data readout from its Phase II/III registrational VISTA trial in XLRP expected in CY2026.

MOVING TO MARKET

6.5% OF NAV

65.3% SHAREHOLDING

Board seats	2
Date of founding	2023
Date of Syncona investment	2022
Syncona capital invested	£80.2m
Number of employees	90+
Uncalled commitment	£5.2m
Total capital raised	£109.4m
Syncona valuation	£80.3m[2]
Key competitors	4DMT, Janssen (MeiraGTx), Apellis, IvericBio (Astellas)

1. This includes Beacon's clinical trials: VISTA, DAWN, SKYLINE and HORIZON. Pipeline position reflects lead VISTA trial.
2. Syncona also has the right to a mid-single digit percentage of AGTC-501 sales and licensing, which is valued on a risk-adjusted discounted basis at £14.4 million.

CLINICAL COMPANIES

SPUR

	BEST IDEAS	PRE-CLINICAL	CLINICAL	LATE CLINICAL	BLA
FLT201 – Gaucher					
SBT101 – AMN					

Post-period end, we announced that Freeline had completed the acquisition of Syncona portfolio company SwanBio to form Spur, which is in line with Syncona's portfolio management strategy of consolidating companies to strengthen management teams, improve balance sheets and access to capital, prioritise the most promising companies and assets, leverage synergies and drive cost savings. During the period, as a result of the challenging market conditions impacting the biotech sector, and our confidence in its lead FLT201 Gaucher disease programme, we executed on a differentiated opportunity to take Freeline private. Syncona continues to be encouraged by the data published from the Gaucher disease programme, which we believe has the potential to deliver long-term value. Spur's SBT101 programme for the treatment of AMN, a devastating central nervous system (CNS) disorder for which there are currently no approved treatments, is currently in a Phase I/II trial. This programme will further bolster Spur's growing focus on the use of gene therapy in the CNS, supporting the development of Spur's pre-clinical research programme in Parkinson's disease. Syncona believes that Spur represents a significant opportunity to deliver two first-in-class gene therapies and progress a pipeline targeting more prevalent chronic debilitating diseases.

Company focus: Developing transformative gene therapies for patients suffering from chronic debilitating diseases.

Financing stage: As part of Syncona's acquisition of Freeline, Syncona provided $15 million (£11.9 million) of financing to enable the company to meet its near-term cash requirements to continue to advance FLT201. Alongside Freeline's acquisition of SwanBio to create Spur, Syncona committed to providing a further £40.0 million in financing to support the development of the company's expanded pipeline. During the year the management team also executed on a series of operational and clinical actions to extend its cash runway.

Clinical update: Post-period end the company presented further positive data from its lead Gaucher disease programme at ASGCT reinforcing the safety, tolerability and efficacy profile of FLT201, as well as its potential to improve quality of life for patients. Importantly the data showed levels of lyso-Gb1[1] were substantially reduced in patients with persistently high lyso-Gb1 levels, despite years on prior treatment with enzyme replacement therapy (ERT) or substrate reduction therapy (SRT), the current standard of care for Gaucher disease patients. Spur's SBT101 programme in AMN continued to make progress during the year. Following the integration of the AMN programme into Spur's pipeline, the company's management team is reviewing the clinical development programme for SBT101 and now expects to release an interim safety readout from the higher dose cohort in H1 CY2025.

Strategic transactions: The challenging market conditions impacting the biotech sector presented a differentiated opportunity to take Freeline private. Following this transaction, Freeline completed an acquisition of Syncona portfolio company SwanBio to form Spur, creating a consolidated AAV gene therapy pipeline that includes FLT201 and SBT101. The transaction consolidates costs, drives efficiencies, provides a broadened clinical pipeline, and brings strategic synergies including clinical capabilities and manufacturing know-how.

MOVING TO DEFINITIVE DATA

10.9% OF NAV

99.0% SHAREHOLDING

Board seats	2
Date of founding	2015
Date of Syncona investment	2015
Syncona capital invested	£351.8m
Number of employees	60+
Uncalled commitment	£20.0m
Total capital raised	£526.2m
Syncona valuation	£135.6m
Key competitors	Eli Lilly

The acquisition has taken place at the portfolio companies' holding valuations, resulting in a combined valuation of £135.6 million at the year end[2]. The combined company is led by Freeline CEO Michael Parini and will benefit from the world-class leadership of the broader Freeline management team who are focused on driving forward two potentially first-in-class gene therapy assets.

Potential key value inflection point: Data readout from its Phase I/II trial in Gaucher disease expected in H2 CY2024.

1. Established biomarker of response in Gaucher disease patients.
2. £104.7 million valuation within the announcement of the acquisition on 17 June 2024 reflected the 31 December 2023 valuation of SwanBio (£74.6m) and Freeline (£20.5m), pro-rata for the movement in share price to the acquisition date and the consideration paid for the remaining shares in Freeline (£9.6m). Further movements in the valuation primarily reflect an additional £27.9 million invested by Syncona alongside the acquisition.

Quell TX

	BEST IDEAS	PRE-CLINICAL	CLINICAL	LATE CLINICAL	BLA
QEL-001 – Liver transplant					

We have seen strong validation for the potential of Quell Therapeutics' (Quell) technology and platform through its collaboration with AstraZeneca, where Quell received $85 million upfront, predominantly comprising a cash payment alongside an equity investment, to develop, manufacture and commercialise autologous T-regulatory (Treg) cell therapies for two autoimmune disease indications. During the period Quell announced positive safety data from its lead QEL-001 programme in liver transplantation. This was confirmed through further safety data that was published post-period end from the initial safety cohort of three patients, which has supported Quell's subsequent decision to advance QEL-001 into the efficacy cohort of its Phase I/II trial. We continue to work alongside the company's management team as the company delivers against its upcoming operational and clinical milestones.

Company focus: Developing engineered 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: Announced initial positive safety data from its Phase I/II trial in liver transplantation. Post-period end Quell presented further safety data at the American Transplant Congress, demonstrating that QEL-001 was safe and well tolerated by liver transplant patients. The company has announced that it is advancing the therapy's development into the efficacy cohort of the LIBERATE Phase I/II trial.

Commercial update: Quell entered into a collaboration, exclusive option and license agreement with AstraZeneca to develop, manufacture and commercialise autologous, engineered Treg cell therapies for two autoimmune disease indications, providing excellent validation for Quell's technologies and capabilities. As part of the collaboration, Quell received $85 million upfront, comprising a predominant cash payment and an equity investment, with potential payments of over $2 billion contingent on successfully reaching development and commercial milestones, plus tiered royalties.

MOVING TO EMERGING EFFICACY DATA

6.8% OF NAV

33.7% SHAREHOLDING

Board seats	1
Date of founding	2019
Date of Syncona investment	2019
Syncona capital invested	£61.4m
Number of employees	150+
Uncalled commitment	£2.8m
Total capital raised	£232.4m
Syncona valuation	£84.7m
Key competitors	Sangamo, Sonoma, GentiBio, Abata

Potential key value inflection point: Data readout from its Phase I/II trial in liver transplantation expected in CY2025.

IONCTURA

	BEST IDEAS	PRE-CLINICAL	CLINICAL	LATE CLINICAL	BLA
Roginolisib – Uveal melanoma					
Roginolisib – NSCLC and myelofibrosis					
IOA-289 – Pancreatic cancer					

iOnctura represents an opportunity to invest in a clinical-stage company and to take its lead programme, roginolisib, through to late-stage clinical development. This is in line with Syncona's strategy to focus capital deployment on clinical-stage assets or assets approaching clinical entry. The Syncona team is working closely alongside iOnctura to review its pipeline and explore the breadth of roginolisib's utility. Syncona believes roginolisib has the potential to modulate an important biological pathway in cancer with a side-effect profile that will allow it to benefit many patients.

Company focus: Developing selective cancer therapeutics against targets that play critical roles in multiple tumour survival pathways.

Financing stage: Syncona led a €80 million (£68.4 million) Series B financing of iOnctura in March 2024. iOnctura has been added to the strategic portfolio in the financial year.

Lead programme: iOnctura's lead programme, roginolisib, is a first-in-class allosteric (indirect) modulator of PI3K delta (PI3Kδ), which has potential application across a variety of solid tumour and haematological cancers. Roginolisib demonstrated long-term safety and emerging efficacy data in a Phase Ib trial for uveal melanoma, a rare cancer of the eye where patients have very limited treatment options. Phase II trials in uveal melanoma and other cancer indications, including non-small cell lung cancer and primary myelofibrosis, are expected to begin later in CY2024.

MOVING TO DEFINITIVE DATA

2.1% OF NAV

23.0% SHAREHOLDING

Board seats	2
Date of founding	2017
Date of Syncona investment	2024
Syncona capital invested	£25.7m
Number of employees	c.20
Uncalled commitment	–
Total capital raised	£68.4m
Syncona valuation	£25.6m
Key competitors	Immunocore, Ideaya

Pipeline programmes: The company has a number of clinical and pre-clinical pipeline programmes in broader oncology indications.

Potential key value inflection point: Data readout from its Phase II trial in uveal melanoma expected in CY2026.

PRE-CLINICAL COMPANIES

Resolution Therapeutics

Company focus: Resolution Therapeutics (Resolution) is pioneering macrophage cell therapy for transformative outcomes in inflammatory organ diseases.

Financing stage: Raised £37.9 million to date from Syncona through its Series A financing.

Clinical update: Resolution's founders presented clinical data at the American Association for the Study of Liver Diseases (AASLD) Annual Meeting from an academic study (MATCH II) which provided proof-of-principle that treatment with a macrophage cell therapy was well tolerated in patients, and helped to dramatically reduce liver associated complications, including death. Further data presented post-period at the European Association for the Study of the Liver (EASL) Congress confirmed the excellent safety and efficacy of the therapy at 30 months post-treatment. Resolution is using the outputs of this trial to prepare its lead product RTX001, an engineered autologous macrophage cell therapy, for a Phase I/II clinical trial, expecting to enter the clinic in H2 CY2024.

People update: Resolution strengthened its leadership team in the period with several appointments, including of Dr Amir Hefni as CEO, who brings almost 20 years' experience in drug discovery and development leadership in the biotechnology and pharmaceutical industry and joins Resolution from Novartis where he was the Head of Cell & Gene Therapy. Resolution also appointed Simon Ramsden as CFO, who brings broad corporate and commercial finance experience in the pharmaceutical and biotechnology industry, and Dr Clifford A. Brass as CMO. Clifford brings extensive clinical development experience having spent over 25 years working in the pharmaceutical industry, with a strong emphasis on advanced liver disease.

Potential key value inflection point:
Data readout from its Phase I/II trial in end stage liver disease expected in CY2026.

MOVING TO DEFINITIVE DATA

4.0% OF NAV

81.6% SHAREHOLDING

Board seats	1
Date of founding	2020
Date of Syncona investment	2018
Syncona capital invested	£37.9m[1]
Number of employees	70+
Uncalled commitment	–
Total capital raised	£37.9m
Syncona valuation	£50.0m
Key competitors	Carisma, Shoreline

1. Excludes £12.0 million convertible note.

purespring

Company focus: Developing gene therapies for the treatment of chronic renal diseases which are currently poorly served by existing treatments.

Financing stage: Raised £45.0 million in a Series A financing in 2020.

Development update: Continuing to develop its pre-clinical pipeline and proprietary platform.

People update: Purespring made several key appointments including Fredrik Erlandson as CMO, Sachin Kelkar as CFO and Peter Mulcahy as Chief People Officer. These appointments strengthen Purespring's leadership team, with Fredrik leading the clinical development of Purespring's current and future pipeline, Sachin leading the company's finance strategy and Peter championing culture and growth.

MOVING TO EMERGING EFFICACY DATA

3.6% OF NAV

77.1% SHAREHOLDING

Board seats	3 (including Chair)
Date of founding	2020
Date of Syncona investment	2020
Syncona capital invested	£45.0m
Number of employees	40+
Uncalled commitment	–
Total capital raised	£45.0m
Syncona valuation	£45.3m
Key competitors	Novartis, Calliditas, Reata, Sanofi, Travere, Omeros, Alexion, Apellis

OMass Therapeutics

Company focus: Developing small molecule drugs to treat rare diseases and immunological conditions.

Financing stage: Raised £75.5 million in a Series B financing in April 2022, with an additional £10 million investment from British Patient Capital announced in May 2023.

Commercial update: The company moved to a new purpose-built 16,000 sq. foot mixed-use facility at the ARC Oxford campus, helping it to prepare for its next phase of growth and enabling further collaboration as it expands its team.

People update: The company expanded its leadership team with the appointments of Dr Winfried Barchet as Vice President of Immunology, who brings more than 15 years of experience across drug discovery and translational research, and Jim Geraghty joined as Chairman of its Board of Directors, bringing over 35 years of strategic experience including more than 25 years as a senior executive at biotechnology companies developing and commercialising innovative therapies.

MOVING TO EMERGING EFFICACY DATA

3.5% OF NAV

32.7% SHAREHOLDING

Board seats	2
Date of founding	2016
Date of Syncona investment	2018
Syncona capital invested	£35.4m
Number of employees	60+
Uncalled commitment	£6.0m
Total capital raised	£128.5m
Syncona valuation	£43.7m
Key competitor	Crinetics

Anaveon

Company focus: Developing a selective IL-2 receptor agonist, a type of protein that could enhance a patient's immune system to respond therapeutically to cancer.

Lead programme: During the year Anaveon took the strategic decision to focus on its next-generation compound, ANV600, a targeted version of its first-generation product ANV419. Pre-clinical data released to date has supported the potential of ANV600 as a monotherapy and as a combination therapy for cancer.

Financing stage: Reflecting the strategic decision to focus on the ANV600 programme, which is pre-clinical stage, Syncona and the syndicate of investors in Anaveon adjusted the price of the final CHF 36.2 million (£32.5 million) tranche of the 2021 Series B financing.

Clinical update: On track to initiate a Phase I/II clinical trial of ANV600 in H2 CY2024.

Potential key value inflection point: Data readout from its Phase I/II trial of ANV600 expected in CY2026.

MOVING TO EMERGING EFFICACY DATA

2.9% OF NAV

36.9% SHAREHOLDING

Board seats	1
Date of founding	2017
Date of Syncona investment	2019
Syncona capital invested	£52.4m
Number of employees	20+
Uncalled commitment	–
Total capital raised	£114.7m
Syncona valuation	£35.7m
Key competitors	Roche, Sanofi, Mural Oncology, Sotio, Medicenna

Kesmalea Therapeutics

Company focus: An opportunity to create a new generation of small molecule oral drugs addressing diseases through modulating protein homeostasis.

Financing stage: £20.0 million Series A financing led by Syncona in 2022 alongside Oxford Science Enterprises. An additional £5.0 million was raised during the year with Syncona committing £4.0 million.

Development update: The company progressed development of its platform technology and discovery programmes. The Syncona Executive Partner group has also been working with the company on its strategy and in identifying novel targets for its platform.

MOVING TO OPERATIONAL BUILD

1.0% OF NAV

62.2% SHAREHOLDING

Board seats	1
Date of founding	2020
Date of Syncona investment	2022
Syncona capital invested	£12.0m
Number of employees	10
Uncalled commitment	£8.0m
Total capital raised	£25.0m
Syncona valuation	£12.0m
Key competitors	Arvinas, Kymera

PRE-CLINICAL COMPANIES CONTINUED

MOSAIC TX

Company focus: Oncology therapeutics company focusing on drug development against genetically informed targets.

Financing stage: £22.5 million Series A announced in April 2023, led by Syncona with a £16.5 million commitment alongside Cambridge Innovation Capital.

Platform capabilities: Mosaic Therapeutics' (Mosaic) technology platform uses proprietary disease models and artificial intelligence and machine learning to enable identification of novel biological intervention to drive responses in cancer. The company will then leverage these insights to build a pipeline of programmes.

People update: Syncona Managing Partner, Edward Hodgkin, became Chairman of the company during the year.

MOVING TO OPERATIONAL BUILD

0.6% OF NAV

52.4% SHAREHOLDING

Board seats	3 (including Chair)
Date of founding	2020
Date of Syncona investment	2022
Syncona capital invested	£7.3m
Number of employees	25+
Uncalled commitment	£9.2m
Total capital raised	£22.5m
Syncona valuation	£7.3m
Key competitors	IDEAYA

forcefield

Company focus: Pioneering best-in-class therapeutics aiming to use protective cardiomyocytes to revolutionise the treatment of heart attacks.

Financing stage: Syncona committed to a Series A financing in Forcefield in March 2024 and invested £4.0 million into the company during the year[1]. Post-period end Forcefield attracted a further £10.0 million Series A commitment from Roche Venture Fund, valuing Syncona's investment at £8.9 million, a 38% (£2.4 million) uplift to the 31 March 2024 value; Syncona's total commitment in the Series A is £20.0 million. Forcefield has been added to the strategic portfolio in the financial year.

People update: John Tsai MD, joined Forcefield as Chair and CEO, bringing over 20 years' experience in global pharmaceuticals with a proven track record in leading transformational organisational growth and strategy. He is currently an Executive Partner at Syncona and was most recently President, Global Drug Development and CMO at Novartis.

1. £1.0 million of investment during the year was part of the Series A commitment.

MOVING TO EMERGING EFFICACY DATA

0.5% OF NAV

88.5% SHAREHOLDING

Board seats	3
Date of founding	2022
Date of Syncona investment	2022
Syncona capital invested	£6.5m
Number of employees	5+
Uncalled commitment	£21.5m
Total capital raised	£28.0m
Syncona valuation	£6.5m
Broader peer group	AstraZeneca, Faraday Pharma, Novo Nordisk

Yellowstone BIOSCIENCES

Company focus: Pioneering soluble bispecific T-cell receptor (TCR)-based therapies to unlock a new class of cancer therapeutics.

Financing stage: Syncona committed £16.5 million to Yellowstone in a Series A financing in March 2024, and invested £1.0 million into the company during the year. Yellowstone has been added to the strategic portfolio in the financial year.

People update: The company launched with an experienced and industry-leading team. This includes Prof. Paresh Vyas as CSO, who is a Professor of Haematology and Deputy Director of MRC Molecular Haematology Unit at the University of Oxford and Oxford University Hospitals NHS Trust, Julian Hirst as CFO, who has over 20 years of financial experience, and Neil Johnston as Executive Chair, who spent 17 years at Novartis, most recently as global Head of Business Development and Licensing and a member of the company's Pharma Executive Committee.

MOVING TO OPERATIONAL BUILD

0.1% OF NAV

21.6% SHAREHOLDING

Board seats	2
Date of founding	2024
Date of Syncona investment	2024
Syncona capital invested	£1.0m
Number of employees	–
Uncalled commitment	£15.5m
Total capital raised	£16.5m
Syncona valuation	£1.0m
Key competitors	Immunocore, Crossbow Therapeutics

Portfolio milestones and deferred consideration

1.4%
OF NAV

During the year, Novartis took the decision to discontinue the development of GT005 (previously the lead asset at Gyroscope Holdings Limited) in Geographic Atrophy (GA) secondary to dry AMD, which it had been responsible for progressing since acquiring Gyroscope in February 2022. Syncona had been eligible for a series of milestone payments in the event of the successful clinical development and commercialisation of the programme.

The decision taken by Novartis to stop development of GT005 therefore resulted in a write-off of the £56.4 million risk-adjusted valuation of the milestone payments.

Syncona also currently has rights to potential milestone payments related to the sale of Neogene to AstraZeneca. Alongside these, as part of Syncona's acquisition of AGTC, the company has the potential to benefit from any future commercialisation of Beacon's lead asset AGTC-501 via a "deferred consideration" which provides the right to a mid-single digit percentage of future income from sales and licensing. Together, these potential milestones and deferred consideration are valued on a risk-adjusted discounted cash flow basis at £16.6 million.

Syncona investments

5.9%
OF NAV

Syncona has £72.3 million of value in its investments, which are non-core and provide optionality to deliver returns for our shareholders. Our assets held within our investments are Achilles Therapeutics (Achilles), Clade, CRT Pioneer Fund, and Biomodal (formerly Cambridge Epigenetix).

Syncona's 0.8% holding in Adaptimmune was sold during the period for £1.4 million.

Achilles published further data from 18 patients post-period end, which showed that there had been no further objective responses since the previous data update in December 2022, including at the higher dose level. Syncona believes that in order for Achilles to be competitive, it would need to show an ability to routinely manufacture its products at high doses and in significant numbers whilst delivering superior efficacy to comparable treatments. The company has been unable to demonstrate this to date and on this basis, Syncona has moved Achilles from the strategic portfolio to being classified as a Syncona investment. Syncona does not hold a Board role at the company but as a significant shareholder, is engaging with the Board on a path forward.

Post-period end, an agreement was reached for Clade to be acquired by Century Therapeutics for up to $45.0 million (£35.9 million), with upfront consideration to Syncona of $9.3 million (£7.4 million). Given the impending sale of the company and with Syncona no longer holding a Board role, Clade has been moved from the strategic portfolio to being classified as a Syncona investment.

Portfolio milestones delivery since introduction of NAV Growth Framework (FY2023/4 Interim Results, November 2023)

Strategic life science portfolio company	Milestone	Milestone type	Expected	Status
Autolus	Further long-term follow up data from its pivotal study in obe-cel in adult r/r B-ALL	Capital access milestones	H2 CY2023	Delivered
	BLA submission for obe-cel to the FDA		H2 CY2023	Delivered
	Initiate a Phase I study of obe-cel in refractory SLE, extending the use of obe-cel into autoimmune diseases		H1 CY2024	Delivered
Achilles[1]	Provide further data from its Phase I/IIa clinical trial in NSCLC	Capital access milestones	Q1 CY2024	Delivered in Q2 CY2024
	Provide further data from its Phase I/IIa clinical trial in melanoma		Q1 CY2024	Delivered in Q2 CY2024
Quell	Complete dosing of the safety cohort in its Phase I/II trial in liver transplantation	Capital access milestones	H2 CY2023	Delivered in H1 CY2024
	Initial safety data in Phase I/II trial in liver transplantation		H1 CY2024	Delivered
Beacon	Publish 12-month data from its Phase II trial in XLRP	Capital access milestones	H1 CY2024	Delivered
	Initiate its Phase II/III trial in XLRP		H1 CY2024	Delivered
Freeline (now Spur)	Release of additional data from its Phase I/II trial in Gaucher disease	Capital access milestone	CY2024	Delivered
SwanBio (now Spur)	Initial safety readout in higher dose cohort from its Phase I/II trial in AMN	Capital access milestone	H1 CY2024[2]	Now expected in H1 CY2025
Anaveon	Publish initial data from its Phase I/II trial of ANV419 in metastatic melanoma	Capital access milestone	H2 CY2024	ANV419 programme deprioritised

1. Achilles is now a Syncona investment and not part of the strategic portfolio.
2. In the Q3 Update in February 2024, Syncona updated its guidance for the SBT101 programme to report that it expected its safety readout to be published in H2 CY2024.

Financial review

Syncona's strategy is supported by our capital pool, people and new operating model, which underpin our ability to deliver medium and long-term growth for our shareholders.

We take a robust and prudent approach to valuation and managing our balance sheet, whilst closely managing our costs. This ensures that we are investing to support the delivery of our strategy, as part of our ongoing focus on optimising medium and long-term returns for our shareholders.

NAV PERFORMANCE

Syncona ended the year with net assets of £1,238.9 million, or 188.7p per share, a 1.2% NAV per share return in the year.

RIGOROUS APPROACH TO CAPITAL ALLOCATION

As more fully covered in the business review, we take a rigorous approach to capital allocation and managing our balance sheet, closely monitoring potential liquidity and NAV progression alongside capital needs, whilst considering external factors. This ensures that we can sustainably deliver milestones that have the potential to enable capital access and are funded to deliver key value inflection points which have the potential to deliver significant NAV growth.

Life science portfolio valuations

Company	31 Mar 2023 (£m)	Net investment in the period (£m)	Valuation change (£m)	FX movement (£m)	31 Mar 2024 (£m)	% of Group NAV (%)	Valuation basis[1,2,3]	Fully diluted ownership stake (%)	Focus area
STRATEGIC PORTFOLIO COMPANIES									
Late-stage clinical									
Autolus	50.0	–	122.4	(2.9)	169.5	13.7%	Quoted	12.6%	Cell therapy
Beacon	60.0	20.2	–	0.1	80.3	6.5%	PRI	65.3%	Gene therapy
Clinical									
Spur[4]	72.3	63.0	1.1	(0.8)	135.6	10.9%	Cost	99.0%	Gene therapy
Quell	86.7	–	–	(2.0)	84.7	6.8%	PRI	33.7%	Cell therapy
iOnctura	0.0	25.7	–	(0.1)	25.6	2.1%	Cost	23.0%	Small molecules
Pre-clinical									
Resolution	23.0	26.9[5]	0.1	–	50.0	4.0%	Cost	81.6%	Cell therapy
Purespring	35.1	9.9	0.3	–	45.3	3.6%	Cost	77.1%	Gene therapy
OMass	43.7	–	–	–	43.7	3.5%	PRI	32.7%	Small molecules
Anaveon	64.2	12.6	(42.8)	1.7	35.7	2.9%	PRI	36.9%	Biologics
Kesmalea	4.0	8.0	–	–	12.0	1.0%	Cost	62.2%	Small molecules
Mosaic	7.3	–	–	–	7.3	0.6%	Cost	52.4%	Small molecules
Forcefield	2.5	4.0	–	–	6.5	0.5%	Cost	88.5%	Biologics
Yellowstone	0.0	1.0	–	–	1.0	0.1%	Cost	21.6%	Biologics
PORTFOLIO MILESTONES AND DEFERRED CONSIDERATION									
Beacon deferred consideration	15.9	–	(1.6)	0.1	14.4	1.2%	DCF	–	Gene therapy
Neogene milestone payment	0.0	–	2.2	–	2.2	0.2%	DCF	–	Cell therapy
Gyroscope milestone payments[6]	54.5	–	(56.4)	1.9	0.0	0.0%	Written off	–	Gene therapy
SYNCONA INVESTMENTS									
CRT Pioneer Fund	32.8	(1.4)	2.5	–	33.9	2.7%	Adj third-party	64.1%	Oncology
Biomodal[7]	18.5	–	–	(0.5)	18.0	1.5%	PRI	5.5%	Epigenetics
Achilles[8]	8.6	–	2.5	(0.1)	11.0	0.9%	Quoted	24.5%	Cell therapy
Clade	24.3	–	(14.4)	(0.5)	9.4	0.8%	Expected proceeds	21.7%	Cell therapy
Adaptimmune	1.2	(1.4)	0.2	–	0.0	0.0%	Quoted		Cell therapy
Total life science portfolio	**604.6**	**168.5**	**16.1**	**(3.1)**	**786.1**	**63.5%**			
Capital pool	**650.1**	**(219.7)**	**27.1**	**(4.7)**	**452.8**	**36.5%**			
TOTAL	**1,254.7**				**1,238.9**	**100%**			

1. Primary input to fair value.
2. 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.
3. 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.
4. New company following Freeline's acquisition of SwanBio.
5. Capital invested incorporates Series A commitment in addition to a £12.0 million convertible note.
6. Syncona's risk-adjusted and discounted valuation of the milestone payments from the sale of Gyroscope Therapeutics.
7. Formerly CEGX.
8. Syncona has moved Achilles from the strategic portfolio to being classified as a Syncona investment, further information can be found in the portfolio review.

Within our life science portfolio, we have continued to prioritise capital towards clinical opportunities and assets which are approaching clinical entry, aligning our capital allocation to our NAV Growth Framework. A total £172.2 million of capital was deployed into the life science portfolio in the 12 months. Of this, £135.8 million was invested in companies that are moving towards definitive data or towards being on the market, where key value inflection points have the potential to drive significant NAV growth. This includes investments in Beacon, Spur, Resolution and a new investment iOnctura. In addition, £26.5 million was invested in companies moving towards emerging efficacy data, to support programmes that have the potential to underpin capital access, including investments in Forcefield, Anaveon and Purespring. The remaining £9.9 million was invested in earlier stage companies, including the tranched milestone payment to Kesmalea and the new investment in Yellowstone, supporting longer-term growth.

Alongside these investments, in September 2023 the Board allocated £40.0 million to a share buyback programme and post-period end, a further £20.0 million has been allocated to the programme. At 30 March 2024, £20.2 million of this had been invested in repurchasing 16.5 million shares, at an average discount of 35.1%, resulting in an accretion of 1.61p to NAV per share. The share buyback is ongoing, with a further £10.0 million of shares repurchased since the year end at an average discount of 38.8%[9].

Looking forward, we have a strong pipeline of existing and new opportunities and expect to deploy between £150-200 million across our life science portfolio and into new opportunities in the financial year to 31 March 2025. We will continue to focus our capital allocation on clinical opportunities and assets that are approaching clinical entry, aligning our capital allocation to our NAV Growth Framework as our companies scale.

PRUDENT CAPITAL POOL MANAGEMENT TO BALANCE INFLATIONARY RISK

Within our capital pool of £452.8 million we ensure that we allocate between 12 and 24 months of funding to cash and Treasury Bills. Longer-term capital is allocated to a number of low volatility, highly liquid, multi-asset and credit funds or mandates, managed by Kempen and M&G with portfolio mandates to deliver a core CPI (consumer price index) return over the mid-term. During the year, we exited our position in the Schroder Diversified Growth Fund and re-deployed the capital into short-dated treasuries. At the year end, £262.4 million was held in cash and Treasury Bills, with £182.5 million held in multi-asset funds and credit funds. The remainder of the capital pool is invested in mature cash generative private equity funds. To provide Syncona with a natural hedge against short-term US dollar cash flows, 14.6% of our capital pool is held in US dollars and the 2.3% strengthening of Sterling over the year resulted in a small unrealised foreign exchange loss at the year end. The overall return across our capital pool during the year was 3.4%.

	31 Mar 2024 (£m)	% of gross capital pool[10]	% of Group NAV
Cash	99.0	20.9%	8.0%
Treasury bills	163.4	34.5%	13.2%
Multi-asset funds	70.5	14.9%	5.7%
Credit funds	112.0	23.6%	9.0%
Private equity funds	28.8	6.1%	2.3%

We will continue to monitor the asset allocation and foreign exchange exposure within the capital pool based on our capital requirements and market conditions, with a focus on balancing inflationary risk with a core strategy of capital preservation and liquidity access.

VALUATION APPROACH

At the year end, our life science portfolio comprised listed holdings (23.0%), private companies either valued at price of recent investment (PRI) (33.4%), or on the basis of capital invested (calibrated cost) (36.0%). In addition, potential milestone and deferred consideration payments relating to Neogene and Beacon are valued on a risk-adjusted discounted cash flow basis in line with our Valuation Policy and together represent 2.1% of the portfolio[11].

Throughout the challenging macro environment, which has impacted valuations for early-stage life science companies, the Syncona team has continued to rigorously review the robustness of our private company valuations. These companies have a number of key milestones ahead which will be central to enabling future access to capital and key valuation inflection points that have the potential to drive significant NAV growth. Our approach to valuation includes taking inputs from the investment team, with a focus on delivery against these upcoming milestones as well as taking into account any developments during the period which may have impacted the investment theses of individual companies. We have also taken into account the input provided by Syncona's external valuation adviser on our seven largest private holdings, which together make up 68.2% of the strategic portfolio by value. We will continue to review our company valuations on a quarterly basis alongside market data as conditions evolve, with conditions in the private markets now beginning to improve.

INVESTING IN OUR PLATFORM TO SUPPORT GROWTH AMBITIONS

As highlighted in last year's annual results, we continue to invest in our platform and team to support our growth ambitions, which has led to an anticipated increase in our cost base. In particular, we have made a number of senior appointments to the investment team and Executive Partner group, alongside further investment across the business to support the scaling of our model. Syncona is a self-managed vehicle and SIML costs are managed prudently by the Leadership Team within an annual budget approved by the Board. SIML management fees for FY2023/4 were £16.6 million (1.34% of NAV[12]), an increase of £4.5 million on FY2022/3. In addition to an increase in headcount, this increase also reflects the influence of the inflationary environment on salaries and business expenses. Notwithstanding further inflationary impacts, the SIML team does not expect costs to materially increase in FY2024/5, with investment in the platform and senior team now largely complete. Total costs of Syncona Limited during the year increased to £26.3 million (2.12% of NAV) compared to £22.4 million (1.79% of NAV) in the prior year. These costs incorporate fees paid to SIML, ongoing operating costs of the Company, the £4.4 million charitable donation and the costs associated with the long-term incentive scheme.

Kate Butler
Chief Financial Officer
Syncona Investment Management Limited
19 June 2024

9. As at 19 June 2024.
10. Gross capital excludes other assets/liabilities and cash held within the Investment Manager, SIML.
11. Additional 5.5% of value within the life science portfolio is from the CRT Pioneer Fund (4.3%) which is valued based on an adjusted third-party valuation, and anticipated proceeds from the sale of Clade to Century (1.2%).
12. Using NAV at 31 March 2024.

Our environmental impact

This section includes our Streamlined Energy and Carbon Reporting (SECR). Although the Company is not subject to the laws of England and Wales, its reporting has been prepared in line with the relevant English legislation as set out below. The reporting period is Syncona's financial year, the 12 months to 31 March 2024.

OUR DIRECT FOOTPRINT

Given the relatively small nature of our operations, with one primary office location and 37 employees, our environmental impacts are relatively low. Our clearest direct impact (Scope 1 and 2) comes from the energy we use in our headquarters, where the electricity is powered by renewable energy[1]. Our office space also has a zero to landfill waste policy (Scope 3).

METHODOLOGY FOR SECR REPORTING AND PERFORMANCE

We have employed the services of a specialist adviser, Accenture, to quantify the greenhouse gas (GHG) emissions associated with the Company's emissions for FY2023/4. Syncona's FY2023/4 SECR location-based footprint is equivalent to 504.9 tCO_2e[2], with the largest portion being made up of emissions relating to business travel via air at 477.9 tCO_2e. Syncona's market-based footprint, which takes into account the green energy[1] used by its head office, amounts to 492.3 tCO_2e. Our emissions have increased relative to the FY2022/3 financial year, with the increase in business travel primarily driven by an increase in travel to international conferences to support Syncona's growth strategy and team development, the addition of new companies to the portfolio with overseas facilities, and new internationally-based employees joining the Syncona team.

The methodology used to calculate the GHG emissions is in accordance with the requirements of the following standards:

- World Resources Institute (WRI) Greenhouse Gas (GHG) Protocol (revised version)
- Defra's Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting requirements (March 2019)
- UK office emissions have been calculated using the Defra 2022 issue of the conversion factor repository

Following an operational control approach to defining our organisational boundary, our calculated GHG emissions from business activities fall within the reporting period of April 2023 to March 2024 and using the reporting period of April 2022 to March 2023 for comparison. We do not classify portfolio company emissions as being within our organisational boundary for the purposes of SECR reporting. Whilst Accenture have endeavoured to obtain accurate and complete data wherever possible, where there have been data gaps, they have used reasonable estimations such as annualisation of actual data, use of expenditure data as a proxy and typical office consumption benchmarks where data was not available for the preparation of this report. The emissions reported by Syncona are UK-based only, given that is the Company's primary office location.

TOTAL ENERGY USE

The total energy use for the Company for FY2023/4 was 65,819 kWh, compared to 68,775 kWh in FY2022/3.

INTENSITY RATIO

As well as reporting its absolute emissions, the Company also follows the SECR requirement of reporting its emissions through the publishing of an intensity metric. In doing so, it reports a metric of tonnes of CO_2e per full time employee. This is the most appropriate metric given that the majority of emissions result from the operations of Syncona Investment Management Limited and the day-to-day activities of its employees. The employee intensity metric has been calculated from the emissions for Scope 1, 2 and 3 to give a ratio per employee covering all of Syncona's activities. For FY2023/4 this amounted to 13 tonnes of CO_2e per employee using a market-based approach, and 13.3 tonnes of CO_2e per employee using a location-based approach. This compares to FY2022/3 figures of 5.5 tonnes of CO_2e per employee using a market-based approach, and 5.8 tonnes of CO_2e per employee using a location-based approach. This increase in the intensity ratio, as with our total emissions, primarily reflects the increase in business travel during the year.

1. Validated using Total Gas & Power's Pure Green certification.
2. Tonnes of CO_2 equivalent.

Read more in our 2024 Sustainability Report
synconaltd.com/sustainability

EFFICIENCY INITIATIVES

Syncona has clear guidance for business travel which is followed by its team in order to ensure environmental impacts are considered. The following principles act as guidance for travel by team members:

- all flight travel to be carefully considered, encouraging employees to substitute air travel with rail travel where possible;
- Syncona's business travel provider includes associated emissions data for each mode of transport and this should be a consideration for the travel booker;
- considering practical arrangements for meetings, for example arranging several meetings within one trip, holding meetings by video call or meeting at a more closely located office;
- clarity for employees that there are higher emissions associated with business-class and long-haul travel; and
- encouraging employees to use hotels and taxi firms with lower carbon emissions. Syncona continually monitors adherence to its travel policy and its alignment with its net zero aspiration.

COMMITMENT TO STRONG ENVIRONMENTAL REPORTING

In FY2022/3, Syncona published its full portfolio carbon footprint for the first time and has done so again in FY2023/4. This incorporates its enhanced Scope 3 footprint, including category 1 (purchased goods and services) and category 15 (investments) emissions.

Syncona has also now published its first interim net zero target as a signatory to the Net Zero Asset Managers (NZAM) initiative. Further detail on our interim net zero target as well as our full portfolio carbon footprint can be found on page 34 of our Sustainability Report, available on our website.

GHG EMISSIONS (tCO_2E) AND ASSOCIATED ENERGY CONSUMPTION (KWH) FOR FY2023/4

	Emissions source	Global emissions tCO_2e 2023	Global emissions tCO_2e 2024	Percentage change
Scope 1	Natural gas	0.74	**0.93**	26%
Total Scope 1		0.74	**0.93**	26%
Scope 2	Electricity (market-based)	–	**–**	0%
	Electricity (location-based)	11.2	**12.6**	13%
Total Scope 2 (market-based)		–	**–**	0%
Scope 3	Electricity transmission and distribution	3.93	**4.12**	5%
	Natural gas well-to-tank	0.13	**0.15**	22%
	Employee cars	2.2	**0**	-100%
	Business flights	174.4	**477.9**	174%
	International rail	0.03	**0.05**	65%
	Domestic rail	0.91	**0.68**	-24%
	Public transport	1.61	**2.6**	62%
	Employee commuting	8.50	**5.78**	-32%
	Paper	0.06	**0.00**	-100%
	Waste and recycling	0.06	**0.06**	9%
	Water	0.07	**0.05**	-21%
Total Scope 3		191.9	**491.4**	156%
Total (market-based)		192.6	**492.3**	156%
Total (location-based)		203.8	**504.9**	148%
Total energy usage (kWh)[1]		68,775	**65,819**	-4%
Normaliser	tCO_2e per FTE (location-based)	5.8	**13.3**	128%
	tCO_2e per FTE (market-based)	5.5	**13.0**	136%

1. Energy reporting includes kWh from Scope 1, Scope 2 and Scope 3 employee cars only (as required by the SECR regulation).

OFFSETTING OUR CARBON EMISSIONS

Syncona has continued its programme of purchasing carbon credits to offset the direct emissions resulting from the Company's operations. It has purchased carbon credits for the FY2023/4 reporting year through purchasing offsets from the Forestal el Arriero project.

This project supports carbon emissions removal through afforestation and is registered under Verra's Verified Carbon Standard (VCS) – the world's most widely used greenhouse gas (GHG) crediting programme. Moving forward we intend to continue to review best practice in using carbon credits to align with our net zero aspiration.

Climate-based reporting

Our approach to climate-related financial disclosures

SYNCONA LIMITED

- Approves and oversees implementation of climate-related policies, principally the Company's Sustainability Policy, Responsible Investment Policy and Climate Ambition Statement
- Considers, monitors and oversees the Syncona team's identification and assessment of climate-related risks
- Publishes Scope 1, 2, and scope 3 (including Category 1 and 15) emissions
- Reports against the TCFD's recommendations and recommended disclosures

SYNCONA TEAM

- Oversees and manages the implementation of climate-related policies and procedures in portfolio companies
- Assesses and manages any portfolio company climate-related issues

PORTFOLIO COMPANIES

- Implement climate-related policies and procedures in line with Syncona guidelines, values and expectations (as set out in its Responsible Investment Policy)
- Report to SIML on any material climate-related issues

We understand that climate change represents a systemic risk to our societies and economies. We agree with the signatories to the 2015 Paris Agreement that our collective approach needs to limit climate change to within a 1.5 degree Celsius global temperature increase by the end of the 21st century. There is scientific consensus among the world's leading climate scientists that limiting human-caused global warming requires reaching net zero CO_2 emissions by 2050 at the latest.

We create and build companies to deliver transformational treatments to patients in areas of high unmet need. As such, we indirectly bear the potential transition and physical risks to which the portfolio companies and other investments are exposed. In addition, we also benefit the most from any potential opportunities which are associated with the transition to a low-carbon economy of which the portfolio companies are able to take advantage.

Listing Rule 9.8.6(R)8 requires premium-listed commercial companies to disclose in their annual report whether they have reported on how climate change affects their business in a manner consistent with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and to provide an explanation if they are unable to do so. Although Syncona is not required to disclose information compliant with Listing Rule 9.8.6(R)8 as per Listing Rule 15.4.29, we are voluntarily providing climate-related financial disclosures consistent with the recommendations and recommended disclosures of the TCFD, including the Additional Guidance, to illustrate our commitment to climate-related issues given their importance to our stakeholders.

In 2020 Syncona undertook a comprehensive materiality review to understand the sustainability issues most material to the business, including environmental impacts and disclosure (see the materiality matrix on page 6 of the Sustainability Report). This materiality assessment followed guidance published by the Global Reporting Initiative (GRI) to assess both the impact of sustainability-related issues on Syncona and its portfolio as well as the importance of sustainability-related issues to the Company's stakeholders. Syncona has reviewed this assessment on an annual basis since 2020, and in 2022, the Syncona team performed a scenario analysis to assess the climate-related physical and transition risks that Syncona might be exposed to and incorporated the results of the analysis into Syncona's sustainability issues matrix. To this end, during FY2023/24 Syncona carried out an internal cross-functional project to review the matrix to ensure it remains reflective of the issues material to Syncona and its portfolio companies. The results of these analyses have led us to believe that our business and the portfolio companies in which we invest are not materially exposed to climate change and that neither the risks nor opportunities (individually or collectively) materially impact our strategy or viability, or financial results, either in the short or longer term. To be clear, we therefore do not expect climate-related issues to materially impact the Company's cash flows, access to finance or cost of capital over the short, medium or long term.

2050

Our aspiration is to become net zero across our full value chain by 2050[1]

We are, however, committed to managing climate-related issues where possible by using our influence to ensure that our portfolio companies are addressing the challenges of climate change – we have chosen to address the climate-related issues in our business within our wider sustainability framework.

At the time of publication Syncona Limited has made climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures in this TCFD summary against:

- Governance (all disclosures)
- Strategy (disclosures (a) and (c))
- Risk management (disclosures (a) and (c))
- Metrics and targets

For Strategy Disclosures (a) and (c), the Company plans to conduct a more robust scenario analysis of its exposure to climate-related physical and transitional risks. In addition, since the Company does not consider climate change to be a principal risk, we have not disclosed information for Strategy Recommended Disclosure (b) (Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning) and Risk Management Recommended Disclosure (b) (Describe the organisation's processes for managing climate-related risks).

1. Following NZAM's guidance our initial focus within our portfolio will be on Scope 1 and 2 emissions and to the extent possible, material portfolio Scope 3 emissions. As data quality and associated methodologies improve for calculating Scope 3 emissions, we may evolve our approach.

PROGRESS THIS YEAR

- SIML became a signatory to the Net Zero Asset Managers (NZAM) initiative in May 2023. Committing to NZAM supports Syncona's aspiration of becoming net zero across our full value chain by 2050[1]. SIML's NZAM target was published post period end in May 2024.
- As part of SIML responsibilities as a signatory to the NZAM initiative, in May 2024 we published an interim target of 100% of Syncona's in-scope strategic portfolio companies to set science-based targets validated by the SBTi by 2030. This equates to 9% of our total AUM (NAV) by value (using NAV as at 31 March 2023), or 23% of our current strategic portfolio by volume (3 out of 13 companies)[1]. In determining which portfolio companies are currently in scope, we took into consideration the recommendations of the SBTi's Private Equity Sector Science-Based Guidance for Venture Capital.
- We have continued to review our current portfolio's emissions – see the emissions reporting detailed on page 57 for FY2023/4 – and will be working with portfolio companies on setting emission-reduction targets aligned with the SBTi's guidance for small and medium-sized enterprises, which includes an expectation for our in-scope portfolio companies to set near-term targets for 2030 across Scope 1 and 2 emissions, and a commitment to reduce Scope 3 emissions.
- In addition, we have actively engaged with new portfolio companies on sustainability matters. For our new strategic portfolio companies, Yellowstone, Forcefield and iOnctura, we are actively engaging with them on sustainability matters, including working with them to put in place policies in line with our expectations and principles (further detail of which can be found within our Responsible Investment Policy).
- We carried out an internal, cross-functional project to review our sustainability materiality matrix to ensure it remains reflective of the issues material to Syncona and its portfolio companies. This review, which included the consideration of existing environmental issues, led to certain risks being repositioned on the matrix, as well as the addition of newly identified issues, more fully described in the Sustainability Report. Movements on the matrix have largely been driven by an increased impact due to the growing maturity of the portfolio, with this including environmental impacts and disclosure where the Syncona team's evaluation has been that there has been a slight increase in risk as more portfolio companies have moved to a later stage and grown their operational footprints. In spite of this we continue to be of the view that environmental risks across the portfolio remain low.

PLANS FOR FY2024/25

- Roll-out of NZAM interim net zero target across the Syncona portfolio.
- In 2025 it will be three years since we first reported against the recommendations of TCFD. To align with best practice we therefore intend to update our climate scenario analysis (beyond the usual desktop review) to ensure it remains fit for purpose.
- Syncona understands that the UK Government intends to integrate TCFD into International Sustainability Standards Board (ISSB) standards. It is our intention to review the related guidance once this is available, and to consider whether any consequential changes to our sustainability approach will be required.
- SIML is an existing signatory to the UN PRI, which includes reporting around sustainability issues, providing our first submission in 2023/4. We expect our first publicly available PRI report to be published during 2024/5. Areas for improvement in processes have been identified following the completion of our first reporting cycle, with these being incorporated into our sustainability priorities moving forward.
- Each change that has been made to our sustainability issues materiality matrix will be subject to a detailed assessment to determine whether changes should be made to our internal processes to reflect the movement. This will include environmental impacts and disclosure.

Governance

Our sustainability governance framework

Governance of climate-related issues is addressed within our wider framework for governance of sustainability issues. The Syncona Limited Board oversees implementation of the Sustainability Policy, including oversight of targets set. The Board also oversees the monitoring of risks arising from sustainability issues (including those that are climate-related) as part of the wider process of monitoring of risk management and internal controls.

SYNCONA LIMITED BOARD

- Approves the Sustainability Policy and Responsible Investment Policy
- Oversees implementation of the Sustainability Policy, including oversight of any targets set
- Considers risks facing the Company from sustainability issues as part of its role in the risk management process
- Oversees monitoring of risks arising from sustainability issues as part of wider process of monitoring of risk management and internal controls

SYNCONA LIMITED AUDIT COMMITTEE

- Reviews scope and effectiveness of internal controls and risk management systems
- Reviews and assesses risks and associated frameworks to manage and mitigate such risks

Reports to on a biannual basis

Reports to on an annual basis

SYNCONA TEAM

LEADERSHIP TEAM

- Overall responsibility for implementation of the Sustainability Policy
- Manages integration of Syncona approach to sustainability across portfolio
- The Head of Corporate Affairs is the designated Leadership Team lead for sustainability

INVESTMENT COMMITTEE

- Implements the Responsible Investment Policy
- Assesses and manages sustainability risks in the portfolio

SUSTAINABILITY COMMITTEE

- Advises on the Sustainability Policy
- Oversees the integration of the Sustainability Policy into the ongoing roles and activities of the investment team and broader business
- Identifies areas where business can improve its approach

The table above sets out our sustainability governance structure, which includes climate-related issues. Given our judgement that climate-related risks do not represent a material risk to our business, they are addressed as part of our wider consideration of sustainability issues and not separately.

The table describes the main areas where the Board considers sustainability issues. Syncona is an investment company and, as further described in the Corporate governance report on pages 74 to 77, the Board is not directly involved in management of the investment portfolio, which is delegated to the Syncona team.

Within the Syncona team, the Sustainability Committee acts as a cross-functional group to coordinate the implementation of our sustainability policies, horizon-scan for sustainability developments or changes in risks, and support and advise the business on sustainability issues, including climate-related issues. In addition, the Sustainability Committee carries out, on an annual basis, a desktop climate scenario analysis, pursuant to which review of emerging regulation impacting upon portfolio companies is considered.

The Terms of Reference for the Sustainability Committee provide that it must comprise at least one member of the Leadership Team. The Terms of Reference for the Sustainability Committee are reviewed on a regular basis to ensure they are appropriate in the context of the business of Syncona. See our Sustainability Report for further information on the Committee.

A key focus for the Sustainability Committee this year has been to include additional companies in the group from which it directly gathers environmental data, as well as carrying out extensive preparatory work in advance of SIML signing up to NZAM. The Committee has also led a desktop review of our climate-related risks and opportunities under a number of scenarios (see overleaf).

The Sustainability Committee is also responsible for coordinating reporting through the Leadership Team and onwards to the Board. Regular reporting covers our progress against the commitments in our policy and targets and KPIs, including climate-related targets. The Board also receives reports on the results of the desktop climate scenario analysis that was carried out and the risks to the business.

Strategy

Our business is focused on a single investment strategy in a single industry of pre-revenue generating life science investments which are predominantly concentrated in the UK, Western Europe and the US. See pages 22 to 25 for further information on our strategy and investment process.

In FY2021/2 we undertook a climate scenario analysis with support from Avieco (now Accenture), an external consulting firm, to consider the potential impact that certain physical and transitional climate-related risks and opportunities could have on our business and portfolio companies, in a range of different climate scenarios and on a short, medium and long-term time horizon. This work drew on support across the business and from our portfolio companies.

This year, as part of standard process, the Sustainability Committee conducted a desktop review of the FY2021/2 climate scenario analysis, including a horizon-scanning exercise for any new potential risks and opportunities, building on the work done with Accenture, as reviewed against last year's analysis. The Sustainability Committee reviewed the specific climate scenarios and time horizons that were selected for FY2021/2. It was concluded that the scenarios are still internally consistent, logical and based on explicit assumptions and constraints that present plausible future development paths. Indeed, no new or further risks or opportunities were identified this year and the Sustainability Committee concluded that the climate scenario analysis remained representative of the risks and opportunities faced by our business.

Climate scenarios

To analyse potential impact we selected three climate scenarios from the Network for Greening the Financial System: 'Net Zero 2050' (which assumes orderly progress towards net zero in 2050 and is aligned with the 2015 Paris Agreement scenario of 1.5 degrees Celsius), 'Divergent Net Zero' (which also assumes that net zero is reached by 2050, but with a much less orderly path to it and therefore higher transition costs) and 'Current Policies' (which assumes a 3 degrees Celsius or greater increase in global temperatures from baseline). We believe that these scenarios reflect a core range of potential outcomes that allow us to analyse impacts on our business.

Time horizons

For the purpose of this exercise, and acknowledging that climate-related issues tend to manifest themselves over the medium to long term, we have characterised our short, medium and long-term time horizons as 0-5 years, 5-15 years and 15-30 years respectively. We believe these are reflective of the lifecycle of the portfolio companies that we invest in; company creation and drug development can take between 10-15 years and a granted patent for a therapy could last for around 20 years.

At this time we have not identified any specific long-term climate related risks within our portfolio companies. We will, however, keep the risk landscape under review as our companies mature and develop and the regulatory landscape evolves.

Risk evaluation

Through the risk identification process, we identified four potential risks and one potential opportunity for evaluation by the business. As an investment business, materiality is principally driven by the impact on the value of our portfolio companies, and our ability and the cost of accessing capital to deliver our strategy. Given the dynamic nature of our portfolio (see below) and the data available, our assessment was qualitative rather than driven by specific financial thresholds.

We assessed the potential impact on our business and likelihood of such risk or opportunity occurring for each time horizon and climate scenario in order to determine a numerical score of potential materiality on our business. Physical risks were assessed taking account of physical locations of facilities and desktop analysis of supply chains (principally of our portfolio companies), combined with publicly available data on vulnerability of different locations/logistics routes, and the value of our investment in each portfolio company. We also sought to consider the likely evolution of the businesses of our companies, though that is challenging both because our companies typically change significantly as they proceed through clinical development, and also because our portfolio is itself dynamic and subject to change. We assessed the transition risks by analysing internal data and publicly available data to look at the impact of sustainability factors on cost of capital.

We only operate in a single sector and so sectoral analysis was not relevant to us. Geographic variations were taken into account in respect of physical risks as described above, but given the dynamic nature of our portfolio our overall assessment was carried out on a global basis.

Resilience of the Company's strategy to climate change

As revealed by the review of the Company's climate scenario analysis, the Company has not identified a material risk or opportunity resulting from climate change in the short to medium term. Therefore it remains our view that neither the risks nor opportunities (individually or collectively) materially impact our strategy or viability, or financial results, either in the short or longer term. Accordingly, we do not consider there should be any impact to our financial results. However, due to the dynamic nature of climate change and its impacts, we intend to keep the risks and opportunities under review. For that reason, climate-related issues are not a material input in our planning, but we take account of the identified mitigation actions where relevant.

Should climate-related risks arise, Syncona has a range of processes in place to manage identified climate change impacts as detailed below. The Company has committed to a net zero ambition across its full value chain by 2050[1] and will continue to transparently report progress moving forward on an annual basis within the Company's TCFD disclosures and Sustainability Report.

DESCRIPTION OF RISK OR OPPORTUNITY	IMPACT ON OUR BUSINESS AND OUR RESPONSE	SCENARIO WHERE THIS HAS HIGHEST IMPACT	TIME HORIZON
Extreme weather events (physical): climate change could disrupt portfolio company manufacturing and other facilities, as a result of storms, flooding etc.	Low impact given the relatively small footprint of our portfolio companies, which are typically in clinical development. However, we can recommend mitigation through site choice and physical mitigation steps.	Current Policies	Medium term: 5–15 years
Logistics and supply chain disruption (physical): climate change could cause chronic and acute upstream and downstream disruption to portfolio companies using supply chains and transport links as a result of rising sea levels, hurricanes and other weather events, particularly as they move towards larger clinical trials and manufacturing products.	Low impact currently though may increase in the future as companies develop. Mitigation actions could include recommending that climate-related risks are integrated into supply chain management and resilience assessments.	Current Policies	Medium term: 5–15 years
Impact of not achieving net zero (transitional): there could be increased costs or negative business impacts (such as increased stewardship from investors or voting action) associated with achieving net zero in a short timeframe for both Syncona and its portfolio companies.	Low impact given we have set our interim net zero target, as part of SIML signing up to the NZAM initiative, and are working towards rolling out this net zero strategy to our in-scope portfolio companies.	Divergent Net Zero	Short term: 0–5 years
Increased cost of capital (transitional): Syncona may face increased costs of capital or be constrained in raising capital in the public market if investors perceive us as high risk from a climate perspective.	Low impact due to our low emissions and our wider sustainability focus. Mitigation could include providing further sustainability data reporting (which is already being implemented), aligned with emerging global standards on sustainability issues, to seek to maintain investor confidence in our approach to these issues.	Divergent Net Zero	Medium term: 5–15 years
Opportunity to address new health issues (products and services): for example, climate change may result in an increase in melanoma and respiratory issues.	Low impact and not a current focus for our business. We typically seek to build stand-alone biotech companies that have the ability to take products to market, and believe it is less likely there will be relevant opportunities on this business model. However, we will keep this on our radar.	Current Policies	Medium term: 5–15 years

Risk management

Identification of climate-related risks	Assessment of climate-related risks	Management of climate-related risks
– Detailed identification exercise as part of climate scenario analysis in FY2021/2. – Ongoing horizon scanning of sustainability issues by Sustainability Committee.	– Scenario analysis by Sustainability Committee.	– Within the Syncona team, managed by Investment Committee and Leadership Team as part of wider management of sustainability issues. – Feeds into wider risk management process overseen by Audit Committee and Board.

As described above, during the year the Sustainability Committee carried out a desktop review of the climate scenario analysis that was supported by Avieco in FY2021/2, including a horizon-scanning exercise to determine whether there were any new potential risks or opportunities that were relevant to our business. We concluded that none of these risks (individually or collectively) materially impact our strategy or viability, or financial results, either in the short or longer term, and accordingly climate-related risks have not been included as a principal risk of the business, nor are they seen to be more than a low risk on our sustainability issues matrix relative to other sustainability issues.

Accordingly, we address risk management of climate-related risks alongside other sustainability issues and as part of our wider risk management process. Within the Syncona team, the Sustainability Committee takes a lead on horizon-scanning for sustainability developments or changes in risks, including climate-related issues. This then acts as an input into the wider risk management process, both within the Syncona team and at Board and Audit Committee, as set out in the risk management section of this Annual Report on pages 62 to 65.

As we have done this year, we expect that the Sustainability Committee will continue to keep the scenario analysis under review, with external support where this is helpful. We will continue to monitor climate-related risks and should any of these become a material or principal risk, we will embed these within our existing risk management processes.

The Investment Committee is responsible for considering sustainability issues in Syncona investment transactions. Once an investment is made, the investment team is responsible for encouraging the portfolio company to meet our sustainability requirements (as set out in our Responsible Investment Policy) and, where reasonably possible, this is captured in the investment agreements. The investment team member responsible for a portfolio company then provides a progress report to the team's quarterly review meeting where the entire investment team carries out an in-depth review of all portfolio companies. Further details of how we engage with our portfolio companies are set out in the responsible investor and partner section of our Sustainability Report, on pages 18 to 25, available on our website.

The Leadership Team is responsible for considering sustainability issues within Syncona's own business and operations.

Metrics and targets

As mentioned above, as we believe that climate-related risks do not represent a material risk to our business, we have taken a proportionate approach in our reporting. We therefore use the metrics and targets described within this section to assess and manage risks and opportunities that may become material to the business.

Metrics applicable to Syncona and our portfolio companies

- Our principal metric is our carbon footprint. We have included full carbon footprint reporting, incorporating both Syncona operations and our portfolio on page 34 of the Sustainability Report. The environmental pages of our Annual Report also include our full SECR reporting, which provides details of our emissions at an operational level.
- The number of portfolio companies who directly provide us with environmental data.
- Our progress in delivering our sustainability policies, including those relating to climate, and these form an element of annual performance reviews for individual Syncona team members which impacts on the discretionary bonus for the Syncona team.

We have considered other cross-industry climate-related metrics and targets as detailed in the TCFD Additional Guidance, including reporting on weighted average carbon intensity and carbon price. We do not believe that such metrics and targets are appropriate or meaningful for our business at this stage given our single investment strategy focused on pre-revenue single industry businesses, however we continue to keep these under review. In addition, climate-related considerations are not considered when setting the performance objectives for the Board's remuneration as it is not considered a material risk or opportunity.

Targets applicable to Syncona and our portfolio companies and our transition plans

As stated above, it is our ambition to be net zero throughout our full value chain (including our portfolio companies) by 2050.

The majority of our climate impact is within our investment portfolio and, as part of SIML becoming a signatory to NZAM, we have set a clear interim target for 2030, which states that 100% of our in-scope portfolio companies will set science-based targets validated by the SBTi by 2030. This equates to 9% of our total AUM (NAV) by value (using NAV as at 31 March 2023), or 23% of our current strategic portfolio by volume (3 out of 13 companies)[1]. We believe this approach in building out our coverage boundary means our interim targets are materially consistent with the 50% global reduction in CO_2 identified as a requirement in the IPCC special report on global warming of 1.5°C.

We are now in the process of preparing a formal transition plan to be rolled out to in-scope companies, which will support them in reducing their carbon emissions where possible, particularly in relation to electricity supply. Syncona's own operations are of a relative low intensity with a 100% renewable energy supply provided to our office via green energy tariffs.

For our portfolio companies, while we are long-term investors, the nature of our investments means that the period from today to either 2030 or 2050 is likely to see significant change in our investment portfolio, as companies succeed or fail, and enter or leave the portfolio. We continue to remain focused on developing a meaningful transition plan that accommodates that change in a proportionate way, and we are considering what processes are most appropriate.

1. Following NZAM's guidance our initial focus within our portfolio will be on Scope 1 and 2 emissions and to the extent possible, material portfolio Scope 3 emissions. As data quality and associated methodologies improve for calculating Scope 3 emissions, we may evolve our approach.

Understanding and managing risk is at the core of everything we do

Our strategy of creating, building and scaling a portfolio of companies, and turning exceptional science into transformational treatments, involves significant risk and opportunity.

We create and build leading life science companies. We invest in many of these companies prior to clinical proof of concept, and build and scale them through scientific and operational development, clinical trials, approval and potentially commercialisation. This involves high execution risk given the nature of drug discovery, requiring significant capital from us or third-party investors. It is therefore key to our business that our risk appetite is clearly defined and that we have robust processes to manage risk. The Board is willing to accept a level of risk in managing our business to achieve our strategic goals, where the risk can be managed, and offers a sufficient risk/reward balance.

Our risk management framework enables the business to protect value, helping us to identify opportunities and minimise threats to the delivery of our strategic and operational objectives.

The framework is designed to ensure that existing or emerging risks are identified, assessed and managed, and are reported to relevant stakeholders in a timely manner to inform and support decision-making. This process has been in place for the year under review and up to the date of approval of the Annual Report and Accounts. Our process aims to mitigate the significant risks faced by Syncona in accordance with our risk appetite. It is recognised that no risk management process can provide absolute assurance against material misstatement and loss.

At the Board meeting in March 2024, the Board completed its year-end assessment of risks. This followed the Audit Committee's formal assessment of risk and internal controls in February 2024, which was supported by a detailed risk assessment by the Syncona Leadership Team. The Board believes that it has taken all reasonable steps to satisfy itself that the risk management process is effective and fit for purpose. No material control weaknesses or deficiencies were identified as part of this review.

Our governance framework for risk

SYNCONA LIMITED BOARD

- Oversees the process
- Defines risk appetite
- Ensures a robust assessment of principal risks
- Considers key strategic risks and potential emerging or future risks
- Receives quarterly risk reports
- Approves the viability statement

SYNCONA LIMITED AUDIT COMMITTEE

- Oversees and monitors the risk framework
- Reviews risk register to ensure it properly captures the principal risks identified by the Board
- Oversees the framework for identifying risks (including emerging risks)
- Reviews the ongoing operation and effectiveness of our control environment to manage the principal risks faced
- Oversees the implementation of agreed actions by the SIML team

SIML BOARD SUPPORTED BY THE SYNCONA LEADERSHIP TEAM

- Responsible for the day-to-day operations of the risk management framework
- Designs the systems
- Reviews the risks each quarter
- Monitors, implements and updates controls and mitigations
- Reviews the quarterly risk reports

RISK REPORT | RISK REGISTER

ACTIVE DAY-TO-DAY MANAGEMENT

INVESTMENT COMMITTEE
- Approves investment transactions taking account of key risks identified
- Assesses plans to manage risks in the portfolio
- Oversees capital allocation across the portfolio
- Oversees portfolio diversification

VALUATION COMMITTEE
- Approves the valuation of the life science investments

SUSTAINABILITY COMMITTEE
- Oversees integration of Sustainability Policy into ongoing roles and activities of the investment team and broader business
- Horizon-scanning for changes to sustainability risks

QUARTERLY BUSINESS REVIEWS
- Review progress of each life science portfolio company each quarter
- Assess progress in managing key risks to investment case

PORTFOLIO EXECUTION MEETINGS
- Oversee actions identified at quarterly business reviews and drive their execution
- Oversee progress of life science portfolio companies between quarterly business reviews
- Manage execution risks and develop solutions

LEADERSHIP TEAM MEETINGS
- Responsible for execution of strategy
- Responsible for day-to-day operation and oversight of the risk framework and implementation of any actions
- Responsible for people matters and recruitment within Syncona

CAPITAL AND LIQUIDITY MEETINGS
- Review capital position against key measures and requirements
- Monitors and assess potential capital sources and availability
- Monitors execution of initiatives to access or return capital, as appropriate

LIQUIDITY MANAGEMENT COMMITTEE
- Approves investment of the capital pool in line with agreed parameters
- Monitors macro environment

GOVERNANCE FRAMEWORK FOR RISK

Our governance framework for risk is set out on the previous page. The Board owns the process, ensures a robust assessment of principal risks and defines risk appetite. Under delegation from the Board, the Audit Committee oversees and monitors the risk framework, and assesses the ongoing operation and effectiveness of our internal control environment to manage the principal risks we face. This review process provides a focus to drive continuous improvement in our risk processes.

The Syncona team is responsible for the day-to-day operation of the risk framework and implementation of any actions. Different groups, including the Investment Committee, Valuation Committee, Liquidity Management Committee and Sustainability Committee, together with the investment team through regular meetings and quarterly business reviews, identify new risks, and input into different risks, and these are then collated into the risk register and reported to the Board and Audit Committee.

PRINCIPAL RISKS

Not all the risks identified as part of our risk management processes are considered to be principal risks. The principal risks reported in the following section are those risks that the Board believes to be the most important and which could cause Syncona's results to differ materially from expected or historical results, or to significantly impact our strategy. Not all of these risks are within the control of Syncona and other factors besides those listed may affect Syncona's performance. As with all businesses operating in a dynamic environment, some risks may not yet be known whilst other low-level risks could become material in the future. All risks are given a risk score based on impact if it were to occur and likelihood of occurrence, and this is monitored throughout the year. In addition, each risk is assigned a risk appetite that the Board is willing to accept. The correlation between the risk score and risk appetite for each risk is also monitored throughout the year.

Emerging risks

Emerging risks are new risks which have the potential to crystallise at some point in the future but are unlikely to impact the business during the next year. The potential future impact of such risks is often more uncertain.

They may begin to evolve rapidly or simply not materialise. We monitor our business activities and external and internal environments for new, emerging and changes to risks, ensuring that these are managed appropriately. This process is fully embedded within the overall risk management framework.

Some of the emerging risks that have been identified and are currently being monitored are:

- Geopolitical uncertainty
- Potential implementation of price controls in the US
- Sustainability issues, including their potential impact on syndications
- Legal and regulatory changes, including changes to tax rules
- Competitive landscape, including people and technology
- Changes to the UK bioscience research environment

Risk appetite

The Board is willing to accept a level of risk in managing our business to achieve our strategic goals, and where the risk can be managed and offers a sufficient risk/reward balance. As part of the risk framework, the Board sets the risk appetite in relation to each of the principal risks, and monitors the actual risk against that. Where a risk is approaching or is outside the target risk, the Board considers the actions being taken to manage the risk.

Our risk appetite is set out in the table on page 65 with a brief description of the rationale in each case.

HOW OUR RISKS HAVE EVOLVED SINCE THE 2023 ANNUAL REPORT

We manage and monitor risks on an ongoing basis, and robustly challenge our assessment of the impact and likelihood of each risk to ensure that we are applying the appropriate amount of focus.

The heatmap and table on pages 64 and 65 show the year-on-year changes in the risk profile of each principal risk.

We have seen an increase in the risk profile of 'Not having capital to invest'.

This movement is primarily driven by the ongoing challenging macroeconomic environment we are operating in. Whilst the overall risk profile for 'Concentration risk and binary outcomes' has not changed, we have reduced the impact, and increased the likelihood to reflect the maturing portfolio. In addition, the risk profile for 'Private/public markets don't value or fund our companies when we wish to access them' has not changed, however we have increased the impact, and decreased the likelihood, of this risk. The increased impact is driven by the ongoing challenging macroeconomic environment, however we are starting to see the funding environment, especially for later-stage assets, open up slightly and have therefore reduced the likelihood.

We have also seen a decrease in the risk profile of 'Reliance on small Syncona team' and 'Unable to build high-quality team/team culture'. During the year we have continued to build out the investment team and the Executive Partner group, including a number of senior hires. There has been further recruitment into these teams which, added to the changes made in the previous year and the completion of the CEO transition, provides us with a deeper and stronger team. As the team becomes fully embedded into the organisation during the coming year this risk level will reduce further. The strengthened team also helps us attract key talent reducing the risk profile for 'Unable to build high-quality team/team culture'.

Two of our risks currently have risk profiles that sit above the risk appetite set by the Board. These risks, 'Not having capital to invest' and 'Private/public markets don't value or fund our companies when we wish to access them' are inherently linked to the impact the current macroeconomic situation is having on the funding environment for early-stage life sciences. We are actively working to mitigate these risks but recognise that the risk profile is currently higher than we would like.

The following pages provide more detail on what has happened during the year in relation to each principal risk.

Our risk heatmap

The heatmap below shows our assessment of the potential likelihood and impact of each of our identified principal risks and how this has changed.

More detail of the changes and what we have done to address them is shown on pages 66 to 71.

> During the year the Committee carried out a review of the Company's principal risks, taking account of changes to the internal and external environment, including economic uncertainty, inflation, the impact of the rise in interest rates, access to capital at portfolio company and Group level, capital markets volatility, and the current political situation including conflicts in Ukraine and the Middle East."

ROB HUTCHINSON
CHAIR OF THE AUDIT COMMITTEE

PORTFOLIO COMPANIES

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

ACCESS TO CAPITAL

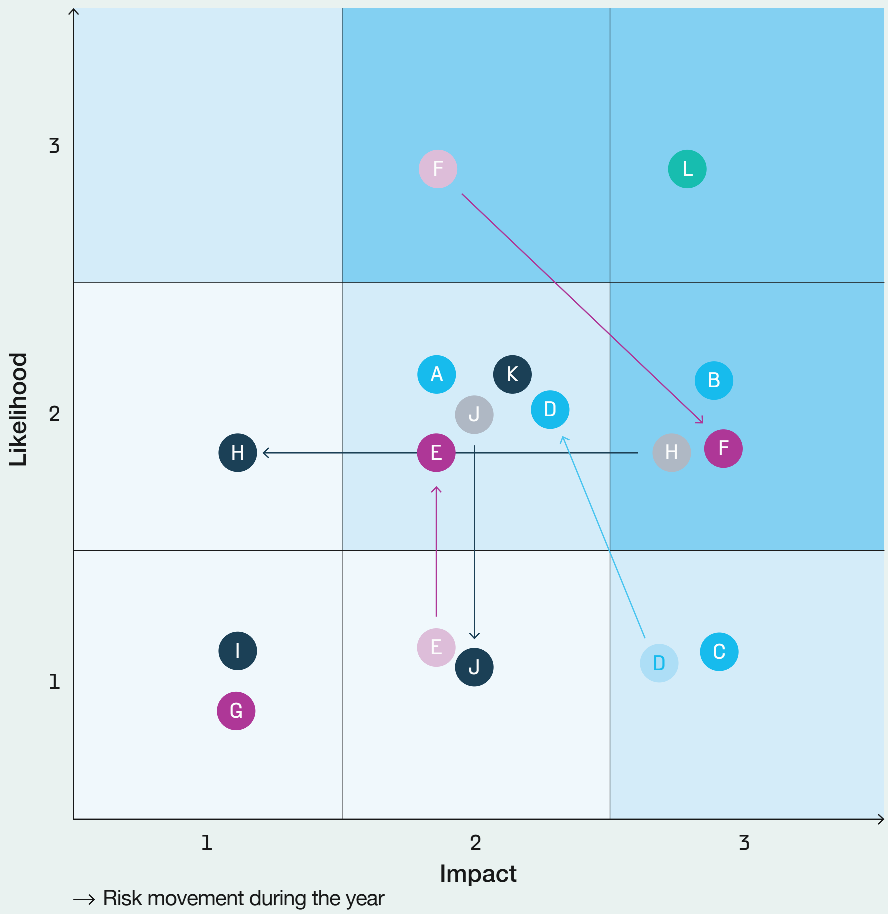
- **E** **Not having capital to invest**
- **F** **Private/public markets don't value or fund our companies when we wish to access them**
- **G** **Capital pool losses or illiquidity**

PEOPLE

- **H** **Reliance on small Syncona team**
- **I** **Systems and controls failures**
- **J** **Unable to build high-quality team/ team culture**
- **K** **Unable to execute business plans**

MACROECONOMIC ENVIRONMENT

- **L** **Macroeconomic environment has a negative impact on sentiment for portfolio companies and Syncona business model**



The table below shows the year-on-year changes in the risk profile, the risk appetite and rationale and the strategic drivers for each risk. More detail of the changes and what we have done to address them is shown on pages 66 to 71.

OUR STRATEGIC DRIVERS	YEAR-ON-YEAR CHANGE
1 CREATE	⊖ Unchanged
2 BUILD	↑ Increased
3 SCALE	↓ Decreased

	Relevant strategic drivers	Risk profile year-on-year change	Appetite	Risk profile equal or lower than risk appetite	Appetite rationale
PORTFOLIO COMPANIES					
A **Scientific theses fail**	1 2 3	⊖	Medium	✓	These risks are core to our business model, but we seek to de-risk them as far as possible at an early stage when the value at risk is typically lower.
B **Clinical development doesn't deliver a commercially viable product**	1 2 3	⊖	High	✓	These risks are core to our business model; while we manage these intensely, the stage of development is typically capital-intensive and requires significant funding.
C **Portfolio concentration risk to platform technology**	1 2	⊖	Medium	✓	Strong domain expertise is core to our business model. While systemic issues could potentially have a major impact, we believe our deep understanding significantly mitigates the risk that these arise.
D **Concentration risk and binary outcomes**	1 2 3	⊖	Medium	✓	We want to minimise this risk but recognise the challenges of a portfolio with significant value and risk in each investment.
ACCESS TO CAPITAL					
E **Not having capital to invest**	2 3	↑	Low	✗	We want to minimise this risk, although balance that with the cost of holding capital to achieve this.
F **Private/public markets don't value or fund our companies when we wish to access them**	2 3	⊖	Medium	✗	We are exposed to this risk when we need to bring in third-party capital, but manage it particularly through our wider access to capital.
G **Capital pool losses or illiquidity**	1 2 3	⊖	Low	✓	We manage the capital pool to limit the likelihood of loss (absolute or real value).
PEOPLE					
H **Reliance on small Syncona team**	1 2 3	↓	Low	✓	We want to minimise this risk but recognise the constraints of our small, focused team and model.
I **Systems and controls failures**	1 2 3	⊖	Averse	✓	Our aim is to eliminate the risk of control failures as far as possible and to actively manage any residual risks.
J **Unable to build high-quality team/team culture**	1 2 3	↓	Low	✓	We want to minimise this risk but recognise the challenges of recruiting and integrating global high-quality staff with highly specialised skills.
K **Unable to execute business plans**	1 2 3	⊖	Medium	✓	We want to minimise this risk but recognise many external factors may impact the execution of business plans.
MACROECONOMIC ENVIRONMENT					
L **Macroeconomic environment has a negative impact on sentiment for portfolio companies and Syncona business model**	2 3	⊖	N/A	✓	We have no ability to influence the macroeconomic environment, however we ensure we monitor and prepare appropriately and actively manage the risks above relative to the environment.

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

Portfolio company risks

A Scientific theses fail

We invest in scientific ideas that we believe have the potential to be treatments for a range of diseases, but where there may be no or little substantial evidence of clinical effectiveness or ability to deliver the technology in a commercially viable way. Material capital may need to be invested to resolve these uncertainties.

Relevant strategic drivers

1 2 3

Year-on-year change

–

Impacts

– Financial loss and reputational impact from failure of investment.

Key controls

– Extensive due diligence process, resulting in identification of key risks and clear operational plan to mitigate these.
– Tranching of investment to minimise capital exposed until key de-risking steps are completed (particularly fundamental biological uncertainty). Consideration of syndicating investments.
– Syncona team works closely with new companies to ensure focus on key risks and high-quality operational build-out. Team members may take operating roles where appropriate.
– Robust oversight by Syncona team, including formal review at our quarterly business review and ongoing monitoring through Board roles.
– Investment process focused on differentiated science and pathway to clinic and end market.
– Early advisory team input brings in specialist advice from the beginning.

What has happened in the year?

– The investment team and the Executive Partner group have been built out further with the addition of John Tsai, Kenneth Galbraith and Roel Bulthuis. This group has provided specialist support and advice throughout the year.
– Where required, members of the Executive Partner group and the investment team have taken on secondments at our portfolio companies and/or taken a Board position to provide more hands-on support.
– The support provided by Syncona's launch team to our early-stage companies enabled better portfolio company management and gave Syncona increased ability to focus on the scientific theses.
– Syncona has continued to seek to de-risk scientific theses in our early-stage companies and to diversify its portfolio while maintaining concentrated ownership and significant influence.
– We have prioritised capital towards assets that can deliver clinical data in the near term. Alongside this, Syncona has also worked with its portfolio companies to widen financing syndicates, streamline pipelines and budgets, and explored creative financing solutions and consolidations.
– Our investment in a late-stage company, iOnctura, during the year has lower risk of scientific thesis failure due to the stage of development the company is at, however late-stage companies do potentially require higher capital commitments.

B Clinical development doesn't deliver a commercially viable product

Success for our companies depends on delivering a commercially viable target product profile through clinical development. This can be affected by trial data not showing required efficacy or adverse safety events. It can also be affected by progress of competitors, IP rights, the company's ability to gain regulatory approval for and credibly market the product, potential pricing and ability to manufacture cost-effectively.

Relevant strategic drivers

1 2 3

Year-on-year change

–

Impacts

– Material impact on valuation, given capital required to take products through clinical development.
– Material harm to one or more individuals, and potential reputational issues for Syncona.

Key controls

– Build products in areas with significant unmet need and that show substantial and differentiated efficacy.
– Focus, oversight and support from the Syncona team on recruiting dedicated specialist clinical teams in each portfolio company.
– Investment process considers strength of IP or regulatory exclusivity protection and this is then operationalised by each company.
– Investment process considers manufacturing as a key issue from inception of each company, rather than leaving to later stage.
– Company business plans seek to have platform technologies to lead to more than one product, in different indications, so that failure in one does not damage all value of company.
– At portfolio level, building a portfolio with multiple companies at clinical/later stages, to enable us to absorb failures.
– Clinical trials policy requires reporting of significant trial issues to Syncona team and to Board in serious cases.
– Business model focuses on unmet needs and differentiated outcomes.
– Executive Partner group brings specialist insight early to process to try and identify and de-risk potential issues.

What has happened in the year?

– Portfolio of 13 companies with five at clinical stage, including two late-stage clinical.
– 15 clinical data readouts in the period including positive data published from two late-stage companies, Autolus and Beacon, and initial data from Anaveon for its clinical stage asset (ANV419) resulting in a pivot to a next generation pre-clinical stage asset (ANV600) as the lead programme.
– 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).
– Significant Syncona team involvement in senior clinical hires at our portfolio companies ensured the appropriate clinical development skills were put in place.
– Clinical and regulatory experience provided from within team by the Executive Partner group, further strengthened this year with the recruitment of John Tsai.
– Syncona team members carefully monitor portfolio company pipeline data and take prompt action when not tracking to target product profile.

C Portfolio concentration risk to platform technology

The Syncona team brings strong domain experience in cell and gene therapy, and a substantial part of the portfolio is in these areas. Systemic issues (whether scientific, clinical, regulatory or commercial) may emerge that affect these technologies.

Relevant strategic drivers

1 2

Year-on-year change

–

Impacts

– Material impact on valuation.
– Impact on reputation of Syncona resulting from failure of technology we are strongly identified with.

Key controls

– Team pays close attention to scientific, clinical, regulatory or commercial developments in the field.
– Where there are genuine risks, these are identified and managed through diligence and investment process.
– Various risks are identified and concentration is avoided where systemic.

What has happened in the year?

– Ongoing monitoring of developments in cell and gene therapy.
– Syncona continues to invest across a wide range of modalities and therefore we adopt multiple approaches alongside increasing portfolio target sizes which reduces the potential impact of the risk.

D Concentration risk and binary outcomes

The Company's investment strategy is to invest in a concentrated portfolio of early-stage life science businesses where it is necessary to accept very significant and often binary risks. It is expected that some things will succeed (and potentially result in substantial returns) but others will fail (potentially resulting in substantial loss of value). This is likely to result in a volatile return profile.

Relevant strategic drivers

1 2 3

Year-on-year change

–

Impacts

– Loss of shareholder support, potentially reducing ability to raise new equity when required.
– Shareholder activism, leading to strategy change that delivers sub-optimal outcomes.
– Reputation risk from perceived failure of business model.

Key controls

– The Board provides strong oversight drawing on a range of relevant experience, including life science, FTSE and investment company expertise. The Board has clear understanding of strategy and risk.
– Transparent communication from Syncona team to Board about portfolio opportunities and risks including upside and downside valuation cases.
– Clear communication to shareholders of the opportunities and risks of the strategy. Provide information to shareholders about portfolio companies to assist them in understanding portfolio value and risks.
– Building diversified portfolio with multiple companies and products at clinical/later stages. Consideration of syndicating investments.
– Willing to sell investments at/above fair value, prior to approval, which the cadence of the model naturally diversifies, mitigating binary risks.

What has happened in the year?

– This is an inherent risk due to the nature of the business model, and there has been increased focus on the portfolio view during the year to try to mitigate this risk where possible; as the portfolio matures this risk decreases.
– Our focus on allocating capital to clinical opportunities across the portfolio and assets that are approaching clinical entry means there are now more companies approaching key value inflection points, which are potentially binary outcomes. By focusing our capital deployment we aim to mitigate the downside risks and maximise the potential to benefit from value growth.
– There is continued focus on clinical stage opportunities to add to our maturing portfolio and drive nearer-term growth. Two of the new companies invested in during the year are in oncology in different modalities; with one an early-stage opportunity and the second a clinical stage company.
– 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), reflected in increased value of our holding in Autolus.
– Initial data from Anaveon for its clinical stage asset (ANV419) resulted in a pivot to a next generation pre-clinical stage asset (ANV600) as the lead programme; in addition Novartis decided during the year to discontinue the development of GT005, acquired in the Gyroscope acquisition. Each of these led to a write-down of value.

Access to capital

E Not having capital to invest

Early-stage life science businesses are very capital intensive, and delivering our strategy will require us to have access to substantial capital.

Relevant strategic drivers

2 3

Year-on-year change

↑

Impacts

- Dilution of stake in portfolio companies with loss of potential upside.
- Loss of control of portfolio companies resulting in poorer strategic execution.
- Inability for portfolio companies to deliver their business plans due to financing constraints.

Key controls

- Syncona team monitoring capital allocation on an ongoing basis with a three-year forward outlook, with transparent reporting to the Board.
- Seek to maintain sufficient liquidity to fund all companies with emerging and definitive data to their next key milestone.
- Ongoing consideration of options for managing liquidity and the various sources available, ensuring the appropriate balance between liquidity risk and return on life science investments.
- Maximise potential to raise new equity through developing institutional shareholder base.
- Ongoing consideration of alternative or additional capital raising structures (e.g. sidecar funds).
- Ongoing consideration of syndication strategy at portfolio company level, to maximise value and minimise dilution when external capital is brought in.
- Ongoing consideration of potential options to manage liquidity from our life science assets, including exit opportunities.

What has happened in the year?

- The macroeconomic environment continued to pose challenges to syndication or raising capital for early-stage companies on the public markets, which led us to increase the likelihood of this risk occurring. However, we see clear signs of change, with greater differentiation based on the stage and progress of each individual portfolio company; we believe that as the markets improve, the risk profile will decrease. We continued to work closely alongside our portfolio companies as they sought to raise capital.
- Syncona's strong balance sheet continued to be a key mitigation of this risk and has enabled us to support our portfolio companies, subject to ensuring our capital deployment is focused on assets with the highest potential.
- During the year Autolus and Quell each entered into strategic collaborations with BioNTech and AstraZeneca, respectively, demonstrating the potential for creative financing solutions to support our portfolio companies' funding needs.
- Syncona has sought to ensure portfolio company budgets are streamlined and focused on delivery of key milestones.
- Where appropriate Syncona continues to focus on widening financing syndicates and exploring creative financing options for portfolio companies.
- Syncona also continues to evaluate options for alternative or additional capital raising structures (e.g. sidecar funds).

F Private/public markets don't value or fund our companies when we wish to access them

Our capital allocation strategy includes considering bringing third-party capital into our portfolio companies, at the right stage of development. In addition we may consider exit opportunities either on the public markets or through private sales.

Relevant strategic drivers

2 3

Year-on-year change

–

Impacts

- Syncona is required to invest further capital, leading to greater exposure to individual companies than desired and less ability to support other companies.
- Inability for portfolio companies to deliver their business plans due to financing constraints.
- Exit opportunities may be less attractive, with impact on availability of capital.
- Reputation risk from failed transactions.

Key controls

- Maintain access to significant capital, to reduce risk of being forced to syndicate/forced seller.
- Focus, oversight and support from the Syncona team on financing plan for each company, with support to the company to develop its financing story at an early stage.

What has happened in the year?

- Macroeconomic headwinds have continued to impact sentiment in the biotech sector, with particular impact on public markets for early-stage biotech companies.
- Additional scenario planning and modelling has been implemented during the year to ensure we monitor our ability to invest at a higher than planned level into companies if necessary.
- We have provided significant support to our companies which are in the process of or will soon need to be raising capital.
- Continuous internal review of the capital landscape and potential sources of capital and the timing of capital required.
- Due to the challenging syndication environment experienced throughout the year, there has been increased focus on funding structures, particularly around seed funding and tranching, to manage financing and progression towards de-risking. In addition Syncona has provided convertible loans to some of the portfolio companies to support them to reach milestones which have the potential of enabling capital access and key value inflection points which have the potential of delivering significant NAV growth.

G Capital pool losses or illiquidity

The capital pool is exposed to the risk of loss or illiquidity.

Relevant strategic drivers

1 2 3

Year-on-year change

Impacts

- Loss of capital (or reduction in the value of capital due to inflation).
- Inability to finance life science investments.
- Reputation risk from losses in non-core area.
- Counterparty bank or fund fails and we are unable to recover the money held by them.

Key controls

- Protection against risk and illiquidity are key characteristics; return is a secondary consideration.
- Risk parameters monitored monthly by Syncona team, with enhanced review on a quarterly basis.
- External adviser (Barnett Waddingham) engaged to carry out quarterly and annual reviews of capital pool against chosen parameters.
- Cash balances are held at multiple investment grade or equivalent banks and limited to three months' forward funding requirements.
- Near-term funding is held in UK and US treasuries.
- Longer-term funding is held across multiple fund managers with strict investment concentration limits, daily liquidity funds, and either investment grade or strict low volatility limits to minimise credit risk.
- Currently higher risk due to strategy to mitigate impact of inflation. Investments made within defined risk volatility limits. Use of external advisers, two fund managers with differentiated strategies, performance reviewed and monitored by the Liquidity Management Committee and external adviser (Barnett Waddingham).

What has happened in the year?

- Continued active management of the capital pool through the Liquidity Management Committee, reporting on a quarterly basis to the SIML and Syncona Limited Boards, supported by external advisers Barnett Waddingham.
- Risk is being managed through a tiered approach to investment, and liquidity and return are managed within defined volatility and concentration limits.
- Our external advisers support us in evaluating the markets and providers and funds are spread across multiple banks, government bonds and two fund managers with differentiated investment strategies.
- Consideration is also being given to the structure of the capital pool given the ongoing, challenging macroeconomic landscape.

People

H Reliance on small Syncona team

The execution of the Company's strategy is dependent on a small number of key individuals with specialised expertise. This is at risk if the team does not succeed in retaining skilled personnel or is unable to recruit new personnel with relevant skills.

Relevant strategic drivers

1 2 3

Year-on-year change

Impacts

- Poorer oversight of portfolio companies, risk of loss of value from poor strategic/operational decisions.
- Less ability to drive strategies in portfolio companies.
- Insufficient resource to take advantage of investment opportunities.
- Loss of licence to operate if insufficient resource or processes mean we fail to meet stakeholder expectations.

Key controls

- Market benchmarking of remuneration for employees.
- Provision of long-term incentive scheme to incentivise and retain employees.
- Ongoing recruitment to strengthen team and deepen resilience.
- Focus on investment team development to provide internal succession from next tier of leaders, with process supported by Leadership Team.
- Process development within corporate functions to reduce single point risks.
- Building high-quality teams within portfolio companies that can operate at a high strategic level.
- Dynamic and simplified governance framework to support transformational change and ongoing business requirements.

What has happened in the year?

- Completion of the leadership transition has resulted in us decreasing this risk during the year.
- The investment team and the Executive Partner group have been further strengthened with the recruitment of John Tsai, Kenneth Galbraith and Roel Bulthuis. This has added to the skills, experience and executional bandwidth already brought to Syncona through the Executive Partner group and advisers.
- The changes made in the previous year to both the investment team and Leadership Team are now embedded in the organisation, providing us with a stronger team, stronger processes and improved culture. Significant emphasis on developing and coaching our next generation investors and launching a dedicated talent programme.

People continued

I Systems and controls failures

We rely on a series of systems and controls to ensure proper control of assets, record-keeping and reporting, and operation of Syncona's business.

Relevant strategic drivers

1 2 3

Year-on-year change

⊖

Impacts

- Risk of loss of assets.
- Inability to properly oversee Syncona team.
- Inaccurate reporting to shareholders.
- Syncona and its portfolio companies may be subjected to phishing and ransomware attacks, data leakage and hacking.
- Syncona team unable to carry out its functions properly.
- Breach of legal or regulatory requirements.
- Reputation risk, loss of confidence from shareholders and other stakeholders.

Key controls

- Systems and control procedures are reviewed regularly by the Syncona team, with input from specialist external advisers where appropriate.
- Certain systems have been outsourced to the Administrator who provides independent assurance of its own systems.
- Annual review of the effectiveness of systems and controls carried out by the Audit Committee.
- Anti-fraud, bribery and corruption controls.
- Anti-money laundering controls.
- Whistleblowing arrangements.
- IT policies and procedures.
- Back-up and disaster recovery procedures and testing.
- IT and cyber security monitoring and control framework, and regular penetration tests.

What has happened in the year?

- Ongoing compliance reviews and review of key processes performed during the year.
- Implementation of organisational and governance changes to help simplify processes and decision-making, driving increased effectiveness and efficiency, and helping to mitigate and reduce risk.
- Continued programme of phishing and penetration testing.

J Unable to build high-quality team/ team culture

Portfolio companies are reliant on recruiting highly specialised, high-quality employees to deliver their strategies. This can be challenging given a limited pool of people with the necessary skills in the UK/Europe. In addition, these are fast-growing companies and establishing a high-quality culture from the outset is key.

Relevant strategic drivers

1 2 3

Year-on-year change

↓

Impacts

- Ultimately, failure to deliver key elements of operational plans resulting in material loss of value.

Key controls

- Seek to build high-quality teams in portfolio companies. This can begin before an investment is made.
- Ensure executive team aims to build a high-quality culture from the outset, and monitor and support its effectiveness.
- Build strong portfolio company boards (including representatives from our team and experienced non-execs) to provide effective oversight and support.
- Support from our team, including taking operational roles where necessary, and facilitating access to support from across the portfolio where appropriate, or external consultant resource from our networks.

What has happened in the year?

- Advice and guidance provided to the portfolio companies from within Syncona by the Executive Partner group and investment team, which were further strengthened this year with the recruitment of John Tsai, Kenneth Galbraith and Roel Bulthuis.
- The strengthening of the Executive Partner group and investment team differentiates the portfolio companies and should help attract key talent, thereby reducing the likelihood of this risk.
- Significant Syncona team involvement in senior hires at portfolio companies.

K Unable to execute business plans

Portfolio company business plans may be impacted by a number of external factors, including access to patients, delivery by suppliers and the wider business environment (including factors such as COVID-19).

Relevant strategic drivers

1 2 3

Year-on-year change

−

Impacts

- Ultimately, failure to deliver key elements of operational plans resulting in material loss of value.

Key controls

- Seek to build high-quality teams in portfolio companies. This can begin before an investment is made. Where possible these should include resilience to deal with unexpected external factors, though companies will also be focused on maximising value from capital invested.
- Seek to maintain capital buffers to cope with unanticipated issues before cash out.
- Oversight of key external factors/relationships that are important to delivering business plan.
- Sharing of knowledge (where appropriate) across portfolio to support companies in managing external factors.
- Syncona involvement in setting strategy and early business plans. Board representation and significant shareholding allows some influence on management execution.

What has happened in the year?

- Executive Partner group and investment team have been built out further with the addition of John Tsai, Kenneth Galbraith and Roel Bulthuis. This group has provided specialist support and advice throughout the year. Where required, members of the Executive Partner group and the investment team will take on secondments at our portfolio companies and/or take a Board position to provide more hands-on support.
- Additional scenario planning and modelling has been implemented during the year to ensure we monitor our ability to invest at a higher than planned level into companies if necessary.
- Continuous internal review of the capital landscape and potential sources of capital and the timing of capital required. Increased focus on strategic syndication to secure long-term access to capital.

Macroeconomic environment

L Macroeconomic environment has a negative impact on sentiment for portfolio companies and Syncona business model

The challenging macroeconomic environment results in investors being more risk averse, impacting their appetite to invest in early-stage biotech companies.

Relevant strategic drivers

2 3

Year-on-year change

−

Impacts

- Investors are focusing on existing portfolios rather than investing in early-stage biotech companies, therefore Syncona may be required to invest further capital, leading to greater exposure to individual companies than desired and less ability to support other companies.
- Inability for portfolio companies to deliver their business plans due to financing constraints.
- For Syncona, exit opportunities may be less attractive, with impact on availability of capital to fund portfolio companies.
- A reduction in demand for the Company's shares would impact the performance of the Company's share price.
- Failure to deliver strategy.
- Shareholder activism, leading to strategy change that delivers sub-optimal outcomes.

Key controls

- Syncona team monitoring capital allocation on an ongoing basis, with transparent reporting to the Board.
- Seek to maintain sufficient liquidity to fund all companies with emerging data, or later, to their next key milestone.
- Maximise potential to raise new equity through developing institutional shareholder base.
- Ongoing consideration of alternative or additional capital raising structures (e.g. sidecar funds, use of debt).
- Ongoing consideration of syndication strategy at portfolio company level, to maximise value and minimise dilution when external capital is brought in.
- Ongoing consideration of potential options to manage liquidity from our life science assets, including exit opportunities.
- Seek to maintain capital buffers to cope with unanticipated issues before cash out.

What has happened in the year?

- We are concentrating capital allocation towards clinical opportunities across the portfolio, maintaining a disciplined approach against a challenging market backdrop.
- We consider all options with regards to future financing, including exit options. We have increased our engagement with key pharma partners.
- Additional scenario planning and modelling has been implemented during the year to ensure we monitor our ability to invest at a higher than planned level into companies if necessary.
- Continuous internal review of the capital landscape and potential sources of capital and the timing of capital required.
- We have continued to have increased engagement with investors and analysts.
- Continued active management of the capital pool. This involves managing risk through a tiered approach to investment, and managing liquidity and return, within defined volatility and concentration limits. External advisers are used to evaluate the markets and providers and funds are currently spread across multiple banks, government bonds, and two fund managers with differentiated diversified investment strategies.
- Macroeconomic and fund performance is reviewed regularly by the Syncona team and the Liquidity Management Committee and reported quarterly to the SIML and Syncona Limited Boards.

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 the funding to scale these businesses.

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.

MANAGING PORTFOLIO EXECUTION THROUGH LEVERAGING OUR EXECUTIVE PARTNER GROUP AND ADVISERS

Syncona's Executive Partner group and advisers provide a broad level of expertise across business, commercial and clinical development. Working with the Syncona team while providing oversight across the portfolio, they help to support Syncona's long-term strategy whilst also helping to mitigate key risks. Examples of some of the key work carried out by the Executive Partner group and advisers during the year are highlighted below.

JOHN TSAI

Key area of expertise:
Clinical strategy development

Actions during the year:
John became CEO of Forcefield, helping to support the company as it progresses through its operational and pre-clinical development. He has also taken Board roles at Mosaic and SwanBio (now Spur) and plays an important role across the portfolio in providing his differentiated insight in progressing programmes through the clinic.

LISA BRIGHT

Key area of expertise:
Commercial strategy

Actions during the year:
Lisa is the independent Chair of Resolution as it approaches clinical entry in its lead therapy in end stage liver disease. Lisa provides critical commercial input across the portfolio and potential investments, including assessing Autolus' launch readiness for the company's lead obe-cel therapy.

GWENAELLE PEMBERTON

Key area of expertise:
Regulatory strategy

Actions during the year:
Gwenaelle has played a critical role in advising many of our portfolio companies, including Forcefield and Resolution as they progressed their regulatory strategies and delivered key filings with regulators. Gwenaelle has also supported in due diligence of regulatory aspects of deals.

The Directors have assessed the prospects of the Company, considering its ability to continue in operation and meet its liabilities as they fall due over the period to 31 March 2027. The period selected was considered appropriate as:

- it covers a period over which all the current uncalled investment commitments are expected to be called;
- the Directors believe this to be a reasonable period of time for the life science investments to make meaningful progress on the journey towards fulfilling their long-term potential; and
- the Directors have a reasonable confidence over this horizon.

The Company's strategy is well documented (see pages 22 and 23) and includes longer-term targets of creating three new companies per year, developing a portfolio of 20-25 globally leading healthcare businesses and taking three to five companies to late-stage development over a rolling 10-year basis.

The Company does not generate income on a regular basis and relies on its capital pool or realisations to fund its investments. The level of the capital pool will vary over time dependent on asset realisations, anticipated investments and access to other forms of capital.

The Company has the ability to manage its capital consumption by varying the number of investments it makes, the level of capital commitment allocated to each investment, the level of syndication and the ability to realise assets. The portfolio is actively managed on this basis.

Key factors affecting the Company's prospects over the assessment period are reflected in the principal risks set out on pages 66 to 72. These include the ability to access capital, failure of material investment assets, people risks and the macroeconomic environment. The table of principal risks sets out the key controls for these risks.

These factors also apply over the longer term identified in the strategy, although factors such as access to capital become more challenging to mitigate. In addition, over the longer term, other risks may arise such as longer-term risks around US pharmaceutical pricing or changes to the business environment. These potential risks are monitored by the Directors.

THE ASSESSMENT PROCESS AND KEY ASSUMPTIONS

The assessment is carried out by the SIML finance team with input from the wider business, including the CEO and SIML Leadership Team, and is challenged and reviewed by the Audit Committee, and approved by the Board.

SCENARIO	PRINCIPAL RISK MAPPING
1. Base case: growth plan Preferred funding pattern for existing portfolio and three new investments per year over the next three years.	– 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
2. Protecting the existing portfolio and prioritising late-stage assets After 12 months sources of external funding for portfolio companies with emerging and definitive clinical data are not available so Syncona provides sufficient capital for these companies to achieve their next clinical milestones. New investments and company set-ups are deprioritised and/or financings for early-stage portfolio companies are scaled back in this scenario.	– 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 – Unable to execute business plans – Macroeconomic environment has a negative impact on sentiment for portfolio companies and Syncona business model
3. Ensure a clear path to three years of operations by maintaining an executable plan After 12 months active management of investment choices to ensure the capital pool extends beyond three years of cash runway. The base case growth plan can be followed over the medium term but portfolio management choices, realisations and/or new sources of capital may be required towards the end of the three-year look out period.	– 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 – Unable to execute business plans
4. Reverse stress test An assessment to determine what would be required to deploy all of Syncona's capital pool in 12 months indicates that even while remaining committed to the corporate goal of funding three new investments for FY25, all upcoming financing rounds of portfolio companies would have to be funded in full by only Syncona for this to happen, which is considered highly unlikely.	– Not having capital to invest – Private/public markets don't value or fund our companies when we need to access them – Macroeconomic environment has a negative impact on sentiment for portfolio companies and Syncona business model

The Company's viability testing considers a base case and a number of stress scenarios. The base case reflects current and future investments assuming preferred investment levels. The table below gives an overview of the scenarios modelled and the mapping to the relevant principal risks, with the overarching risk being that the Company has insufficient access to capital to fund the life science companies and its own liabilities.

The reverse stress test case is highly unlikely given the active management of the portfolio and the various levers available to the Company.

Our viability testing also considers the impact of material life science investment failures; these do not change the Company's access to cash and so do not directly negatively impact the outcome of the viability testing but could have other negative impacts on the Company. In addition, we assess how additional capital can be generated should it be needed, whether through the sale of existing investments, receipt of milestone payments, raising equity financing in the public markets or other private market options.

The Company seeks to maintain sufficient liquidity to fund companies to their next key value inflection point. As at 31 March 2024, Syncona had a net capital pool of £452.8 million, of which £450.8 million is accessible within 12 months, and expects that investment into the life science portfolio will be £150 million-£200 million in the coming financial year (to March 2025). This year it was £172.2 million. Our analysis shows that, while there may be a significant impact on the Group's reported performance in the short term under the tested scenarios, the resilience and quality of our balance sheet is such that solvency is maintained and our business remains viable.

VIABILITY STATEMENT

Based on the results of this analysis, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its obligations as they fall due over the three-year period of assessment.

The Company's Strategic Report is set out on pages 1 to 73 and was approved by the Board on 19 June 2024.

Melanie Gee
Chair
Syncona Limited

An introduction from our Chair

Robust oversight of the execution of investment strategy."

MELANIE GEE
CHAIR, SYNCONA LIMITED

This Corporate governance report, together with the reports on pages 80 to 94, provides a summary of the system of governance adopted by the Company in the year ended 31 March 2024 and how the Company has applied the principles and reported against the provisions of the UK Corporate Governance Code.

ROLE OF THE BOARD

The Company is a closed-ended investment company. The Company has appointed its subsidiary SIML as Investment Manager, and delegated responsibility for managing the investment portfolio to it. The Board seeks to ensure the long-term sustainable success of the Company and other Syncona Group companies; it sets their purpose, Investment Policy (with shareholder agreement), strategic objectives and risk appetite and ensures effective engagement with stakeholders, including employees.

The Board oversees the Investment Manager in its execution of the investment strategy, receiving regular reporting on the performance of the investment portfolio. Management of the investment portfolio is delegated to the Investment Manager (with regular Board oversight), other than in respect of very large decisions (meaning decisions relating to more than 10% of the Company's NAV) which are taken by the Board.

The Chair is responsible for: ensuring that the Board upholds a high standard of corporate governance and operates effectively and efficiently; promoting a culture of openness and debate, facilitating constructive relations and open contributions between Directors; and leading the Board in exercising effective stewardship over the Company's activities in the interests of shareholders and other stakeholders, including employees.

Members of the Investment Manager's team provide administrative and other support to the Board, for example in preparing Board materials and briefings and drafting of the Annual Report. The Board also has access to the advice and services of an Administrator and Company Secretary, Citco Fund Services (Guernsey) Limited, and a Depositary, Citco Custody (UK) Limited, to support the Board in ensuring that Board procedures are followed, and to assist with compliance with applicable rules and regulations.

The page opposite gives details of our governance structure. Further information on the matters reserved to the Board, and the role of the Committees, Chair and Senior Independent Director, are available on our website.

Our corporate governance structure

THE BOARD

- Seeks to ensure the long-term sustainable success of the Company.
- Sets purpose, strategy and values and seeks to ensure the culture of the business is aligned.
- Recommends the Investment Policy to shareholders.
- Oversees the Investment Manager in its execution of the investment strategy.
- Reviews portfolio performance considering the Investment Policy and investment strategy.
- Approves transactions with significant value or involving borrowing.
- Robustly assesses the principal risks facing the Company and its risk appetite, and oversees the risk management process.
- Ensures appropriate engagement with shareholders and other stakeholders, including employees.
- Sets the Sustainability Policy for the business and monitors the implementation of the policy.

COMMITTEES OF THE BOARD

NOMINATION AND GOVERNANCE COMMITTEE

Responsibilities

- Reviews Board composition and oversees succession planning.
- Recommends Board re-elections and appointments to Board Committees.
- Oversees succession planning for the CEO and Chair of the Investment Manager.
- Supports the Chair in carrying out the Board evaluation each year.
- Reviews compliance with the UK Corporate Governance Code.

Members

- Melanie Gee (Chair)
- Virginia Holmes
- Rob Hutchinson
- Kemal Malik
- Gian Piero Reverberi

Read more p.80

AUDIT COMMITTEE

Responsibilities

- Oversees financial reporting and advises the Board on whether the Annual Report is fair, balanced and understandable.
- Evaluates the appointment, effectiveness and independence of the auditors.
- Oversees portfolio valuation.
- Monitors risk management and internal controls.

Members

- Rob Hutchinson (Chair)
- Julie Cherrington
- Virginia Holmes
- Kemal Malik
- Gian Piero Reverberi

Read more p.84

REMUNERATION COMMITTEE

Responsibilities

- Approves remuneration paid to the Chair of the Board.
- Recommends the remuneration of the Non-Executive Directors.
- Approves the remuneration of the Investment Manager's CEO and Chair.
- Oversees the incentive scheme that provides long-term rewards to the Investment Manager's team.

Members

- Gian Piero Reverberi (Chair)
- Christina Csimma
- Melanie Gee
- Virginia Holmes
- Rob Hutchinson

Read more p.89

Further details of the work of each of the Committees are set out in the separate reports for each of them.

As the Board is entirely made up of independent Non-Executive Directors, we have not considered it necessary to appoint a management engagement committee. All members of the Board are considered independent and are responsible for reviewing the performance of the Investment Manager in relation to the investment portfolio.

THE INVESTMENT MANAGER

- Manages Syncona's investment portfolio in line with the Investment Policy, strategy and the long-term sustainable success of the Company.
- Ensures the culture of the business is in accordance with the purpose, Investment Policy, strategy and values approved by the Board.
- Ensures appropriate resources are available to manage the investment portfolio and support the Syncona business.
- Reports to the Board on portfolio performance.
- Monitors risks and reports to the Board; makes recommendations in relation to risk appetite.
- Proposes and implements risk and control processes and reports on these to the Board.
- Engages with stakeholders in line with the approach agreed by the Board.
- Implements the Syncona Sustainability Policy.
- Ensures compliance with regulatory obligations of an investment manager.

COMPOSITION AND MEETINGS

All of the Board are Non-Executive Directors and profiles of each, including length of service, are on pages 78 and 79. During the year there were no changes to the Board. All Directors are considered to be independent.

The Board holds quarterly Board meetings, along with a Strategy day each year. The Board meetings follow an annual work plan that seeks to ensure a strong focus on key strategy and governance issues, alongside oversight of the performance of the Investment Manager in its implementation of the strategy. The Investment Manager works closely with the Chair, and liaises with the Company Secretary, to ensure the information provided to the Board meets its requirements. All members of the Board also have access to the advice of the Company Secretary as they require. The Board may also hold ad hoc meetings or discussions between its routine quarterly meetings, where required for the business of the Company. The senior members of the Investment Manager's team attend each Board meeting; the Board also schedules part of each meeting to be held without those individuals.

The Audit Committee also meets five times each year whilst the Nomination and Governance Committee and Remuneration Committee typically meet three times each year but will meet more often if they consider it appropriate to do so to carry out their roles.

During the year all regular Board meetings were held in-person with ad hoc Board meetings generally held remotely. Committee meetings were held using a mixture of remote and in-person formats, reflecting the most effective use of time.

STRATEGY AND RISK

At all times the Board is focused on ensuring that governance supports robust oversight of strategy execution by the Investment Manager's team, particularly given the very significant and often binary risks of loss within our investments (with the potential for substantial returns).

At the Board's Strategy day in September, the Board re-affirmed our fundamental model of creating companies around world-leading science and our commercial strategy, building the team and infrastructure, and providing scaled funding when the risk is appropriate. We discussed the challenging funding environment, particularly for pre-clinical and early biotech companies, and the strategies used by the Investment Manager to actively manage the portfolio to protect its value and to prioritise funding companies to deliver their key value inflection points, as more fully described in the Chair's Statement. We also discussed innovations within the Investment Manager's team both in terms of its recent expansion and the evolution of its processes and its new operating model and its rigorous approach to capital allocation.

During the year, the Board discussed the key risks to our business, both current risks and potential risks that may arise. This feeds into the Company's risk register, and more details are reported in the Principal risks section of the Annual Report. The Board also considers the effectiveness of the Company's risk management and internal control systems, supported by the work carried out by the Audit Committee (see its report on pages 84 to 88). The Board is satisfied that the Company has adequate and effective systems in place to identify, mitigate and manage the risks to which it is exposed, although recognises that the system of internal control is designed to manage rather than to eliminate the risk of failure to achieve these objectives.

Following the Strategy day, the Board worked with the Investment Manager to provide shareholders with additional KPIs to monitor the performance of the life sciences portfolio by including upcoming key value inflection points in its regular reporting.

THE SYNCONA TEAM

Significant progress has been made during the year to expand the Investment Manager's senior team and implement a new operating model to support the delivery of the strategy. In November 2023, Martin Murphy stepped down as Chair of the Investment Manager and Chris Hollowood was appointed as Interim Chair, in addition to his role as CEO, with Roel Bulthuis replacing Martin on the Investment Manager's Investment Committee. These changes were approved by the Board after careful consideration of succession options, working with support from specialist recruitment and leadership advisers. The search for a permanent Chair of the Investment Manager is underway and is a priority for the Board and the Investment Manager. The Board considers the Chair of the Investment Manager role to be key in assisting the Board in its effective oversight of the performance of the Investment Manager.

On 1 April 2024, Kate Butler succeeded Rolf Soderstrom as CFO, with Rolf moving to the role of Executive Partner, in line with succession plans.

The Board recognises the importance of ensuring that the Company's culture (and the culture of the Investment Manager's team) is aligned with its purpose and strategy. During the year the Board monitored the activities undertaken by the Investment Manager's senior team to address feedback received in response to the most recent Employee Engagement Survey, including the steps taken to improve cross-function teamworking through the enhanced QBR process and other changes introduced by the implementation of the new operating model.

BOARD ATTENDANCE 2023/4

The Board is satisfied that each of the Directors commits sufficient time to the affairs of the Company to fulfil their duties and meet their responsibilities. Attendance at the Board and Committee meetings during the year was as shown in the table below:

	Board meetings	Audit Committee meetings	Nomination and Governance Committee meetings	Remuneration Committee meetings
Melanie Gee (Chair)	8/8	–	3/3	3/3
Julie Cherrington	7/8[1]	5/5	–	–
Cristina Csimma	8/8	–	–	3/3
Virginia Holmes	8/8	5/5	3/3	3/3
Rob Hutchinson	8/8	5/5	3/3	3/3
Kemal Malik	8/8	5/5	3/3	–
Gian Piero Reverberi	8/8	4/5[2]	3/3	3/3

1. Julie Cherrington was unable to attend an ad hoc Board meeting in September 2023, arranged at short notice, due to a prior commitment.
2. Gian Piero Reverberi was unable to attend an Audit Committee meeting in May 2023 due to a prior commitment.

In addition, Gian Piero Reverberi, the designated Director for engagement with the team of the Investment Manager, initiated a series of informal meetings with employees to discuss the progress of the Investment Manager in responding to the findings of the most recent Employee Engagement Survey and to understand employees' perspectives on the changes to the team and the operating model. The sessions were well attended by employees with key themes from the conversations reported to the Board at its March meeting. Gian Piero will continue to meet with employees during the coming year to support the Board in its oversight. The Board also engages with the Syncona team in other ways, and further details are set out on pages 32 to 39.

Alongside Board engagement with the Investment Manager's team, there is a Whistleblowing Policy in place which includes provision for any issues to be notified (where appropriate) to the Chair of the Audit Committee.

ENGAGEMENT WITH SHAREHOLDERS

The Board is focused on understanding the views of shareholders so these can be taken into account in decision-making. The Board considers feedback and shareholder views collated by the investor relations team and our advisers at every Board meeting. Through the year, the Chair took the opportunity to meet with a number of our key shareholders, to directly hear their perspectives and communicate these to the Board. Topics discussed included market conditions for early-stage life companies, the management transition within the Investment Manager, and implementation of the strategy. The perspectives of key shareholders were also considered when deciding to launch the share buyback programme in September 2023. During the year, the Board also chose to commission an investor study to further understand shareholder perspectives across a range of key areas and discussed the findings at its Strategy day. The feedback was supportive of our long-term strategy and the Investment Manager's team in executing this.

More broadly, the Company organises a comprehensive investor relations programme, where members of the Investment Manager's team meet with existing and potential investors following the publication of the annual and interim results, and as required during the year. As part of this programme, 57 presentations were made to shareholders and potential shareholders by senior members of the Investment Manager's team during the year. Members of the Board, particularly the Chair, Senior Independent Director and Chair of each of the Committees, are also available to meet shareholders on any issues that arise.

OTHER STAKEHOLDERS

The Board also holds responsibility for overseeing the effective engagement with other stakeholders to ensure that their interests are considered, and reviews this every year. As part of its review this year the Board noted:

- The continued focus of the Syncona team on co-investors who are the most likely third-party sources of capital for our portfolio companies; particularly as Syncona has increased its focus on syndicating companies at an earlier stage.
- A change in focus from patient groups as a key stakeholder to the patients themselves, recognising that they are considered in all key business activities.
- That as Syncona has grown and matured it has increased the breadth of its key stakeholders in wider society to include the other charities and initiatives that it supports, in addition to the continued support provided to The Syncona Foundation, and has expanded this key stakeholder category accordingly. Further details around engagement with stakeholders are set out on pages 32 to 39.

ESG

The Company has adopted a formal Sustainability Policy and Responsible Investment Policy, which are overseen by the Board, with regular reports from the Investment Manager on implementation. During the year the Board reviewed the policies and updated them to reflect the ways ESG considerations will be incorporated into later-stage investments and to increase focus on measuring patient impact across the Syncona portfolio.

The Board believes that the Company's core activities, of investing in businesses that seek to develop treatments that will make a difference to the lives of patients and their families, are the most significant way in which the Company can seek to make a positive contribution to society. Given these are at the centre of what the Company does, the Board has decided to integrate its consideration of sustainability issues within its normal governance processes.

Further details of our approach to ESG and environmental impact are set out on pages 30 and 31, and pages 56 and 57, and in our separate Sustainability Report available on our website.

TRAINING AND ADVICE

The Company provides an extensive induction process for new Directors, including briefings from a significant portion of the Investment Manager's team and discussions with the Chair and chairs of each of the Board's Committees. In addition, consideration is given to whether any additional training would be helpful to the Board, taking account of feedback from Directors as part of the Board evaluation or otherwise. During the year, the Chair invited external speakers to address the Board and members of the Syncona Leadership Team on topics including the opportunities for AI in life science and an update on recent developments in the biotech market.

UK CORPORATE GOVERNANCE CODE COMPLIANCE STATEMENT

The Company has complied with the relevant provisions of the UK Corporate Governance Code (July 2018), which is publicly available at frc.org.uk, except that given the Company's structure, and that it has no Executive Directors and is managed by the Investment Manager, the Board considers that the following provisions are not relevant to the Company:

- The role of the Chief Executive Officer (Provision 14): there is no Chief Executive Officer of the Company, and responsibility for management of the investment portfolio is delegated to the Investment Manager.
- Executive Directors' remuneration (Provisions 33 and 36 to 40): this is not relevant as the Company has no Executive Directors.

A diverse Board taking a long-term view

BOARD TENURE
AS AT 31 MARCH 2024

0-2 years	0%
2-4 years	57%
4-6 years	29%
6+ years	14%

BOARD GENDER DIVERSITY

57% Female

43% Male

BOARD ETHNIC DIVERSITY

14% Minority ethnic background

MELANIE GEE
Chair

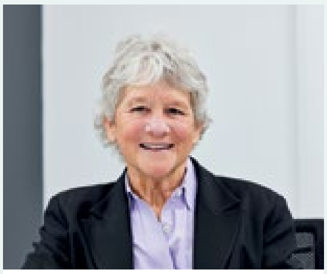
DATE OF APPOINTMENT
1 January 2020 as Chair
(4 June 2019 as Director)

COMMITTEE MEMBERSHIP
N R

BIOGRAPHY
Melanie Gee is Chair and originally joined the Board as a Non-Executive Director in June 2019. Melanie has over 30 years of financial advisory experience in executive positions in investment banking, advising clients across a broad range of sectors and geographies. She is a Senior Adviser at Lazard & Co Ltd, having joined as a managing director in 2008. Before that, Melanie spent 25 years with SG Warburg & Co Ltd and then UBS. Melanie also has extensive non-executive experience, with more than a decade as a Non-Executive Director at FTSE 100 and 250 companies. Until October 2021 she was a Non-Executive Director at abrdn plc, where she sat on the Nomination and Governance and Audit Committees and was the Non-Executive Director with responsibility for bringing the employee voice into the boardroom. She was also previously a Non-Executive Director at The Weir Group PLC and Drax Group PLC.

IMPORTANCE OF CONTRIBUTION
Melanie brings extensive non-executive experience in FTSE 100 and 250 companies, giving her an in-depth understanding of governance requirements and an understanding of how to build and maintain a highly effective Board as Chair of the Board and Nomination and Governance Committee. Her financial advisory experience is highly relevant to effective oversight of the Company's investment and stakeholder strategies.

CURRENT POSITIONS
- Senior Adviser, Lazard & Co Ltd
- Chair of Grosvenor Property UK
- Sits on advisory groups for two private family offices



JULIE CHERRINGTON
Non-Executive Director

DATE OF APPOINTMENT
1 February 2022

COMMITTEE MEMBERSHIP
A

BIOGRAPHY
Dr Julie Cherrington is an experienced life science executive with a strong track record in bringing drugs into the clinic and through to commercialisation, and particular expertise in the oncology setting. She is also an accomplished company builder and has previously served as President and Chief Executive Officer at several biotechnology companies in the US West Coast, Canada and Australia. Julie holds a BS in biology and an MS in microbiology from the University of California, Davis. She earned a PhD in microbiology and immunology from the University of Minnesota and Stanford University. She completed a postdoctoral fellowship at the University of California, San Francisco. Previously, Julie was a non-executive director of Mirati Therapeutics.

IMPORTANCE OF CONTRIBUTION
Julie brings extensive understanding of the US regulatory and clinical development environment. Her experience of bringing drugs through the clinic and to commercialisation in the US will help the Syncona Board to understand the strategic needs of the business in North America and beyond.

CURRENT POSITIONS
- Non-Executive Director of Elevation Oncology, Inc. (NASDAQ: ELEV)
- Chair of Actym Therapeutics and Tolremo Therapeutics
- Venture Partner at Brandon Capital
- Non-Executive Director of a number of other early-stage private life science companies, including Sardona Therapeutics

CRISTINA CSIMMA
Non-Executive Director

DATE OF APPOINTMENT
1 February 2022

COMMITTEE MEMBERSHIP
R

BIOGRAPHY
Dr Cristina Csimma has 30 years' experience in drug development, new company formation, value creation and strategic guidance across a broad range of therapeutic areas. She also brings significant expertise in venture capital and the US biotech capital market environment. Previously, Cristina was the Executive Chair of the Board of Directors of Forendo Pharma and Exonics Therapeutics, Chair of Caraway Therapeutics and a Board Director of Aceragen Inc, Palisade Bio, Juniper Pharma, Vtesse and Cydan, where she was also the founding President and CEO. She has served as Board Director of T1D Exchange and on a number of National Institutes of Health and other non-profit advisory committees. Cristina holds a Doctor of Pharmacy and a Bachelor of Science from Massachusetts College of Pharmacy, as well as a Master of Health Professions from Northeastern University.

IMPORTANCE OF CONTRIBUTION
Cristina has significant experience across a variety of biotechnology companies throughout their lifecycles. In particular, her expertise covers drug development, company building and capital raising, particularly in the US, which is a key market for Syncona's portfolio.

CURRENT POSITIONS
- Executive Chair of Sardona Therapeutics

COMMITTEE MEMBERSHIP

A Audit
N Nomination and Governance
R Remuneration
● Chair

VIRGINIA HOLMES

Senior Independent Director

DATE OF APPOINTMENT

1 January 2021

COMMITTEE MEMBERSHIP

A N R

BIOGRAPHY

Virginia Holmes has an extensive knowledge of the financial services industry, including both investment management and banking. She was previously Chief Executive of AXA Investment Managers UK and held a number of senior leadership roles over more than a decade at Barclays Bank Group. Virginia brings a wide range of non-executive director experience of UK listed companies. She is also a current and past chair and trustee of a number of pension funds and a founder director of the Investor Forum.

IMPORTANCE OF CONTRIBUTION

Virginia's extensive experience and proven track record of working with investment businesses as they look to develop and expand are highly relevant to the Board in defining the Company's strategy and overseeing its delivery. In addition, her extensive non-executive experience gives her an in-depth understanding of governance requirements, supporting our goal of a highly effective Board.

CURRENT POSITIONS

- Non-Executive Director of Intermediate Capital Group plc (LSE: ICG)
- Chair of Murray International Trust plc (LSE: MYI)
- Chair of Unilever UK Pension Fund

ROB HUTCHINSON

Non-Executive Director

DATE OF APPOINTMENT

1 November 2017

COMMITTEE MEMBERSHIP

A (Chair) N R

BIOGRAPHY

Rob Hutchinson has over 30 years' experience in the financial sector as a Chartered Accountant. He qualified in 1990 and spent 28 years with KPMG across various roles. Rob retired from practice in 2014 and is a Fellow of the Institute of Chartered Accountants in England and Wales. He served as President of the Guernsey Society of Chartered and Certified Accountants between 2007 and 2009.

IMPORTANCE OF CONTRIBUTION

Rob has many years of broad financial experience. He spent a number of years in roles specialising in the audit of banking and fund clients at KPMG and was appointed a partner in 1999. Rob led the audits for a number of UK and European private equity and venture capital houses as well as listed funds covering a variety of asset classes, bringing broad experience in issues arising from the valuation of private assets. Rob led the firm's fund and private equity practices for seven years and served as Head of Audit for KPMG in the Channel Islands for five years until 2013.

CURRENT POSITIONS

- Non-Executive Director of Ravenscroft Holdings

KEMAL MALIK

Non-Executive Director

DATE OF APPOINTMENT

15 June 2020

COMMITTEE MEMBERSHIP

A N

BIOGRAPHY

Kemal Malik joined the Board in June 2020. He has 30 years of experience in global pharmaceutical research and development. He has been responsible for bringing many innovative medicines through R&D to successful commercialisation. From 2014 to 2019 he was a member of the Board of Management of Bayer AG, responsible for innovation across the Bayer group. He was also responsible for Bayer LEAPS, the organisational unit responsible for strategic venturing in areas of disruptive breakthrough innovation. Prior to his appointment to the Bayer Board he was Head of Global Development and Chief Medical Officer at Bayer Healthcare for 10 years and was previously a Non-Executive Director at Acceleron Pharma, a Boston based biopharmaceutical company. Kemal began his career in the pharmaceutical industry at Bristol Myers Squibb with responsibilities in medical affairs, clinical development and new product commercialisation. Kemal qualified in medicine at Charing Cross and Westminster Medical School (Imperial College) and is a Member of the Royal College of Physicians.

IMPORTANCE OF CONTRIBUTION

Kemal brings extensive experience in breakthrough innovation and commercialisation in the life science sector, which are highly relevant to the Board in defining the Company's strategy and overseeing its delivery.

CURRENT POSITIONS

- Scientific Adviser to Atomwise
- Trustee of Our Future Health

GIAN PIERO REVERBERI

Non-Executive Director

DATE OF APPOINTMENT

1 April 2018

COMMITTEE MEMBERSHIP

R (Chair) A N

BIOGRAPHY

Gian Piero Reverberi is a senior healthcare executive at Ferring Pharmaceuticals, a leader in the areas of reproductive medicine and maternal health, gastroenterology and urology. Prior to this Gian Piero was Senior Vice President and Chief Commercial Officer at Vanda Pharmaceuticals, a specialty pharmaceutical company focused on novel therapies to address high-unmet medical needs. He also spent 10 years at Shire, where he served as Senior Vice President International Specialty Pharma, with responsibility for EMEA, Canada, Asia Pacific and Latin America. He started his pharmaceutical career at Eli Lilly in the US and Italy, where he had responsibilities including finance, business development, sales and business unit leadership.

IMPORTANCE OF CONTRIBUTION

Gian Piero has over 20 years of experience in commercialising novel therapies spanning commercial strategy, business development, business unit leadership and management, launching specialty and orphan drugs across international markets. He has a degree in Economics and Business Administration from Sapienza University of Rome and a Master in Business Administration from SDA Bocconi in Italy.

CURRENT POSITIONS

- Senior Vice President Europe, Canada and Latin America at Ferring Pharmaceuticals

Overseeing implementation of succession plans

The Committee's members in the year were as per the table below:

MEETINGS ATTENDED	
Melanie Gee (Chair)	3/3
Virginia Holmes	3/3
Rob Hutchinson	3/3
Kemal Malik	3/3
Gian Piero Reverberi	3/3

The Committee comprises at least three members, who are appointed by the Board. All members of the Committee in the year were independent Directors.

The Committee meets as required, and at least twice each year. The table above sets out the number of meetings held during the year and the number of meetings attended by each of the members. Other Directors who are not members of the Committee may also be invited to the meetings. In addition, the Committee members communicated by email or phone to deal with ongoing matters between meetings.

The Committee will continue to assess the evolving needs of the Company in its Board succession planning process."

MELANIE GEE
CHAIR OF THE COMMITTEE

I am pleased to present the work of the Nomination and Governance Committee in the year ended 31 March 2024.

ROLE OF THE COMMITTEE

The Committee's role is to:

- review the Board's structure, size and composition (including the skills, knowledge, diversity and experience) and make recommendations to the Board accordingly;
- identify and nominate, for the approval of the Board, candidates to fill Board vacancies and for putting in place succession plans for Directors;
- have an advisory role to the Board regarding the re-election and election of Directors at the Company's AGM and, where appropriate, considering any issues relating to any Director's continuation in office;
- oversee succession planning for the CEO and Chair of the Investment Manager;
- support the Chair in carrying out the Board evaluation each year;
- make recommendations for the membership of Board sub-committees and boards of subsidiaries (other than portfolio companies); and
- review the Company's compliance with the UK Corporate Governance Code.

The Committee's Terms of Reference are reviewed annually and were last amended in 2023. The current version is available on the Company's website: synconaltd.com.

SUCCESSION PLANNING

A key part of the Committee's role is to plan for Board succession. The Committee seeks to do this using a number of tools. At the core of its approach is a skills matrix which identifies the skill sets needed on the Board and against which each of the Directors are asked to evaluate themselves. Our core skill sets focus around life sciences and private investing, overlaid with the governance and other skills required by the board of a listed investment company, reflecting the Board's feedback through the annual evaluation process over recent years.

In addition to the skills matrix, the Committee has also approved a Board Diversity Policy (set out on page 83). Diversity covers a range of aspects, including personal characteristics such as gender or race, ways of thinking or geographical location and experience. The policy seeks to ensure that the Board, and its Committees, bring a broad strategic perspective, based on an inclusive culture that recognises and values the advantages of a diverse range of people.

Further considerations in Board succession planning include identifying individuals to take on key Board roles such as Committee chairs and considering the arrangements if a Director becomes unexpectedly unavailable. Finally, the Committee considers the performance of each Director, length of service on the Board and their future intentions around continuing to be a Director, and the overall mix of lengths of service of the Board as a whole.

Taken together, these items allow the Committee to define the desired shape of the Board and to recruit against it. As a wholly non-executive Board, internal succession planning for the Board is not relevant to the Company. Recruitment is carried out using external search consultants who are provided with a brief of desired characteristics for candidates. Our search consultants are required to include a diverse range of candidates bringing the desired skill sets in preparing their long list.

The Committee re-evaluates Board succession planning annually, taking account of any feedback from the Board evaluation to ensure it has a clear outlook on the actions it should take.

During the year, the Committee reviewed the succession planning for the CEO and Chair of the Investment Manager. As described in the Corporate governance report, the Board considered the change to the Chair of the Investment Manager that took place during the year. The Committee will oversee the Investment Manager's recruitment of a long-term successor for this role.

BOARD COMPOSITION

There were no changes to Board composition in the year, which was in line with the Committee's expectations at the beginning of the year and has allowed the Board a longer period to consolidate relationships following a period of significant Board change in 2022. The Committee is satisfied that the present Board composition continues to bring the relevant skills needed by the Board.

In addition, we believe that the Board brings a diverse range of characteristics and perspectives in line with our Board Diversity Policy. The tables on page 83 provide further details of diversity of the Board and the leadership team of the Investment Manager, as at 31 March 2024. The data was collected using a self-assessment questionnaire reflecting the categories set out in the table, which each of the relevant individuals was requested to complete. The Company has met the following targets on Board diversity as at that date:

i. At least 40% of the individuals on the Board are women.
ii. At least one of the following senior positions on the Board is held by a woman: (A) the Chair or (B) the Senior Independent Director (as the Company is an investment company and does not have Executive Directors, the role of Chief Executive or Chief Financial Officer is not relevant to it).
iii. At least one individual on the Board is from a minority ethnic background.

There are no changes to the Board since 31 March 2024 that affect these targets.

The Committee considers the independence of the Board taking into account factors including length of tenure, with those Board members who have served on the Board for more than six years (Gian Piero Reverberi and Rob Hutchinson) subject to a more rigorous review. As part of its review, the Committee considered the common directorships held by Julie Cherrington and Cristina Csimma as members of the board of Sardona Therapeutics. Having reviewed the nature of the common directorships, their other business interests, and their character, judgement and behaviour, the Committee has concluded that both Directors continue to demonstrate independence. The Committee and the Board consider all Directors to be independent.

The Committee formally considered the contribution of each Board member and whether they each devote sufficient time to fulfil their respective duties and responsibilities effectively. The Committee is satisfied with the level of commitment and contribution offered to the performance of the Board and recommended to the Board that each of the Board members be recommended for re-election to the Board at the Company's AGM on 6 August 2024.

The Committee reviewed Board roles including Committee memberships. This review included considering the diversity of each Committee. The Committee is satisfied that each of the Audit Committee, Remuneration Committee and Nomination and Governance Committee has the skill sets and diversity required to carry out its role. The Committee also considered arrangements in the event of a Director becoming unexpectedly unavailable.

During the year, as part of its discussions regarding Board composition and succession planning, the Committee noted that Rob Hutchinson has served on the Board for more than six years and, in order to facilitate an orderly succession, agreed to begin the search for an additional Director with accounting and valuation experience who could, in time, potentially take on the role of Chair of the Audit Committee when Rob Hutchison retires from the Board. An external search firm has been appointed to commence the recruitment process which the Committee hopes to complete during the coming year.

BOARD EVALUATION

As described in the Corporate governance report, the Board is focused on ensuring that governance supports robust oversight of investment strategy execution by the Investment Manager's team, given the Company's business model. Our Board evaluation provides an opportunity for the Board to review its effectiveness and progress in overseeing the execution of the investment strategy.

2023/24 Board evaluation

The 2023/24 Board evaluation process covered the Board, the Chair and the individual Directors. As the 2022/23 evaluation was facilitated externally by Independent Board Evaluation, and was a comprehensive and extensive evaluation, the Committee supported the Chair's recommendation that the 2023/24 evaluation should be facilitated internally.

Process
The Chair and the Investment Manager's general counsel discussed and agreed focussed questions on key areas of board performance, development and interest. These were distributed to the Directors who were asked to submit their detailed written responses. All Directors did so, and their responses were analysed by a governance consultant, supported by the Investment Manager's general counsel, and pulled together into a themed draft report which was discussed and agreed by the Chair, prior to being distributed to the Board and discussed at a Board meeting.

The process to evaluate the performance of the Chair was led by the Senior Independent Director.

The process to evaluate the individual performance of the Directors was led by the Chair.

Findings and recommendations of the Board evaluation
Overall, the Board agreed that it continued to perform effectively, delivered high governance standards and operated efficiently. No major concerns were raised and there was agreement on the areas where further improvements could be made. The key recommendations arising from the evaluation were:

- the Board should continue to remain aware of the relationship between the Board and the SIML board so that while there was clarity over the linkages between the two boards, the distinct roles and responsibilities of the two entities were always recognised;
- while management information reported to the Board had continued to improve, there were some areas where the Board would welcome more concise and succinct reporting, such as investment performance and developments in the life sciences market place; and
- overseeing the delivery of the investment strategy by our Investment Manager remained a key priority for the Board, particularly in current times which required some flexibility from SIML in implementation of the strategy

The Board supported the findings of the evaluation and actions to implement the recommendations have been agreed and will be taken forward by the Investment Manager's team under the Chair's oversight.

Follow-up to the previous review
The 2022/23 review delivered some key recommendations which the Chair and the Investment Manager's team have been working to implement and report progress on. In particular, the Directors have been pleased to see the developments in senior-level succession planning in both SIML and Syncona and the continuing evolution of risk metrics and operational KPIs, as well as the ongoing initiatives to strengthen the relationship between the Board and the SIML Leadership Team.

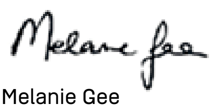
Chair evaluation
The Senior Independent Director led a meeting of the non-executive Directors at which the Chair was not present. The Directors were satisfied that the Chair was providing effective leadership for the Board, encouraging it to maintain its focus on the key strategic issues for the business.

Director evaluation
The Chair continued her programme of 1:1s with each Director. In these meetings, she discussed each Director's performance, and recognising their individual level of skills and experience, supported opportunities to develop them, where appropriate, to increase their knowledge and strengthen their performance.

COMMITTEE EVALUATION AND EFFECTIVENESS

During the year, the Committee completed its annual review of effectiveness, and concluded that it had performed its responsibilities effectively. The Committee also considered the findings of the internal Board effectiveness review for 2023/24 as it related to the Committee.

While the Committee does not consider that there are any matters within its responsibilities on which it should consult with shareholders, the Committee Chair is available to respond to any questions on matters not addressed in this report.



Melanie Gee
Chair of the Committee
19 June 2024

BOARD DIVERSITY POLICY (ADOPTED JUNE 2022 AND UPDATED JUNE 2024)

A key component of the Company's investment strategy is to build successful, sustainable and globally leading healthcare businesses. To do this we rely on identifying high-quality people at all levels. We believe this can best be done with an inclusive culture that recognises and values the advantages of a diverse range of people. The same applies at Board level as much as within our management team or our portfolio companies.

A diverse and inclusive Board helps to ensure that the Board brings a broad strategic perspective. We make Board appointments on merit, with candidates assessed against measurable, objective criteria, but strive to maintain a Board in which a diverse range of skills, knowledge and experiences are combined in an environment which values the input of every Director.

Due regard is given to this when identifying and selecting candidates for Board appointments, to achieve a Board that reflects diversity in the broadest sense by embracing different perspectives and dynamics, including different skills, industry experience, background, race, sexual orientation and gender.

The Nomination and Governance Committee regularly reviews and assesses Board composition on behalf of the Board and will consider the balance of skills, experience, independence and knowledge of the Board. When new appointments are being made, we instruct search agents that a diverse range of candidates bringing the desired skill sets must be included in preparing their long list.

The Board intends:

- to have at least 40% female representation on the Board, as part of a broadly gender balanced Board;
- that at least one of the Chair or the Senior Independent Director should be female; and
- to have at least one individual on the Board from a minority ethnic background (as defined in the FCA's Listing Rules).

DATA ON DIVERSITY OF THE BOARD AND EXECUTIVE MANAGEMENT

For reporting purposes we have treated the leadership team of the Investment Manager as executive management, although they are not employees of the Company.

GENDER

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (Chair and SID)	Number in executive management	Percentage of executive management
Men	3	43%	0	7	78%
Women	4	57%	2	2	22%
Not specified/prefer not to say	–	–	–	–	–

ETHNIC BACKGROUND

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (Chair and SID)	Number in executive management	Percentage of executive management
White British or other White (including minority white groups)	6	86%	2	8	89%
Mixed/multiple ethnic groups	–	–	–	–	–
Asian/Asian British	1	14%	–	–	–
Black/African/Caribbean/ Black/British	–	–	–	–	–
Other ethnic group (including Arab)	–	–	–	–	–
Not specified/prefer not to say	–	–	–	1	11%

Maintaining challenging oversight of valuation and risk

The Committee's members in the year were as per the table below:

MEETINGS ATTENDED	
Rob Hutchinson (Chair)	5/5
Julie Cherrington	5/5
Virginia Holmes	5/5
Kemal Malik	5/5
Gian Piero Reverberi[1]	4/5

1. Gian Piero Reverberi was unable to attend an Audit Committee meeting in May 2023 due to a prior commitment.

The Committee comprises at least three members, who are appointed by the Board. All members of the Committee in the year were independent Directors.

The members of the Committee consider that they have the requisite skills and experience to fulfil the responsibilities of the Committee. Further details on the experience and qualifications of members of the Committee can be found on pages 78 and 79. The Board is satisfied that the Committee has recent and relevant financial experience, and competence relevant to the Company's portfolio.

The Committee meets formally at least quarterly. The table above sets out the number of meetings held during the year and the number of meetings attended by each of the members. Other Directors who are not members of the Committee are also invited to the meetings. The Independent Auditor is invited to attend those meetings at which the annual and interim reports, as well as its planning report, are considered, as well as the meeting when the independent valuation adviser meets with the Committee. In addition, the Chair of the Committee meets with the Independent Auditor outside of the formal meetings, to be briefed on any relevant issues. Other relevant advisers, including the independent valuation adviser, are invited to attend meetings to present to the Committee and enable the Committee to ask questions.

> The valuation of the life science portfolio is a critical element in the Company's reporting, to which the Committee applies significant focus."

ROB HUTCHINSON
CHAIR OF THE COMMITTEE

I am pleased to present the Audit Committee's report for the past financial year, setting out the Committee's structure, duties and evaluations during the year.

ROLE OF THE COMMITTEE

The role of the Committee includes:

- reviewing the valuations of the life science portfolio and the valuation methods for all investments;
- monitoring the integrity of the Consolidated Financial Statements and interim reports;
- reviewing any significant issues and judgements made in the preparation of the Consolidated Financial Statements and other financial information, including the viability statement;
- reviewing the content of the Annual Report and Consolidated Financial Statements and advising the Board on whether, taken as a whole, it is fair, balanced and understandable;
- monitoring changes in accounting policies and practices;
- oversight of the Company's risk framework and monitoring, reviewing the relevant internal control and risk management systems including the arrangements of the Company's Investment Manager for oversight of risks within the life science portfolio, and reviewing and approving the statements to be made in the Annual Report concerning internal controls and risk management systems;
- reviewing and making recommendations on the Company's arrangements for compliance with legal requirements including controls for preventing and detecting fraud and bribery; and
- reviewing the appointment and remuneration of the Company's Independent Auditor, including monitoring and reviewing the quality, effectiveness and independence of the Independent Auditor and the quality and effectiveness of the audit process.

The Committee's Terms of Reference are reviewed annually. The current version is available on the Company's website: synconaltd.com.

SIGNIFICANT FINANCIAL STATEMENT MATTERS

A. Valuation of life science portfolio

In the year, the Group continued to deploy significant capital into its portfolio of life science investments. In total, the Group holds a life science portfolio with a fair value of £752.2 million (2023: £571.8 million) through Syncona Portfolio Limited (a wholly owned subsidiary of Syncona Holdings Limited) and £33.9 million (2023: £32.8 million) in respect of the CRT Pioneer Fund through Syncona Discovery Limited (a subsidiary of Syncona Investments LP Incorporated).

The valuation of the life science portfolio is a critical element in the Company's reporting, given the concentration of that portfolio and the range of potential values of these investments. The valuation of the life science investments held through Syncona Holdings Limited is also used to determine the value of the payout under the incentive scheme provided to employees of the Investment Manager and the Committee is aware of the potential risk that elevated life science valuations might inappropriately increase the payout under the scheme. Accordingly, the valuation of the life science portfolio is an area that the Committee gives particular focus to and it instructs an independent valuation adviser to provide an independent view on the valuation of a selection of key investments to support the Committee's challenge of the Investment Manager. In addition, the Committee specifically requests the Independent Auditor to focus on the valuation of the life science portfolio as part of the audit and its work in this area is detailed in the Auditor's report on pages 99 to 104.

The Group fair values its interests in Syncona Holdings Limited and Syncona Discovery Limited which are based on the fair value of underlying investments and other assets and liabilities. Life science investments are valued at fair value through profit and loss in accordance with IFRS 13 Fair Value Measurement ('IFRS 13') and International Private Equity and Venture Capital (IPEV) guidelines.

In accordance with the accounting policy in note 2, unquoted investments are generally fair valued based on (i) cost or price of recent investment (PRI) appropriately calibrated to take into consideration any changes that might have taken place since the transaction date, including consideration of market-related events, or (ii) through discounted cash flow (DCF) models, or (iii) price-earnings multiple methodology or (iv) by using market comparators. The majority of our unlisted life science investments are valued using calibrated cost or PRI as the primary valuation input. Note 2 includes the considerations and challenges that the Group faces when valuing its interests.

During the year, the Committee oversaw changes made to the Valuation Policy by the Investment Manager, reflecting changes to IPEV guidelines that came into effect as of 1 April 2023. The key changes were clarifications on specific items that should be considered when assessing the performance of a company during a calibration exercise; and considerations of the impact of market dislocation. The changes to the Valuation Policy were reviewed by the Independent Auditor.

The critical accounting judgements and sources of estimation uncertainty that the Group faces when valuing its interests are set out in note 3. Details of the life science portfolio balance are disclosed in the Unaudited Group Portfolio Statement on page 105. The risk exists that the pricing and calibration methodology applied to the underlying investments in the life science portfolio does not reflect an exit price in accordance with IFRS 13 and IPEV guidelines.

Valuations are prepared by the Investment Manager in line with the Valuation Policy and a key part of the Committee's role is to ensure that the Investment Manager's judgements are challenged appropriately.

As part of this, the Committee discusses the appropriateness of the valuation methodology chosen by the Investment Manager in determining the fair value of unquoted investments, and challenges the Investment Manager on the process and assumptions it has used and the parameters around the calibration exercise, especially in relation to the effect milestones may have on the valuations.

For particular investments the Committee instructs an independent valuation adviser to provide their own view of the valuation to assist with this, and has a separate meeting with the valuation adviser to discuss and understand those views, which in turn support the Committee's challenge of the Investment Manager. In the current year, the Committee has particularly challenged the Investment Manager's approach to valuing the investment in Anaveon AG as the company changed its investment thesis from a clinical programme to a pre-clinical programme. Challenge centred around the re-pricing of the second tranche of its Series B, including challenging the trigger for revaluation and the relative importance of the change in investment thesis, syndicate dynamics and the wider macroeconomic environment on the valuation approach and resulting valuation. The Committee also discussed the Investment Manager's approach to the valuation of Spur Therapeutics (which is a combination of SwanBio and Freeline). The valuation reflects the combined carrying value of SwanBio and Freeline immediately prior to the transaction after taking into account potential synergies as a result of the consolidation of these two entities. The Committee has also continued to challenge whether public market valuation reductions during the year and the challenging macroeconomic market conditions impacting the financing environment for early-stage private companies should impact the Investment Manager's valuation of the unquoted companies within the life science portfolio. It has also taken input from the independent valuation adviser on the evolution of companies identified as comparators to the life science portfolio and the drivers for their share price performance, trends in enterprise strategy and key success factors underpinning acquisition by mid-large pharma.

The Committee also assesses the Independent Auditor's work on the valuation, in particular to understand how the Independent Auditor challenged the Investment Manager's key assumptions within the life science valuations. An example this year relates to the valuation of the unquoted life science investments, where the Committee discussed with the Independent Auditor how it had gained comfort over the Investment Manager's valuation approach given the current macroeconomic environment.

Based on its review, the Committee considers the valuation of these investments to be reasonable and the Committee is satisfied that the Group has valued its interests in accordance with the approved Valuation Policy.

B. Incentive scheme

Employees of the Investment Manager may be offered the opportunity to participate in an incentive scheme under which Syncona Holdings Limited may award Management Equity Shares (MES) to them. Awards entitle participants to share in growth of the valuation of the life science investments held through Syncona Holdings Limited, subject to a hurdle rate on invested capital being met. MES vest on a straight-line basis over four years and participants are able to realise 25 per cent of their vested MES each year following the publication of the Company's annual financial statements, partly in the Company's shares and partly in cash.

The Investment Manager uses a model originally prepared by PricewaterhouseCoopers LLP (PwC), and certain inputs provided by them, to value the incentive scheme in accordance with IFRS 2 Share based Payments (IFRS 2). The fair value of awards of MES made in the year ended 31 March 2024 was £0.8 million (31 March 2023: £2.5 million) and the liability related to the cash settled element at 31 March 2024 was £4.6 million (31 March 2023: £7.3 million).

Details of the incentive scheme are disclosed in the Report of the Remuneration Committee and in note 2, and the accounting policies and key judgements related to them are disclosed in note 2. The valuation of the incentive scheme in accordance with IFRS 2 does not affect its value to employees of the Investment Manager.

The Committee reviews the valuation each quarter and challenges the Investment Manager on key judgements that have been made, such as key assumptions associated with the valuation methodology. The Committee also assesses the Independent Auditor's work on the value of the incentive scheme to confirm it is satisfied that the Independent Auditor has properly considered key assumptions. Based on those discussions, the Committee considers the accounting for the incentive scheme to be reasonable. The accounting for the incentive scheme is undertaken in accordance with the accounting policies disclosed in note 2 and is regularly reviewed by the Investment Manager and the Committee.

EFFECTIVENESS OF THE EXTERNAL AUDIT

Deloitte LLP (Deloitte) has acted as the Independent Auditor from the date of the initial listing on the London Stock Exchange and was reappointed at the Company's Annual General Meeting (AGM) on 1 August 2023 for the current financial year. Marc Cleeve is the lead audit partner and opinion signatory.

The Committee held formal meetings with Deloitte, and the Chair also met informally with Deloitte, during the course of the year: 1) before the start of the annual audit to discuss formal planning, discuss any potential issues and to agree the scope that would be covered; 2) after the annual audit work was substantially concluded to discuss any significant issues; and 3) to consider and discuss the interim condensed Consolidated Financial Statements.

The Committee is closely engaged with overseeing the Independent Auditor to ensure the effectiveness and independence of the audit. The Committee:

- reviewed and discussed the audit plan presented to the Committee before the start of the audit including any changes that might have an impact on the audit approach;
- discussed key elements of audit quality with the Independent Auditor, particularly around behaviours and mindset, relevant experience of the team, use of specialists and demonstration of scepticism and challenge;
- reviewed and discussed the audit findings report and challenged them on their process and conclusions, in particular around valuation methodologies, valuation components and valuation outcomes (see above for further details);
- monitored changes to audit personnel;
- sought feedback from the Investment Manager on the audit process, based on their ongoing monitoring of it, including factors that could affect audit quality and how any risks identified were addressed;
- reviewed the Independent Auditor's reporting against certain indicative audit quality indicators;
- reviewed and approved the terms of engagement during the year, including review of the scope and related fees;
- reviewed the non-audit services performed and fees charged by the Independent Auditor during the year;
- reviewed and discussed Deloitte's report on its own internal procedures, safeguarding measures and conclusion on its independence and objectivity, together with the results of the FRC's Audit Quality Inspection and Supervision Review of Deloitte for the 2022/2023 cycle of reviews;
- discussed if any relationships existed between the Independent Auditor and the Company (other than in the ordinary course of business) that would compromise independence; and
- had a private session with the Independent Auditor following the audit to discuss any issues raised by the Independent Auditor in respect of the Investment Manager and/or audit quality.

The Committee carried out an evaluation of the performance, independence and objectivity of the Independent Auditor taking account of all of these factors.

There were no significant adverse findings, or any issues faced in relation to the financial statements, from the evaluation this year and the Committee is satisfied that the audit process is effective and that the Independent Auditor is independent and objective.

The table below summarises the remuneration paid by the Group to Deloitte for audit and non-audit services provided:

	31 March 2024 £'000	31 March 2023 £'000
Audit services		
Audit services for the Company	160.4	125.1
Audit fee for Syncona Group companies	161.6	142.7
Non-audit services		
Interim review	40.6	36.2
CASS limited assurance report for SIML	9.0	8.0
Subscription for accounting research tool	1.0	1.0

The Committee considered the level of fees payable to the Independent Auditor bearing in mind the nature of the audit and the quality of the services provided. The annual audit fee payable for the Group was £362,600 (31 March 2023: £304,000), a 19.3 per cent increase. The increase reflects the additional work required to perform a robust audit, including extended input from specialists, a broader scope and consideration of updated IPEV guidelines, and inflation.

In accordance with the non-audit services policy, non-audit services must be on the “white list” included in the policy. Further, permitted non-audit services in excess of £15,000 require prior approval from the Committee before being undertaken by the Independent Auditor.

The Committee does not consider that the non-audit services provided are a threat to the objectivity and independence of the audit, taking into account that the fees were insignificant to the Group as a whole, representing 13.6% of the total audit fee, and when required a separate team was utilised. Of the fees relating to non-audit services, 80.2% relate to audit related services, being the performance of the interim review.

The Committee has in place a policy on the recruitment of any employees by the Company or the Investment Manager that are associated with the Independent Auditor.

Although the Company, as a Guernsey company, is not subject to the Statutory Audit Services Order 2014, the Committee considers it appropriate to report in the manner set out in the Order. The Company has complied with the provisions of the Order in the financial year. As described in the Committee’s report in 2022, the Committee carried out a competitive audit tender process during summer 2021 for the appointment of the Independent Auditor for the financial year ended 31 March 2023 onwards, and recommended Deloitte’s reappointment.

The Committee remains satisfied with Deloitte’s effectiveness and independence and accordingly considers it in the best interests of shareholders to complete a competitive tender process for the audit before the financial year ended 2033. Accordingly, the Company has complied with the requirements of the Order that audit work is tendered at least every 10 years and will comply with the requirement that the auditor is rotated at least every 20 years. Notwithstanding these plans, the Committee will continue to consider the tender of the audit annually depending on the Independent Auditor’s performance and to ensure it meets the best interests of the shareholders.

RISK MANAGEMENT AND INTERNAL CONTROL

The Committee is responsible for assisting the Board in reviewing the effectiveness of the Group’s risk management and internal control systems. The review covers financial, operational, compliance and risk management matters, and aims to ensure that suitable controls are in place for key risks of the Company, assets of the Company are safeguarded, proper accounting records are maintained and the financial information for publication is reliable.

During the year the Committee carried out a review of the Company’s principal risks, taking account of changes to the internal and external environment, including economic uncertainty, inflation, the impact of the rise in interest rates, access to capital at portfolio company and Group level, capital markets volatility, and the current political situation including conflicts in Ukraine and the Middle East. The Committee noted the increased risk relating to access to capital, reflecting the current macroeconomic environment, noted the decreasing risk relating to people following the strengthening of the Investment Manager’s team and discussed the direction of travel for other risks.

Following the review, the Committee confirmed it is satisfied that the principal risks identified remain appropriate. Further details are given on pages 66 to 72.

As part of the effectiveness review, the Committee also reviewed the control framework, including an assessment of any fraud risks. The Company’s system of internal control is designed to manage rather than to eliminate the risk of failure to achieve the objectives set out above, and by its nature can only provide reasonable and not absolute assurance against misstatement and loss. The controls are maintained and implemented on an ongoing basis by the Investment Manager, working with the Administrator. Key internal controls include the separate role of the Administrator in maintaining the financial records of the Group, and the Custodian in overseeing the investment assets; the existence of an Investment Committee, Valuation Committee and Liquidity Management Committee within the Investment Manager to approve investment decisions and capital allocation; and processes to determine and review valuations of investments.

The controls review includes the risk events and breaches that occurred in the year and the actions taken in response to them. Following the review, the Committee believes that the Company has adequate and effective systems in place to identify, mitigate and manage the risks to which it is exposed.

The Committee has examined the need for an internal audit function. The Committee considers that the systems and procedures employed by the Investment Manager, the Administrator and the Custodian provided sufficient assurance that a sound system of internal control, which safeguards the Company’s assets, has been maintained. An internal audit function specific to the Company is therefore not considered necessary at present.

During the year, the Committee monitored developments regarding the proposals for UK Audit and Corporate Governance reform. Following publication of the updated UK Corporate Governance Code in January 2024, the Committee has reviewed the implications of the changes to the Code, with a particular focus on the additional internal controls reporting provisions coming into force in 2026. In consideration of these proposals, in 2023, the Investment Manager undertook a review of existing financial controls, implementing enhancements as needed. In addition, a detailed review of compliance with the revised Code will be conducted in 2025 to identify and implement any further enhancements to processes and controls.

During the year, the Committee reviewed its previous assessment that climate-related risks continue to not be material to the Group and that they could accordingly be addressed within the Group’s existing risk management processes, and confirmed it remained appropriate. The Committee intends to monitor this matter each year.

GOING CONCERN AND VIABILITY ASSESSMENT

The Committee assesses going concern and viability each year.

Given the Group's capital pool of £452.8 million, of which £450.8 million are liquid assets, the Committee does not consider any material uncertainties arise in relation to the Company's ability to continue as a going concern for the next 12 months.

The Committee also carefully reviewed the Investment Manager's view of the Company's viability for the three-year period ending 31 March 2027, including the rationale for assessing viability over a three-year period. The testing of viability involved the analysis of base case and severe combined stress projected forward over this three-year period by reference to current investment assumptions. The Committee noted that the Company is able to actively manage its capital consumption by varying the number of investments it makes, the level of capital commitment allocated to each investment, the level of syndication and realising assets. Following the review the Committee recommended that the Company make its viability statement as set out on page 73.

COMMITTEE EVALUATION AND EFFECTIVENESS

During the year, the Committee undertook its annual review of effectiveness against its Terms of Reference and concluded that it had performed its responsibilities effectively. As part of the review the Committee also confirmed it was satisfied with its compliance with the FRC's Audit Committees and External Audit: Minimum standards published in May 2023 and considered the findings of the internal Board evaluation for 2023/4 as it related to the Committee.

While the Committee does not consider that there are any matters within its responsibilities on which it should consult with shareholders, the Committee Chair attends each AGM and is otherwise available to respond to any questions on matters not addressed in this report.

CONCLUSION AND RECOMMENDATION

After discussing with the Investment Manager and Independent Auditor and assessing the significant financial statement matters listed on page 85, the Committee is satisfied that the Consolidated Financial Statements appropriately address the critical judgements and key estimates in respect to the amounts reported and the disclosures. The Committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust.

The Committee further concludes, having carefully reviewed the Annual Report, and discussed with the Investment Manager and Independent Auditor, that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

The Independent Auditor reported to the Committee that no material misstatements were found in the course of its work. The Investment Manager and the Administrator confirmed to the Committee that they were not aware of any material misstatements including matters relating to the presentation of the Consolidated Financial Statements.

The Committee confirms that it is satisfied that the Independent Auditor has fulfilled its responsibilities with diligence and has acted independently on the work undertaken on behalf of the Group. In considering the work that the Independent Auditor has undertaken this year, the Committee has recommended, and the Board has agreed to recommend to shareholders, that Deloitte be reappointed as the Independent Auditor for the next financial year. The reappointment is subject to shareholder approval at the 2024 AGM.

Rob Hutchinson
Chair of the Committee
19 June 2024

Overseeing alignment of remuneration approach to strategy

The Committee's members in the year were as per the table below:

MEETINGS ATTENDED	
Gian Piero Reverberi (Chair)	3/3
Cristina Csimma	3/3
Melanie Gee	3/3
Virginia Holmes	3/3
Rob Hutchinson	3/3

The Committee comprises at least three members, who are appointed by the Board. All members of the Committee in the year were independent Directors.

The Committee meets as required and expects to meet at least three times each year. The table above sets out the number of meetings held during the year and the number of meetings attended by each of the members. Other Directors who are not members of the Committee may also be invited to the meetings.

"The incentive scheme aligns the team of the Investment Manager with the strategy by ensuring a material part of individual compensation is directly tied to gains in the life science portfolio."

GIAN PIERO REVERBERI
CHAIR OF THE COMMITTEE

I am pleased to introduce the remuneration report for the year ended 31 March 2024, which sets out the work performed by the Committee.

ROLE OF THE COMMITTEE

The Committee's role is to:

- approve the remuneration paid to the Chair of the Board;
- make recommendations to the Board on the remuneration of the other Directors;
- review the Investment Manager's remuneration approach and related workforce remuneration policies;
- oversee the incentive scheme that provides long-term rewards to employees of the Investment Manager; and
- set the Remuneration Policy and remuneration of the CEO and the Chair of the Investment Manager.

The Company has no Executive Directors and accordingly the Committee does not have any responsibilities for reviewing Executive Director remuneration.

The Committee's Terms of Reference were revised during the year to further clarify the responsibilities of the Committee. The updated version is available on the Company's website: synconaltd.com.

The Committee retains PricewaterhouseCoopers LLP (PwC) to provide independent professional advice on remuneration issues.

GOVERNANCE

During the year, PwC provided the Committee with an update on the remuneration landscape for listed companies, and provided advice to support the Committee's work in reviewing the fees paid to the Chair and Non-Executive Directors and the remuneration of the CEO and Chair of the Investment Manager. The Committee has reviewed the advice provided to it by PwC during the year and is satisfied that it has been objective and independent. The total fees of PwC for the advice during the year were £72,750 (excluding VAT) (2023: £93,000 (excluding VAT)). PwC also separately advise the Company and the Investment Manager on various matters, including the valuation, accounting treatment and process relating to the issue of awards under the incentive scheme, transaction due diligence and tax advice, tax compliance, and processes and controls, but do not have any other connection with the Company or individual Directors.

REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS AND DIRECTOR FEES

A Remuneration Policy for Non-Executive Directors was approved by shareholders at the AGM on 1 August 2023. The Remuneration Policy can be found on page 93. During the year the Committee reviewed the Remuneration Policy and concluded it remained appropriate for the Company. The Committee will continue to review the Remuneration Policy annually.

As previously reported, the Committee approved changes to the fees paid to the Chair of the Board and to Non-Executive Directors with effect from 1 April 2022. The Committee conducted a routine review of the fees this year to ensure they remain appropriate to recruit high-quality directors with appropriate skills and other attributes, and fairly remunerate them for the work performed. Taking into account benchmarking against comparable peer groups and recent changes to the responsibilities undertaken by the Chair of the Remuneration Committee, including oversight of the remuneration of the CEO and Chair of the Investment Manager, the Committee recommended to the Board that the fee paid to the Chair of the Remuneration Committee increase with effect from 1 April 2024, which the Board approved.

REMUNERATION OF INVESTMENT MANAGER STAFF

The remuneration policy for, and remuneration of, the employees of the Investment Manager is determined by the Investment Manager, with the exception of awards under the incentive scheme, where the Committee is involved as set out in the next section, and the remuneration policy and remuneration of the Investment Manager's CEO and Chair, as described below.

The Committee reviewed and approved the remuneration and objectives of the CEO and Chair of the Investment Manager. PwC provided the Committee with advice and benchmarking data to support its work.

The Committee also reviewed the Investment Manager's approach to remuneration during the year for its alignment with the Company's purpose, culture and delivery of strategy. A summary of the Investment Manager's approach to remuneration is set out on page 94. The Committee is satisfied that the approach to remuneration and the incentive scheme are appropriate to align the team of the Investment Manager with the Company's strategy.

The Committee considers how sustainability issues should impact remuneration policy. As described elsewhere in this Annual Report, the Board believes our core activities have the potential for transformational impact on patients and so the existing incentive structures already align the team with delivering a positive impact on society. In addition, part of the Syncona team's annual objectives relate to implementation of our wider sustainability policies and these feed into performance and bonus assessments. The Committee continues to monitor the appropriateness of further sustainability metrics for remuneration.

INCENTIVE SCHEME

The Committee is responsible for approving the making of awards under the incentive scheme that provides long-term rewards to the employees of the Investment Manager, and in which most of the employees of the Investment Manager participate. Further details of the scheme can be found in the summary of the Investment Manager's approach to remuneration on page 94.

The Committee approves individual awards for specific senior members of staff of the Investment Manager (the CEO and Chair) and has delegated authority to approve individual awards for other employees to the Investment Manager, within designated bands. In line with its normal practice the Committee approved awards in July 2023, making further awards to individual employees when they became eligible to receive them.

As previously reported, the Committee carried out a review of the terms and operation of the incentive scheme during 2022/3. The Committee concluded that the incentive scheme remains fit for purpose, aligning the team of the Investment Manager with the Company's strategy by ensuring that a material part of individual compensation is directly tied to gains in the Company's life science portfolio, which is the key driver of shareholder returns, and that the staged realisation structure ensures that rewards are principally driven by long-term performance rather than short-term changes in valuation.

The existing incentive scheme has been in place for almost eight years with 2026 the final year in which awards can be made. During the year, the Committee reviewed proposals for a new incentive scheme and agreed a process with the Investment Manager to take forward proposals for further review.

COMMITTEE EVALUATION AND EFFECTIVENESS

During the year, the Committee completed its annual review of effectiveness, and concluded that it had performed its responsibilities effectively. The Committee also considered the findings of the internal Board effectiveness review for 2023/24 as it related to the Committee.

While the Committee does not consider that there are any matters within its responsibilities on which it should consult with shareholders at present, the Committee Chair is available to respond to any questions on matters not addressed in this report.

REPORT ON IMPLEMENTATION OF THE REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS

Although the Company is not subject to the laws of England and Wales, this report is prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, except that the Directors have chosen not to include a chart of Total Shareholder Return, which is required by paragraph 18 of Schedule 8, as they are voluntarily adopting the Regulations.

During the year, the Committee carried out a routine review of the fees paid to the Chair and Non-Executive Directors and concluded that they remain appropriate to recruit high-quality directors with appropriate skills and other attributes, and fairly remunerate them for the work performed, with the exception of the fee for the Chair of the Remuneration Committee. Taking into account benchmarking against comparable peer groups, recent changes to the responsibilities undertaken by the Chair of the Remuneration Committee and an associated increase in time commitment, the Board approved an increase to the fee for the Chair of the Remuneration Committee to £10,000 per year with effect from 1 April 2024.

DIRECTORS' FEES

The fees payable to the Non-Executive Directors are set out below:

	Fee per annum
Chair	£125,000
Director	£50,000
Senior Independent Director	£10,000 additional fee
Chair of Audit Committee	£15,000 additional fee
Member of Audit Committee (other than Chair)	£5,000 additional fee
Chair of Remuneration Committee	£5,000 additional fee Increased to £10,000 with effect from 1 April 2024
Director of Guernsey subsidiary companies	£10,500 additional fee
Travel time allowance	£2,500 additional allowance for each meeting attended outside the Director's continent of residence

The fee paid to each Director is set out in the single total figure table on page 92.

None of the Directors has any entitlement to taxable benefits, pensions or pension-related benefits, medical or life insurance schemes, share options, long-term incentive plan, or performance-related payments. No Director is entitled to any other monetary payment or assets of the Company except in their capacity (where applicable) as shareholders of the Company. Accordingly, the table on page 92 does not include columns for these items or their monetary equivalents.

Directors' and Officers' insurance is maintained and paid for by the Company on behalf of the Directors.

In line with market practice, the Company has undertaken, subject to the Companies Law and certain limitations, to indemnify each Director out of the assets and profits of the Company against certain charges, losses, damages, expenses and liabilities arising out of any claims made against him or her in connection with the performance of his or her duties as a Director of the Company. The indemnities would also provide financial support from the Company should the level of cover provided by the Directors' and Officers' insurance maintained by the Company be exhausted. Non-Executive Directors are engaged under Letters of Appointment, copies of which are available for inspection at the Company's Registered Office.

None of the Directors has a service contract with the Company and, accordingly, the Directors are not entitled to any compensation in the event of termination of their appointment or loss of office, other than the payment of any outstanding fees.

RESULTS OF THE VOTING AT THE 2023 AGM

At the 2023 AGM, shareholders approved the remuneration report that was published in the 2023 Annual Report. The results for this vote are shown below:

Resolution	Votes for	% for	Votes against	% against	Withheld	Discretion	% Discretion
Approval of the Directors' remuneration report	509,148,250	99.94%	93,843	0.02%	14,961	211,077	0.04%

An ordinary resolution for the approval of the annual remuneration report will be put to the shareholders at the Annual General Meeting to be held on 6 August 2024.

SINGLE TOTAL FIGURE TABLE (AUDITED INFORMATION)

For the year to 31 March 2024, the fees for Directors were as follows:

	2024 £'000	2023 £'000
Melanie Gee (Chair)	**125**	125
Julie Cherrington[1]	**65**	61
Cristina Csimma[1]	**60**	58
Virginia Holmes	**65**	65
Rob Hutchinson	**76**	76
Kemal Malik	**55**	55
Gian Piero Reverberi	**60**	60
Total	**506**	499

1. Julie Cherrington and Cristina Csimma are each resident in the USA and the amounts paid to them include payment of the travel time allowance for travel to Board meetings in the UK.

No payments to Directors for loss of office have been made by the Company in the year. No payments to past Directors have been made by the Company in the year.

RELATIVE IMPORTANCE OF SPEND ON PAY

The following table shows the proportion of the Company's Directors' fees relative to returns to shareholders. This table includes Directors only as the Company did not have any other staff. In line with previous announcements, the Company does not intend to declare a dividend in relation to the year ended 31 March 2024.

	For the year ended 31 March 2024 £'000	For the year ended 31 March 2023 £'000	Difference £'000
Total Directors' pay	**506**	499	7
Dividends	**0**	0	0
Directors' pay as a % of distributions to shareholders	**N/A**	N/A	–

STATEMENT OF DIRECTORS' SHAREHOLDING AND SHARE INTERESTS (AUDITED INFORMATION)

Neither the Company's Articles of Association nor the Directors' Letters of Appointment require a Director to own shares in the Company, although the Company encourages Directors to consider holding shares. The interests of the Directors and their connected persons in the equity securities of the Company at 31 March 2024 are shown in the table below:

	Ordinary Shares	
	31 March 2024	31 March 2023
Melanie Gee (Chair)	**76,500**	76,500
Julie Cherrington	**–**	–
Cristina Csimma	**–**	–
Virginia Holmes	**38,000**	38,000
Rob Hutchinson	**94,827**	94,827
Kemal Malik	**11,475**	11,475
Gian Piero Reverberi	**50,000**	50,000

Gian Piero Reverberi
Chair of the Committee
19 June 2024

REMUNERATION POLICY

This is the Remuneration Policy for the Non-Executive Directors of the Company, as approved by shareholders at the Company's Annual General Meeting on 1 August 2023.

The Remuneration Policy set out below will apply until it is next put to shareholders for approval, which will be at the Company's Annual General Meeting in 2026 or sooner if it is proposed to vary the Remuneration Policy.

GENERAL

The Board has the power at any time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. There is no maximum number of Directors unless otherwise determined by the Company by Ordinary Resolution. Any Director so appointed holds office only until the next following Annual General Meeting and is then eligible for re-election.

The Directors are non-executive and the aggregate fees payable in any year are restricted to a maximum amount determined in accordance with the Company's Articles of Incorporation (currently £1,000,000). The Board currently has no intention to appoint any Executive Directors who will be paid by the Company.

NON-EXECUTIVE DIRECTORS

All Directors are appointed under the terms of Letters of Appointment, and none has a service contract. The Company has no employees.

The Non-Executive Directors of the Company are entitled to such rates of annual fees as the Board at its discretion shall from time to time determine (subject to any limit set under the Company's Articles of Association) and reimbursement of reasonable fees and expenses incurred by them in the performance of their duties. Non-Executive Directors have no entitlement to pensions or pension-related benefits, medical or life insurance schemes, share options, long-term incentive plans or performance-related payments. Where expenses are recognised as a taxable benefit, a Non-Executive Director may receive the grossed-up costs of that expense as a benefit.

The Company has no employees. Accordingly, pay and employment conditions of employees generally were not taken into account when setting the Remuneration Policy and there was no consultation with employees. The Remuneration Committee considers the approach set out in this Remuneration Policy is consistent with the remuneration approach taken by the Investment Manager.

Table of Directors' remuneration components

Element	Purpose and link to strategy	Operation	Maximum
Board Chair fee	To attract and retain a high-calibre Chair by offering a market competitive fee level.	The Chair is paid a single fee for all their responsibilities. The level of the fee is reviewed periodically by the Remuneration Committee, with reference to workload, time commitment and fees paid in other relevant listed companies. At the discretion of the Remuneration Committee, part or all of the annual fee paid to the Chair may be paid in the Company's Ordinary Shares. There is no requirement for the Chair to retain any such shares.	The fees paid to the Chair are subject to change periodically by the Remuneration Committee under this policy. There is no maximum fee level.
Non-Executive Director fees	To attract and retain high-calibre Non-Executive Directors by offering a market competitive fee level.	The Non-Executives are paid a basic fee. Additional fees may be paid to Non-Executives carrying out further Board responsibilities as considered appropriate from time to time, for example acting as Senior Independent Director or Audit Committee Chair. The fee levels are reviewed periodically by the Chair and the Remuneration Committee, with reference to workload, time commitment and market levels in other relevant listed companies, and a recommendation is then made to the Board. At the discretion of the Board, part or all of the annual fee paid to any Non-Executive Director may be paid in the Company's Ordinary Shares. There is no requirement for Non-Executive Directors to retain any such shares.	These fee levels are subject to change periodically under this policy. There is no maximum fee level.

Notes to the table of Directors' remuneration components

No Director is entitled to receive any remuneration from the Company which is performance-related. As a result there are no performance conditions in relation to any elements of the Directors' remuneration in existence to set out in this Remuneration Policy.

The Company has no employees. Accordingly, there are no differences in policy on the remuneration of Directors and the remuneration of employees.

There are no provisions in Directors' Letters of Appointment for recovery or withholding of fees or expenses. Annual fees are pro-rated where a change takes place during a financial year.

There are no changes in the elements above relative to the previous Remuneration Policy.

REMUNERATION APPROACH OF THE INVESTMENT MANAGER

This section of the remuneration report gives brief details of the remuneration approach applied by the Investment Manager for its team. This approach applies to the entire team, although adjustments may be made for employees who live outside the UK to take account of local requirements.

The policy and components of current remuneration are set out below, and are intended to ensure that: (i) there is alignment with the Syncona purpose, strategy and values, and its long-term interests; and (ii) remuneration is consistent with and promotes sound and effective risk management and does not encourage risk taking which is inconsistent with Syncona's risk profile.

For the senior leadership team within the Investment Manager, remuneration is structured to align them with shareholders' interests with a significant percentage of total remuneration linked to long-term performance through participation in the incentive scheme.

Base salary

Base salaries are normally reviewed annually on 1 April. When conducting the annual salary review for all employees, account is taken of (i) the individual's performance and (ii) the external market, which may include market data provided by the Investment Manager's independent advisers.

Pension

The Investment Manager makes contributions for eligible employees into a personal pension plan up to a maximum of 10 per cent of base salary.

Annual bonus

A discretionary annual bonus may be awarded. An award will take into account two factors: the performance of the Investment Manager against its corporate objectives (which are in turn linked to delivery of strategy, in line with the Company's purpose and values) and the individual's performance. Bonus payments are not pensionable.

Other benefits

These include private medical insurance, income protection and life cover.

Incentive scheme

The Company operates an incentive scheme that provides long-term rewards to the employees of the Investment Manager. The incentive scheme was approved by shareholders in December 2016 and is designed to reward long-term performance and align the investment team with shareholders. A fuller description can be found in the circular to shareholders dated 28 November 2016.

Under the incentive scheme, employees of the Investment Manager are awarded Management Equity Shares (MES) in Syncona Holdings Limited (SHL) at no cost. The majority of the employees of the Investment Manager participate in the incentive scheme.

- MES entitle holders to share in approximately 12.5 per cent of the growth of the Net Asset Value of the life science portfolio (excluding the interest in the CRT Pioneer Fund but including the value of prior realisations from the life science portfolio) subject to certain adjustments.
- The growth is measured from the Net Asset Value at the most recent valuation point, which will generally be the value determined at the most recent financial year end, or if greater the total capital invested in the life science portfolio.
- For a MES to have value there must have been growth in the adjusted Net Asset Value of the life science portfolio of at least 15 or 30 per cent (depending on when the MES were issued) from the starting value.
- A limit applies to the maximum number of MES that can be issued at any time, defined by reference to the total capital invested in the life science portfolio.
- MES vest on a straight-line basis over a four-year period. Holders are able to realise 25 per cent of their vested MES annually after the publication of the Company's annual results.
- On realisation 50 per cent of the after-tax value is paid in the Company's Ordinary Shares (which must normally be held for at least 12 months) and the balance is realisable in a cash payment. In practice a tax rate of 28 per cent is assumed to apply to MES realisations, and so 36 per cent of the realisation value is paid in the Company's Ordinary Shares and the remaining 64 per cent of the realisation value is paid in cash.

The incentive scheme accordingly reflects the value generated in the life science portfolio over a number of years. Since December 2016 (when the incentive scheme was established), the adjusted Net Asset Value of the life science portfolio has increased by a total of £511.2 million, of which £719.2 million is a realised gain.

As an alternative, since the MES awards made in 2022 employees have been offered the alternative of being awarded nil cost options to acquire MES. These have the same economic characteristics as holding MES, but are expected to be taxed differently for UK taxpayers.

In the 12 months to 31 March 2024 the following payments were made as a result of realisations of MES:

- In July 2023, a cash payment of £6.8 million was made to MES holders (total since December 2016: £34.7 million).
- In July 2023, 2,477,342 Ordinary Shares were issued to MES holders (valued at £3.8 million at the time of issue); these shares are subject to a 12-month lock-up (total since December 2016: 9,745,103 shares valued at £19.6 million at the time of issue).
- At 31 March 2024, the total liability for the cash settled element of the incentive scheme for MES that have vested but not yet been realised determined in accordance with IFRS 2 was £4.6 million (see note 12). Of that amount, a maximum of £1.8 million can be realised at the next realisation date.
- The total number of Ordinary Shares in the Company that could potentially be issued under the incentive scheme was 1,035,451 (taking account of all MES, whether vested or not vested, and based on the share price at 31 March 2024 of £1.23/share), equal to 0.15 per cent of the number of Ordinary Shares in issue at that date. Of those shares, a maximum of 805,048 Ordinary Shares could be issued at the next realisation date (the actual number of shares that can be issued will depend on the share price at the time of realisation). The aggregate number of new Ordinary Shares which may be issued on the realisation of MES under the incentive scheme in any 10-year period may not exceed 10 per cent of the number of Ordinary Shares in issue from time to time.

Share interests

Members of the Investment Manager's team are encouraged to build up an interest in the Company's shares, but are not subject to a formal shareholding guideline.

The Directors present their Annual Report and audited Consolidated Financial Statements for the year ended 31 March 2024, which have been prepared in accordance with The Companies (Guernsey) Law, 2008.

PRINCIPAL ACTIVITY

The Company is a Guernsey authorised closed-ended investment company listed on the Premium Segment of the London Stock Exchange.

The Company is governed by an independent Board of Directors and has no employees. Management of its investments is contracted to its subsidiary Syncona Investment Management Limited, the Investment Manager. Its company secretarial and administrative functions are outsourced to Citco Fund Services (Guernsey) Limited, with further support and oversight provided by the Investment Manager. Further details on the Company's Investment Manager are given below.

The Company's investment objective is to achieve superior long-term capital appreciation from its investments. A copy of the Investment Policy can be found on page 97. This includes a non-material amendment made by the Board of Directors on 18 June 2024 to align the Investment Policy with the Company's strategy of building a portfolio of life sciences companies across development stage, modality and therapeutic area, to take effect on publication of this Annual Report. Further details are provided on page 97.

INVESTMENT MANAGER

The investment portfolio is managed by the Investment Manager, which was appointed to that role on 12 December 2017. The Investment Manager is regulated by the Financial Conduct Authority as an Alternative Investment Fund Manager.

The Company pays the Investment Manager an annual fee equal to expenses incurred in managing the investment portfolio. The amount of the fee was previously limited to a maximum of 1.05 per cent per annum of the Company's NAV, but as previously announced the Company and the Investment Manager agreed to remove that limit in November 2022. In addition, the Company has in place an incentive scheme that provides long-term rewards to employees of the Investment Manager. Further details of the incentive scheme are set out in the Remuneration Committee report on page 94.

The appointment of the Investment Manager is indefinite and can be terminated by the Company on 180 days' notice. No compensation is payable to the Investment Manager on termination of its appointment.

The Directors review the performance of the Investment Manager each year and consider that the Investment Manager is performing well. Accordingly, the Directors consider that the continuing appointment of the Investment Manager on the terms agreed is in the interests of the Company and its shareholders as a whole.

EXPENSES

Management fees paid to the Investment Manager in 2024 totalled £16.6 million (2023: £12.1 million); 1.34 per cent of NAV for the 12 months (2023: 0.93 per cent of NAV). The ongoing charges ratio, which includes the management fee, costs and movement in value associated with the Company's incentive scheme and costs incurred in running the Company, was 1.93 per cent (2023: 0.88 per cent).

DIRECTORS

Biographical details of the current Directors of the Company are shown on pages 78 and 79. Details of the Directors' shareholdings are included in the Directors' remuneration report on page 92.

At each Annual General Meeting of the Company, all the Directors at the date of the notice convening the Annual General Meeting retire from office and each Director may offer himself or herself for election or re-election by the shareholders. There is no age limit on Directors.

The Directors are required to disclose all actual and potential conflicts of interest to the Board as they arise for consideration and approval. These are considered carefully, taking into account the circumstances around them, and if considered appropriate are approved. The Board may impose restrictions or refuse to authorise such conflicts if deemed appropriate. Directors are regularly reminded of their obligations regarding disclosure of conflicts of interest.

During the year, the Company maintained cover for its Directors and Officers under a Directors' and Officers' liability insurance policy.

SHARE CAPITAL

As at 31 March 2024, the Company had 671,806,666 nil paid Ordinary Shares in issue. 16,471,080 shares were held in treasury which attract no voting rights. The total number of voting rights at 31 March 2024 was 655,335,586. The Ordinary Shares each have standard rights as to voting, dividends and payment on winding up and no special rights and obligations attaching to them. There are no material restrictions on transfers of shares. In addition, the Company has one Deferred Share in issue. This share has the right to payment of £1 on the liquidation of the Company, and a right to vote only if there are no other classes of voting shares of the Company in issue, but no other rights.

As at 31 March 2024, the Company had been notified of the following significant (5 per cent or more) direct or indirect holdings of securities in the Company:

Shareholder	Number of Ordinary Shares held	% of issued share capital held
The Wellcome Trust	186,000,000	27.79
BlackRock, Inc	69,185,088	10.32
Schroders plc	33,488,292	5.00

Other than as disclosed above, the Company is not aware of any person who has a significant direct or indirect holding of securities in the Company. There are no restrictions on voting rights. The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights.

The Company has the authority, subject to various terms as set out in its Articles and in accordance with The Companies (Guernsey) Law, 2008, to acquire up to 14.99 per cent of the shares in issue. The Company intends to renew this authority annually.

On 29 September 2023, the Directors utilised this authority to commence a share buyback programme to purchase its Ordinary Shares up to a maximum consideration of £40.0 million. As at 31 March 2024, in aggregate the Company has purchased 16,471,080 Ordinary Shares with an aggregate nominal value of approximately £20.2 million (this represented approximately 2.5 per cent of the Company's issued share capital as at 31 March 2024) for an aggregate consideration of £20.2 million excluding taxes and expenses. All of the repurchased Ordinary Shares have been held in treasury. Additional details are provided in the Chair's Statement.

RESULTS AND DIVIDENDS

The results for the year are set out in the Consolidated Statement of Comprehensive Income on page 106.

No dividend was declared in the year ending 31 March 2024 (31 March 2023: £0.00).

GOING CONCERN

The financial statements are prepared on a going concern basis. The net assets held by the Group and within investment entities controlled by the Group currently consist of securities and cash amounting to £1,238.9 million (31 March 2023: £1,254.7 million) of which £435.8 million (31 March 2023: £629.4 million) are readily realisable within three months in normal market conditions, and liabilities including uncalled commitments to underlying investments and funds amounting to £95.2 million (31 March 2023: £89.2 million).

Given the Group's capital pool of £452.8 million (31 March 2023: £650.1 million) the Directors consider that the Group has adequate financial resources to continue its operations, including existing commitments to its investments and planned additional capital expenditure for 12 months following the approval of the financial statements. The Directors also continue to monitor the potential future impact of increasing geopolitical uncertainty and the 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 Consolidated Financial Statements.

ANNUAL GENERAL MEETING

The AGM will be held at Frances House, Sir William Place, St Peter Port, Guernsey, GY1 1GX on 6 August 2024 at 13:00. Details of the resolutions to be proposed at the AGM, together with explanations, appear in the Notice of Annual General Meeting sent to shareholders separately.

The Board remains committed to allowing shareholders the opportunity to engage with the Board, and if shareholders have any questions for the Board in advance of the AGM, these can be sent by email to contact@synconaltd.com. The Board will endeavour to answer key themes of these questions on the Company's website as soon as practical.

CHARITABLE DONATIONS

The Company has agreed with The Syncona Foundation that one-twelfth of 0.35 per cent of the total NAV of the Company at each month-end during the year will be donated annually by the Company to charity (subject to review each year), all of which is donated to The Syncona Foundation which in turn makes grants to selected charities. The Company expects to make the donation calculated by reference to the year ending 31 March 2024 during July 2024.

Further details of the Company's charitable donations are set out in the Company's separate Sustainability Report, available on its website.

STAKEHOLDERS, EMISSIONS AND OTHER MATTERS

For stakeholder information, see the Purpose-led stakeholder engagement section of the Strategic Report. For emissions reporting, see the Strategic Report. For future developments, see the Strategic Report and for post-balance sheet events, see note 21 of the Consolidated Financial Statements. For information regarding financial instruments, see note 17 of the Consolidated Financial Statements.

The Directors have considered the relevance of the risks of climate change and transition risks in the preparation of the Consolidated Financial Statements and confirm that the financial impact of climate-related matters, to the extent relevant to the Company, has been incorporated into the Consolidated Financial Statements.

The Directors have considered the impact of events in the Middle East, Russia and Ukraine in the preparation of the Consolidated Financial Statements and confirm that the financial impact of such matters, to the extent relevant to the Company, has been incorporated into the Consolidated Financial Statements.

OTHER INFORMATION

Under Listing Rule 9.8.4CR, a listed company must include all information required by LR 9.8.4R in a single identifiable location or a cross-reference table indicating where that information is set out.

For the purposes of LR 9.8.4CR, the information that is required to be disclosed by LR 9.8.4R can be found as per the below table:

Requirement	Location
Interest capitalised	– Not applicable
Unaudited financial information	– Not applicable
Long-term incentive schemes	– Audit Committee report – Remuneration Committee report
Waiver of emoluments/future emoluments by a director	– Not applicable
Non pre-emptive issues of equity for cash	– Not applicable
Non pre-emptive issues of equity for cash in relation to major subsidiary undertakings	– Not applicable
Information for unlisted major subsidiary undertaking	– Not applicable
Parent undertaking details	– Not applicable
Contract of significance	– Not applicable
Controlling shareholder provision of services	– Not applicable
Dividend waiver by shareholders	– Not applicable
Future dividend waiver by shareholders	– Not applicable
Agreements with controlling shareholders	– Not applicable

All the relevant information cross-referenced above is hereby incorporated by reference into this Directors' report.

AUDITOR

The Company is required to appoint auditors for each financial year of the Company, to hold office until the conclusion of the next general meeting at which accounts are presented. Our Independent Auditor, Deloitte LLP, has indicated their willingness to remain in office and resolutions to reappoint them for the year to 31 March 2025 and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

As far as the Directors are aware, there is no relevant audit information of which the Auditor is unaware and they have taken all steps they should have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

Signed on behalf of the Board:

Melanie Gee
Chair
Syncona Limited
19 June 2024

INVESTMENT OBJECTIVE AND POLICY[1]

The Company's investment objective is to achieve superior long-term capital appreciation from its investments. The Company invests in life science businesses (including private and quoted companies) and single or multi-asset projects ('Life Science Investments').

The Company will target an annualised return across its net assets of 15 per cent per annum over the long term.

The Company also holds a portion of its assets as a capital pool ('Capital Pool') to ensure it has capital available to make future Life Science Investments. There is no limit on the size of the Capital Pool although it is intended that the Company should invest the significant majority of its assets in Life Science Investments.

Life Science Investments

Life Science Investments will principally be privately owned businesses or single or multi-asset opportunities, together with the Company's investment in the CRT Pioneer Fund.

The Company anticipates that its Life Science Investment businesses will primarily be headquartered in the United Kingdom and, to a lesser extent, continental Europe, although some may have operations elsewhere in the world and may market and commercialise their products on a global basis.

The Company anticipates that, over time, its Life Science Investments portfolio will consist of around 20 to 25 life science opportunities, of which three to five are likely to become significant core holdings. The Company will invest further in its existing portfolio of Life Science Investments and will seek to create further opportunities by founding new businesses to commercialise academic science.

The Company will seek to create and invest in new or existing Life Science Investment businesses or opportunities with a view to long-term ownership, to support the building of companies that are capable of taking their products to market on an independent basis and therefore to build sustainable, revenue-generating businesses. However, the Company may selectively divest companies in part or in full where it is in the Company's interest to do so.

The Life Science Investment portfolio is subject to the following diversification requirements, each of which is measured only at the time of an investment and with respect to the impact of that investment:

- no more than 35 per cent of the Company's gross assets may be invested in any single Life Science Investment;
- no more than 60 per cent of the Company's gross assets may be invested in the largest two Life Science Investments;
- no more than 75 per cent of the Company's gross assets may be invested in the largest three Life Science Investments; and
- no more than 15 per cent of the Company's gross assets may be invested in quoted companies, disregarding for these purposes any investments which have become quoted companies during their ownership by the Company.

Capital Pool

The objective of the Capital Pool is to provide the Company with access to liquidity in all market conditions, with limited annualised volatility across the Capital Pool as a whole.

In implementing this objective the Capital Pool may be held in a combination of cash, short-term deposits, other liquid and low volatility assets, and funds including credit, fixed income and multi-strategy funds.

In addition, parts of the Capital Pool may be held in funds that were invested in accordance with any prior investment policy of the Company, until those funds are realised.

The composition of the Capital Pool will vary over time, depending on the aggregate amount of the Company's gross assets that are allocated to it.

The Capital Pool is subject to the requirement, measured at the time of investment, that no more than 20 per cent of the Company's gross assets may be held in any single fund or managed account.

Investment restrictions

The Company will not make any direct investment in any tobacco company and has agreed with (a) The Institute of Cancer Research (the ICR) not knowingly to make any investment which contravenes the tobacco restriction contained in the investment policy of the ICR and (b) Cancer Research UK not knowingly to make or continue to hold any investments in the Fund Investment portfolio which would result in exposure to tobacco companies exceeding 1 per cent of the aggregate value of the Capital Pool from time to time.

The Company will not invest more than 15 per cent of its gross assets in other closed-ended investment funds that are listed on the FCA's Official List.

The Group may incur indebtedness for the purpose of financing share repurchases or redemptions, satisfying working capital requirements or to assist in payment of the annual charitable donation, up to a maximum of 20 per cent of the Company's Net Asset Value at the time of incurrence.

Any decision to incur indebtedness for the purpose of servicing any awards under the Group's Long-Term Incentive Plan must be approved by the Board. Any other decision to incur indebtedness may be taken by the Investment Manager within such parameters as are approved by the Board from time to time. There are no limitations on indebtedness being incurred at the level of the Company's underlying investments.

The Company does not propose to enter into any securities or derivative hedging or other derivative arrangements other than those that may from time to time be considered appropriate for the purposes of efficient portfolio management and will not enter into such arrangements for investment purposes, although there are no limitations on such arrangements being entered into at the level of the Company's underlying investments.

1. Effective from the date of publication of this Annual Report. The prior policy has been amended to remove the requirement that the Company commit at least 25 per cent of the assets that it commits to Life Science Investments to oncology projects or businesses. The non-material amendment seeks to better align the policy with the Company's strategy of building a portfolio of 20-25 globally leading life science companies across development stage, modality and therapeutic area. Oncology remains an important therapeutic area for the Company.

In respect of the Annual Report and audited Consolidated Financial Statements

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

The Companies Law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under the Companies Law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole;
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy; and
- the financial statements include information and details in the Chair's statement, the Strategic Report, the Corporate governance report, the Directors' report and the notes to the Consolidated Financial Statements, which provide a fair review of the information required by:

  a) DTR 4.1.8 of the Disclosure and Transparency Rules, being a fair review of the Company business and a description of the principal risks and uncertainties facing the Company; and
  b) DTR 4.1.11 of the Disclosure and Transparency Rules, being an indication of important events that have occurred since the end of the financial year and the likely future development of the Company.

This responsibility statement was approved by the Board of Directors on 19 June 2024 and is signed on its behalf by:

Melanie Gee
Chair
Syncona Limited
19 June 2024

Rob Hutchinson
Non-Executive Director
Syncona Limited
19 June 2024

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. Opinion

In our opinion the financial statements of Syncona Limited (the 'parent company') and its subsidiary (together the 'Group'):

- **give a true and fair view of the state of the Group's affairs as at 31 March 2024 and of its profit for the year then ended;**
- **have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;**
- **have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.**

We have audited the financial statements which comprise:

- the Consolidated Statement of Comprehensive Income;
- the Consolidated Statement of Financial Position;
- the Consolidated Statement of Changes in Net Assets Attributable to Holders of Ordinary Shares;
- the Consolidated Statement of Cash Flows; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and parent company for the year are disclosed in note 9 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters

The key audit matter that we identified in the current year was:

- Key judgements within the valuation of unquoted life science investments.

Within this report, key audit matter is identified as follows:

⊖ Similar level of risk

Materiality

The materiality that we used in the current year was £25.0 million which was determined on the basis of 2% of net assets attributable to holders of ordinary shares ('NAV').

Scoping

The group engagement team carried out audit work on the parent company, its subsidiary and the underlying entities in the investment holding structure, executed at levels of materiality applicable to each entity, which in all instances was lower than group materiality.

Significant changes in our approach

Valuation of the long-term incentive plan ("LTIP") liability was not identified as a key audit matter in the current year audit. Our risk assessment continues to identify the key area of potential manipulation of the Long-Term Incentive Plan ("LTIP") Liability which relates to the matters already identified for the key audit matter and response to key judgements within the valuation of unquoted life science investments. This is on the basis the settlement of the awards and reflects the prevailing performance of these investments and has therefore contributed to the continued reduction in value of the LTIP Liability and minimal sensitivity to changes in inputs other than valuation of the unquoted life science investment.

As a result, the relative audit effort required to respond to this matter has reduced to a level whereby we don't consider this to be a key audit matter.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Group and parent company's ability to continue to adopt the going concern basis of accounting included:

- evaluating Management's going concern paper, identifying the assumptions applied in the going concern assessment and testing the mechanical accuracy of the underlying forecasts;
- performing a retrospective review of previous assumptions and estimates to assess the accuracy of Management's historical forecasts;
- performing sensitivity analysis on the key assumptions applied to understand those that could potentially give rise to a material uncertainty in respect of the use of the going concern basis;
- checking consistency of the forecast assumptions applied in the going concern assessment with other forecasts, including investment funding and valuation assumptions;
- assessing the liquidity position of the Group and the underlying entities in the investment holding structure by evaluating the impact of near term requests for capital from the portfolio of life science investments. This included scenarios where cash outflows are over and above commitments and anticipated deployment of funds into life science investments amounting to £150 million – £200 million, as well as forecast annual expenditure for the Group and entities in the investment holding structure;
- considering the mitigating actions identified by Management as available responses to liquidity risks, principally the ability to realise assets held within the capital pool (Syncona Investments LP Incorporated), including treasury bills with an aggregate value as at 31 March 2024 of £163 million. An additional £59.7 million is also held in money market funds managed externally which could be accessed if required; and
- evaluating the disclosures made in relation to going concern within note 2.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Key judgements within the valuation of unquoted life science investments

Key audit matter description

The Group holds unquoted life science investments with a fair value of £571.8 million (2023: £498.0 million) through Syncona Portfolio Limited, a direct subsidiary of Syncona Holdings Limited, and £33.9 million (2023: £32.7 million) through Syncona Discovery Limited, a direct subsidiary of Syncona Investments LP Incorporated ("life science investments"). The unquoted life science investments constitute 48.9% (2023: 36.7%) of the Group net asset value (NAV). The life science investments includes "milestone payments" and "deferred consideration" related to cash flow entitlements due to Syncona Portfolio Limited from disposals and restructuring deals, with a reported fair value of £16.6 million (2023: £70.4 million) (1.3% of the Group NAV (2023: 5.6%)).

The Group records its interests in Syncona Holdings Limited and Syncona Investments LP Incorporated at fair value. The amounts are based on the fair value of underlying unquoted life science investments and other assets and liabilities, and these are recorded in accordance with IFRS 9 Financial Instruments ("IFRS 9"). The underlying unquoted life science investments are recorded at fair value through profit and loss in accordance with IFRS 13 Fair Value Measurement ("IFRS 13") and International Private Equity and Venture Capital Valuation ("IPEV") guidelines.

The risk exists that the pricing methodology applied to the underlying life science investments does not reflect a theoretical exit price in accordance with IFRS 13 and IPEV guidelines.

The portfolio is valued at fair value either at a calibration of cost, price of recent investment ("PRI"), or through other valuation techniques:

- Calibrated Cost/PRI are used for investments recently made, or recent transactions with third parties where available. Judgement exists as to whether there is an evidence of change in fair value, based on more recent financial, technical and other data.
- The CRT Pioneer Fund LP valuation (held through Syncona Discovery Limited) is based on the valuation provided by Sixth Element Capital LLP, the underlying Investment Manager using a Discounted Cash Flow ("DCF") for the underlying investments. These valuations are adjusted by the Investment Manager to apply the policies, discount rates and/or probability of success rates that are consistent with the rest of the Group.
- A DCF is prepared for milestone payments and deferred consideration using the contractual and estimated cash flows, adjusted for probability of success rates and discounted to present value.

The valuation of the investments was prepared by the Investment Manager, Syncona Investment Management Limited ("SIML"), and the Board also commissioned an independent advisor to provide an alternative valuation for certain investments to use as a reference point for assessing the SIML valuation. We assess individual investments within the portfolio and our response reflects the key judgements identified, being those associated with directly held investments through Syncona Portfolio Limited.

In addition to the judgement inherent in the valuation of these investments, SIML and the Board may seek to manipulate the valuation of the life science investments and milestone payments to influence key performance indicators. As such there is an incentive to misstate investment valuation and we identified this as a potential area for fraud.

Details of the life science investments balance and milestone payments are disclosed in notes 7, 17, 18 and 19 and the accounting policies relating to them are disclosed in note 2. Critical accounting judgements and key sources of estimation uncertainty are described in note 3 and in the Audit Committee report on page 84.

How the scope of our audit responded to the key audit matter

In order to test the key judgements in the valuation of the underlying unquoted life science investments we performed the following procedures:

- obtained an understanding of relevant controls relating to the valuation process of the unquoted life science investments applied by SIML, and the monitoring and review by the Board;
- evaluated the Directors' methodologies, against the requirements of IFRS 13 and IPEV guidelines;
- evaluated Management's assessment of the impact of the current economic headwinds on the underlying life science investments and subsequently the impact on the valuation of the investments;
- assessed the market volatility in determining whether there has been a change in fair value of the underlying life science investments as a result;
- evaluated the competence, capability and objectivity of the Group's independent advisor; and
- analysed the valuations performed by the independent advisor, and assessed the Investment Manager's and Directors' rationale for adopting a valuation approach different to that used by the independent advisor.

For investments where the calibration of cost or PRI are determined to be the best method to determine fair value in accordance with IFRS 13 we performed the following procedures:

- obtained supporting documentation for amounts invested, to assess whether the cost recorded is accurate and to understand whether the use of calibrated cost/PRI is a reasonable valuation basis;
- inspected the latest financial information, board meeting minutes, investor reports, and other external information sources to assess whether there has been any indication of a change in fair value since the latest funding round on an investment by investment basis;
- searched for contradictory evidence in reports and information obtained from the portfolio companies (including information arising after the reporting period) to assess progress against technical milestones anticipated by the investment thesis in the last funding round;
- compared exit prices for any disposals with the last determined fair values and inspected post year end transactions/funding rounds to test for conditions that would suggest that the year-end fair value was materially misstated;
- challenged Management's assumptions over the appropriateness of the valuation methodologies used, and whether other valuation methods may have been more appropriate, including comparison to independent valuations performed by Management's expert, benchmarking of M&A activity for early-stage life science companies and through wider consultation with our life sciences and healthcare team;
- completed market-based analysis in the context of share indices and price movements on the life science / biotech market to challenge Management's assertion that calibration of cost or PRI remains an appropriate basis without adjustment for certain investments;
- reviewed publicly available information for any other contradictory evidence; and;
- assessed whether the disclosures made were in accordance with IFRS 13.

In respect of the milestone payments and deferred consideration, we performed the following additional procedures:

- reviewed the accounting papers prepared by the Group in consideration of relevant guidance to assess the appropriateness of the recognition and measurement policy adopted for the milestone payments and deferred consideration;
- challenged management on the valuation methodologies used in light of our understanding of general practice in the sector and also challenged the appropriateness of the valuation methodologies with the assistance of our valuation specialist; and
- challenged the assumptions adopted within the DCF model to estimate the fair value, considering the probabilities of success and discount rate estimates, with reference to published benchmarks and independently determined ranges.

Key observations

Based on the work performed, we concluded that the key judgements within the valuation of unquoted life science investments were reasonable, and that the resulting valuations are appropriately stated.

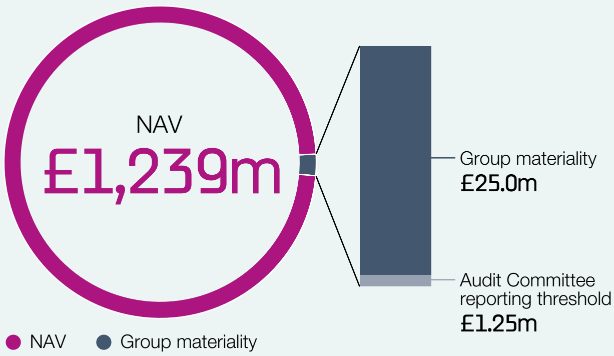
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality	£25.0 million (2023: £25.1 million).
Basis for determining materiality	2% (2023: 2%) of net asset value.
Rationale for the benchmark applied	The Group's investment objective is to achieve superior long-term capital appreciation from its investments. We therefore evaluated the Group's NAV as the most appropriate benchmark as it is one of the principal considerations for members of the Group in assessing financial performance and represents total shareholders' interests.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2024 audit (2023: 70%). In determining performance materiality, we considered the following factors:

- our risk assessment, including our assessment of the Group's overall control environment, including that of the administrator and whether we were able to rely on controls; and
- our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1.25m (2023: £1.25m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Scoping

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including group-wide controls, and assessing the risks of material misstatement at the Group and component level.

The group audit engagement team carried out audit work directly on the parent company and its consolidated subsidiary Syncona GP Limited executed at levels of materiality applicable to each entity (Syncona GP Limited materiality was set at £0.2 million (2023: £0.2 million)).

7.2. Our consideration of the control environment

The Board of Directors delegates management functions to Syncona Investment Management Limited as investment manager. Details of Syncona's review of its risk management framework and internal controls are described in the report of the Audit Committee on page 87.

As part of our risk assessment, we assessed the control environment in place at the investment manager, and obtained an understanding of the relevant controls, such as those in relation to our key audit matters and the financial reporting cycle. A third-party administrator maintains the books and records of the Group. As part of our audit procedures, we also obtained an understanding of relevant controls in operation at the service provider of the investment manager that are relevant to the business processes of the Group and parent company, including general IT controls. This involved reviewing the assurance report on controls and obtaining a bridging letter to cover the entire year ended detailing that there have not been any material changes to the internal control environment.

We have decided not to rely on controls as the Group does not perform significant automated processing of large volumes of data and the control environment is predominantly manual in nature.

7.3. Our consideration of climate-related risks

As part of our risk assessment, we have considered the potential impact of climate change on the Group's business and its financial statements. We have obtained an understanding of the process for identifying climate-related risks, the processes and controls in place, as well as the determination of any mitigating actions.

The Group continues to assess the potential impact of environmental, social and governance ("ESG") related risks, including climate change, as outlined on page 77 and within the Task Force for Climate Related Disclosures ("TCFD") report on pages 58 to 61. The Directors have assessed that the Group, and the portfolio companies in which they invest, are not materially exposed to climate change and that neither the risks nor opportunities (individually or collectively) materially impact their strategy or viability, or financial results, including the valuation of the unquoted life science investments. We have also evaluated the appropriateness of disclosures included in the financial statements in note 3.

We performed our own risk assessment of the potential impact of climate change on the Group's account balances and classed of transactions and did not identify any additional risk of material misstatement. We read the strategic report to consider whether the climate related disclosures are materially consistent with the financial statements and our knowledge obtained in the audit. The Directors have voluntarily adopted TCFD and therefore we engaged with our ESG assurance specialists to assist with assessing disclosures in the TCFD Report to consider whether they are materially consistent with the guidelines.

8. Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 Group or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for the investment manager and directors' remuneration, bonus levels and performance targets and incentive scheme;
- the Group's own assessment of the risks that irregularities may occur either as a result of fraud or error that was approved by the Board on 18 June 2024;
- results of our enquiries of Management, the Directors and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, valuations, modelling, life sciences and healthcare team, and ESG specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following area: key judgements in the valuation of unquoted life science investments.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies (Guernsey) Law, 2008, the Listing Rules and relevant tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Group's regulatory licences under The Protection of Investors (Bailiwick of Guernsey) Law, 2020.

11.2. Audit response to risks identified

As a result of performing the above, we identified key judgements within the valuation of unquoted life science investments as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of Management, the Audit Committee and in-house legal counsel of the investment manager concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with the Guernsey Financial Services Commission; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. Corporate Governance Statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- **the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 96;**
- **the Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 73;**
- **the Directors' statement on fair, balanced and understandable set out on page 98;**
- **the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 63;**
- **the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 87; and**
- **the section describing the work of the Audit Committee set out on page 84.**

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the parent company; or
- the financial statements are not in agreement with the accounting records.

We have nothing to report in respect of these matters.

14. Other matters which we are required to address

14.1. Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 22 September 2012 to audit the financial statements for the period from 14 August 2012 (date of incorporation) to 25 October 2012 and subsequent financial periods/years. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is thirteen years, covering the years ending 25 October 2012 to 31 March 2024.

14.2. Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

15. Use of our report

This report is made solely to the parent company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements will form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

Marc Cleeve, FCA
For and on behalf of Deloitte LLP
Recognised Auditor
St Peter Port, Guernsey
19 June 2024

UNAUDITED GROUP PORTFOLIO STATEMENT
AS AT 31 MARCH 2024

	2024		2023	
	Fair value £'000	% of Group NAV £'000	Fair value £'000	% of Group NAV £'000
Life science portfolio				
Life science companies				
Autolus Therapeutics plc	169,469	13.7	50,004	4.0
Spur Therapeutics Limited[1]	135,627	10.9	72,303	5.7
Quell Therapeutics Limited	84,745	6.8	86,703	6.9
Beacon Therapeutics Holdings Limited	80,257	6.5	60,000	4.8
Resolution Therapeutics Limited	49,974	4.0	23,027	1.8
Purespring Therapeutics Limited	45,257	3.7	35,100	2.8
OMass Therapeutics Limited	43,712	3.5	43,712	3.5
Anaveon AG	35,713	2.9	64,203	5.1
iOnctura B.V.	25,646	2.1	–	–
Biomodal Limited	18,055	1.5	18,472	1.5
Companies of less than 1% of the NAV	47,167	3.8	47,972	3.8
Total life science companies	735,622	59.4	501,496	39.9
CRT Pioneer Fund	33,874	2.7	32,727	2.6
Deferred consideration	14,362	1.2	15,882	1.3
Milestone payments	2,248	0.2	54,516	4.3
Total life science portfolio[2]	786,106	63.5	604,621	48.1
Capital pool investments				
UK and US treasury bills	163,373	13.2	284,960	22.7
Credit investment funds	112,015	9.0	101,566	8.1
Multi asset funds	70,500	5.7	160,036	12.8
Legacy funds	28,778	2.3	33,001	2.7
Total capital pool investments[3]	374,666	30.2	579,563	46.3
Other net assets				
Cash and cash equivalents[4]	104,819	8.5	82,818	6.6
Charitable donations	(4,353)	(0.4)	(4,634)	(0.4)
Other assets and liabilities	(22,360)	(1.8)	(7,713)	(0.6)
Total other net assets	78,106	6.3	70,471	5.6
Total capital pool	452,772	36.5	650,034	51.9
Total NAV of the Group	1,238,878	100.0	1,254,655	100.0

1. Spur Therapeutics Limited (previously Bidco 1354 Limited), a new entity in the year which acquired Freeline Therapeutics Plc and SwanBio Therapeutics Limited. The valuation of Spur Therapeutics Limited reflects the combined valuation of these companies.
2. The life science portfolio of £786,106,202 (31 March 2023: £604,619,696) consists of life science investments totalling £735,622,223 (31 March 2023: £501,495,018), deferred consideration of £14,361,660 (31 March 2023: £15,882,241) and milestone payments of £2,248,059 (31 March 2023: £54,515,861) held by Syncona Holdings Limited and CRT Pioneer Fund of £33,874,260 (31 March 2023: £32,726,576) held by Syncona Investments LP Incorporated
3. The capital pool investments of £374,665,784 (31 March 2023: £579,563,640) are held by Syncona Investments LP Incorporated.
4. Cash amounting to £260,826 (31 March 2023: £11,402) is held by Syncona Limited. The remaining £104,558,141 (31 March 2023: £82,806,203) is held by its subsidiaries other than portfolio companies ("Syncona Group Companies"). Cash held by Syncona Group Companies other than Syncona GP Limited is not shown in Syncona Limited's Consolidated Statement of Financial Position since it is included within financial assets at fair value through profit or loss.

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024

		2024			2023		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment income							
Other income	6	49,138	–	49,138	27,495	–	27,495
Total investment income		49,138	–	49,138	27,495	–	27,495
Net losses on financial assets at fair value through profit or loss	7	–	(18,389)	(18,389)	–	(67,286)	(67,286)
Total losses		–	(18,389)	(18,389)	–	(67,286)	(67,286)
Expenses							
Charitable donations	8	4,353	–	4,353	4,634	–	4,634
General expenses	9	22,608	–	22,608	11,593	–	11,593
Total expenses		26,961	–	26,961	16,227	–	16,227
Profit/(loss) for the year		22,177	(18,389)	3,788	11,268	(67,286)	(56,018)
Profit/(loss) after tax		22,177	(18,389)	3,788	11,268	(67,286)	(56,018)
Earnings/(loss) per Ordinary Share	14	3.33p	(2.76)p	0.57p	1.69p	(10.07)p	(8.38)p
Earnings/(loss) per Diluted Share	14	3.33p	(2.76)p	0.57p	1.69p	(10.07)p	(8.38)p

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

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

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	Notes	2024 £'000	2023 £'000
Assets			
Non-current assets			
Financial assets at fair value through profit or loss	10	**1,241,698**	1,258,258
Current assets			
Cash and cash equivalents		**261**	11
Trade and other receivables	11	**9,138**	10,143
Total assets		**1,251,097**	1,268,412
Liabilities and equity			
Non-current liabilities			
Share based payments provision	12	**2,861**	–
Current liabilities			
Share based payments provision	12	**1,760**	7,296
Accrued expense and payables	13	**7,598**	6,461
Total liabilities		**12,219**	13,757
Equity			
Share capital	14	**767,999**	767,999
Capital reserves	14	**444,774**	463,163
Revenue reserves		**46,328**	23,493
Treasury shares	14	**(20,223)**	–
Total equity		**1,238,878**	1,254,655
Total liabilities and equity		**1,251,097**	1,268,412
Total net assets attributable to holders of Ordinary Shares		**1,238,878**	1,254,655
Number of Ordinary Shares in issue	14	**655,335,586**	669,329,324
Net assets attributable to holders of Ordinary Shares (per share)	14	**£1.89**	£1.87
Diluted NAV (per share)	14	**£1.89**	£1.86

The audited Consolidated Financial Statements were approved on 19 June 2024 and signed on behalf of the Board of Directors by:

Melanie Gee
Chair
Syncona Limited

Rob Hutchinson
Non-Executive Director
Syncona Limited

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

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

FOR THE YEAR ENDED 31 MARCH 2024

	Share capital £'000	Capital reserves £'000	Revenue reserves £'000	Treasury shares £'000	Total £'000
As at 31 March 2022	767,999	530,449	11,393	–	1,309,841
Total comprehensive loss for the year	–	(67,286)	11,268	–	(56,018)
Transactions with shareholders:					
Share based payments	–	–	832	–	832
As at 31 March 2023	767,999	463,163	23,493	–	1,254,655
Total comprehensive income for the year	–	(18,389)	22,177	–	3,788
Acquisition of treasury shares	–	–	–	(20,223)	(20,223)
Transactions with shareholders:					
Share based payments	–	–	658	–	658
As at 31 March 2024	**767,999**	**444,774**	**46,328**	**(20,223)**	**1,238,878**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 £'000	2023 £'000
Cash flows from operating activities			
Profit/(loss) for the year		3,788	(56,018)
Adjusted for:			
Losses on financial assets at fair value through profit or loss	7	18,389	67,286
Non-cash movement in share based payment provision		(3,846)	(12,031)
Operating cash flows before movements in working capital		18,331	(763)
Decrease/(increase) in trade and other receivables		1,005	(265)
Increase in accrued expense and payables		1,137	763
Net cash generated from/(used in) operating activities		20,473	(265)
Cash flows from financing activities			
Acquisition of treasury shares	14	(20,223)	–
Net cash used in financing activities		(20,223)	–
Net increase/(decrease) in cash and cash equivalents		250	(265)
Cash and cash equivalents at beginning of the year		11	276
Cash and cash equivalents at end of the year		261	11

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

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

1. GENERAL INFORMATION

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

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

Syncona Investment Management Limited ("SIML"), a subsidiary, was appointed as the Company's Alternative Investment Fund Manager ("Investment Manager").

The investment objective and policy is set out in the Directors' report on page 97.

2. ACCOUNTING POLICIES

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

STATEMENT OF COMPLIANCE

The Consolidated Financial Statements which give a true and fair view are prepared in accordance with IFRS as adopted by the European Union and are in compliance with The Companies (Guernsey) Law, 2008. The Consolidated Financial Statements were approved by the Board and authorised for issue on 19 June 2024.

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

BASIS OF PREPARATION

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

FUNCTIONAL CURRENCY

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

GOING CONCERN

The financial statements are prepared on a going concern basis. The net assets held by the Group and within investment entities controlled by the Group currently consist of securities and cash amounting to £1,238.9 million (31 March 2023: £1,254.7 million) of which £435.8 million (31 March 2023: £629.4 million) are readily realisable within three months in normal market conditions, and liabilities including uncalled commitments to underlying investments and funds amounting to £95.2 million (31 March 2023: £89.2 million).

Given the Group's capital pool of £452.8 million (31 March 2023: £650.1 million) the Directors consider that the Group has adequate financial resources to continue its operations, including existing commitments to its investments and planned additional capital expenditure for 12 months following the approval of the financial statements. The Directors also continue to monitor the 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 Consolidated Financial Statements.

BASIS OF CONSOLIDATION

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

The results of the General Partner during the year are consolidated in the Consolidated Statement of Comprehensive Income from the effective date of incorporation and are consolidated in full. The financial statements of the General Partner are prepared in accordance with United Kingdom (UK) Accounting Standards under Financial Reporting Standard 101 "Reduced Disclosure Framework". Where necessary, adjustments are made to the financial statements of the General Partner to bring the accounting policies used in line with those used by the Group. During the years ended 31 March 2024 and 31 March 2023, no such adjustments have been made. All intra-group transactions, balances and expenses are eliminated on consolidation.

Entities that meet the definition of an investment entity under IFRS 10 are held at fair value through profit or loss in accordance with IFRS 9 "Financial Instruments". The Company, the Partnership and the Holding Company meet the definition of investment entities. The General Partner does not meet the definition of an investment entity due to providing investment management related services to the Group, and is therefore consolidated.

NEW STANDARDS ADOPTED BY THE GROUP

There are no standards, amendments to standards or interpretations that are effective for the annual period ending on 31 March 2024 that have a material effect on the Group's Consolidated Financial Statements.

STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

There are a number of other standards, amendments and interpretations that are not yet effective and are not relevant to the Group as listed below. These are not expected to have a material impact on the Group's Consolidated Financial Statements.

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

FINANCIAL INSTRUMENTS

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

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

Financial assets measured at amortised cost

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

As at 31 March 2024 and 31 March 2023, there are no financial assets measured at fair value through other comprehensive income.

Financial liabilities measured at amortised cost

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

Financial assets at fair value through profit or loss

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

Fair value – investments in subsidiaries

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

Fair value – life science portfolio – life science investments

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

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

2. ACCOUNTING POLICIES CONTINUED

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

- Cost at the transaction date is the primary input when determining fair value. Similarly, where there has been a recent investment in the unlisted company by third parties, the price of recent investment (PRI) is the primary input when determining fair value, although further judgement may be required to the extent that the instrument in which the recent investment was made is different from the instrument held by the Group.
- The length of period for which it remains appropriate to consider cost or the PRI as the primary input when determining fair value depends on the achievement of target milestones of the investment at the time of acquisition. An analysis of such milestones is undertaken at each valuation point and considers changes in the key company indicators, changes to the external environment, suitability of the milestones and the current facts and circumstances. Where this calibration process shows there is objective evidence that an investment has been impaired or increased in value since the investment was made, such as observable data suggesting a change in the financial, technical, or commercial performance of the underlying investment, the Group carries out an enhanced assessment which may use one or more of the alternative methodologies set out in the IPEV Valuation Guidelines.
- DCF involves estimating the fair value of an investment by calculating the present value of expected future cash flows, based on the most recent forecasts in respect of the underlying business. Given the significant uncertainties involved with producing reliable cash flow forecasts for seed, start-up and early-stage companies, the DCF methodology will more commonly be used in the event that a life science company is in the final stages of clinical testing prior to regulatory approval or has filed for regulatory approval. No life science investments were valued on a DCF basis as at 31 March 2024 and 31 March 2023.

Fair value – life science portfolio – milestone payments

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

Fair value – life science portfolio – deferred consideration

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

Fair value – capital pool investments in underlying funds

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

Forward currency contracts

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

Other financial liabilities

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

Offsetting of financial instruments

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

Derecognition of financial instruments

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

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

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

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

Share based payments
Certain employees of SIML participate in equity incentive arrangements under which they receive awards of Management Equity Shares (MES) in the Holding Company above a base line value set out at the date of award. The MES are not entitled to dividends but any dividends or capital value realised by the Group in relation to the Holding Company are taken into account in determining the value of the MES. MES vest if an individual remains in employment for the applicable vesting period. 25% of an individual MES become realisable each year, they have the right to sell these realisable shares to the Company and the Company is obligated to purchase said shares. The price is determined using a formula stipulated in the Articles of Association ("Articles") of the Holding Company.

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

The fair value of the MES at the time of the initial award is determined in accordance with IFRS 2 and taking into account the particular rights attached to the MES as described in the Articles. The fair value is measured using a probability-weighted expected returns methodology, which is an appropriate future oriented approach when considering the fair value of shares that have no intrinsic value at the time of issue. The approach replicates that of a binomial option pricing model. The key assumptions used within the model are: NAV progression; discount rates ranging from 13% to 28% (31 March 2023: 12% to 27%); and probabilities of success that result in an average cumulative probability of success across the life science portfolio of 18% (31 March 2023: 26%). In this case, the expected future payout to the MES was made by reference to the expected evolution of the Holding Company's value, including expected dividends and other realisations which is then compared to the base line value. This is then discounted into present value terms adopting an appropriate discount rate. The "capital asset pricing methodology" was used when considering an appropriate discount rate to apply to the payout expected to accrue to the MES on realisation.

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

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

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

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

The movement in the share based payment provision of the Group is a non-cash fair value movement to the reported liability, rather than a working capital balance movement. This movement is recognised directly in the Consolidated Statement of Comprehensive Income.

TREASURY SHARES
Treasury shares are Ordinary Shares of the Company held by the Company and presented as a reduction of equity, at the consideration paid, including any incremental attributable costs. The Ordinary Shares are purchased from the London Stock Exchange at market value.

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

2. ACCOUNTING POLICIES CONTINUED

EXPENSES

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

CASH AND CASH EQUIVALENTS

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

TRANSLATION OF FOREIGN CURRENCY

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

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

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

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

PRESENTATION OF THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In order to better reflect the activities of an investment company, supplementary information which analyses the Consolidated Statement of Comprehensive Income and reserves between items of a revenue and capital nature has been presented alongside the Consolidated Statement of Comprehensive Income and Statement of Changes in Net Assets Attributable to Holders of Ordinary Shares.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group's Consolidated Financial Statements requires judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses at the reporting date. However, uncertainties about these assumptions and estimates, in particular relating to underlying investments of private equity investments and the life science investments, could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

CRITICAL ACCOUNTING JUDGEMENTS

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

Fair value – life science portfolio

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

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

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

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

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

When assessing the judgement, the Group's determination of the fair values of certain investments took into consideration multiple sources including management and publicly available information and publications, as well as input from an independent review by L.E.K. Consulting LLP (L.E.K.) in respect of Syncona's valuation of the following investments:

- Resolution Therapeutics Limited
- Anaveon AG
- Freeline Therapeutics Plc (now Spur Therapeutics Limited)
- SwanBio Therapeutics Limited (now Spur Therapeutics Limited)
- Beacon Therapeutics Holdings Limited
- Quell Therapeutics Limited
- OMass Therapeutics Limited
- Purespring Therapeutics Limited
- CRT Pioneer Fund

As with any review of investments these can only be considered in the context of the limited procedures and agreed scope defining such review and are subject to assumptions which may be forward looking in nature and subjective judgements. Upon completion of such limited agreed procedures, L.E.K. estimated an independent range of fair values of those investments subjected to the limited procedures. In making its determination of fair value Syncona considered the review as one of multiple inputs. The limited procedures were undertaken within the agreed scope and limited by the information reviewed which did not involve an audit, review, compilation or any other form of verification, examination or attestation under generally accepted auditing standards and was based on the review of multiple defined sources. SIML is responsible for determining the fair value of the investments, and the agreed limited procedures in the review performed to assist Syncona in its determination are only one element of, and are supplementary to, the inquiries and procedures that SIML is required to undertake to determine the fair value of the said investments for which Management is ultimately responsible.

KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

In determining a suitable range to sensitise the fair value of the unlisted life science portfolio, Management note the progress towards and achievement of core milestones as well as underlying company indicators 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 +/- 12% (2023: +/- 10%) identified by Management reflects their estimate of the range of reasonably possible valuations over the next financial year, taking into account the position of the portfolio as a whole. Key technical milestones considered by Management and that typically trigger value enhancement (or deterioration if not achieved) include the generation of substantial clinical data.

As at the year end, none (31 March 2023: none) of the Partnership's underlying investments have imposed restrictions on redemptions. However, underlying managers often have the right to impose such restrictions.

The Directors believe it remains appropriate to estimate their fair values based on NAV as reported by the administrators of the relevant investments.

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

4. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

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

DIRECT INTERESTS IN SUBSIDIARIES

Subsidiary	Principal place of business	Principal activity	2024 % interest[1]	2023 % interest[1]
Syncona GP Limited	Guernsey	General Partner	**100%**	100%
Syncona Holdings Limited	Guernsey	Portfolio management	**100%**	100%
Syncona Investments LP Incorporated	Guernsey	Portfolio management	**100%**	100%

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

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

INDIRECT INTERESTS IN SUBSIDIARIES AND ASSOCIATES

Indirect subsidiaries	Principal place of business	Immediate parent	Principal activity	2024 % interest[1]
Syncona Discovery Limited	UK	Syncona Investments LP Inc	Portfolio management	**100%**
Syncona Portfolio Limited	Guernsey	Syncona Holdings Limited	Portfolio management	**100%**
Syncona IP Holdco Limited	UK	Syncona Portfolio Limited	Portfolio management	**100%**
Syncona IP Holdco (2) Limited	UK	Syncona Portfolio Limited	Portfolio management	**100%**
Syncona IP Holdco (3) Limited	UK	Syncona Portfolio Limited	Portfolio management	**100%**
Syncona Investment Management Limited	UK	Syncona Holdings Limited	Portfolio management	**100%**
SIML Switzerland AG	Switzerland	SIML	Portfolio management	**100%**
Bidco 1354 Limited[2]	UK	Syncona Portfolio Limited	Gene therapy	**99%**
Forcefield Therapeutics Limited	UK	Syncona Portfolio Limited	Biologics	**94%**
Resolution Therapeutics Limited	UK	Syncona Portfolio Limited	Cell therapy	**83%**
Purespring Therapeutics Limited	UK	Syncona Portfolio Limited	Gene therapy	**81%**
Beacon Therapeutics Holdings Limited	UK	Syncona Portfolio Limited	Gene therapy	**77%**
Kesmalea Therapeutics Limited	UK	Syncona Portfolio Limited	Small molecules	**59%**
Mosaic Therapeutics Limited	UK	Syncona Portfolio Limited	Small molecules	**51%**

Indirect associates	Principal place of business	Immediate parent	Principal activity	2024 % interest[1]
Quell Therapeutics Limited	UK	Syncona Portfolio Limited	Cell therapy	**38%**
Anaveon AG	Switzerland	Syncona Portfolio Limited	Biologics	**37%**
OMass Therapeutics Limited	UK	Syncona Portfolio Limited	Small molecules	**37%**
Azeria Therapeutics Limited	UK	Syncona Portfolio Limited	In voluntary liquidation	**34%**
Achilles Therapeutics plc	UK	Syncona Portfolio Limited	Cell therapy	**27%**
Clade Therapeutics Inc	United States	Syncona Portfolio Limited	Cell therapy	**22%**
iOnctura B.V.	Netherlands	Syncona Portfolio Limited	Small molecules	**20%**

1. Based on undiluted issued share capital and excluding the MES issued by Syncona Holdings Limited (see note 12).
2. Has subsequently been renamed Spur Therapeutics Limited.

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

Indirect associates	Principal place of business	Immediate parent	Principal activity	2023 % interest[1]
Anaveon AG	Switzerland	Syncona Portfolio Limited	Biologics	46%
Quell Therapeutics Limited	UK	Syncona Portfolio Limited	Cell therapy	44%
Kesmalea Therapeutics Limited	UK	Syncona Portfolio Limited	Small molecules	41%
OMass Therapeutics Limited	UK	Syncona Portfolio Limited	Small molecules	35%
Azeria Therapeutics Limited	UK	Syncona Portfolio Limited	In voluntary liquidation	34%
Achilles Therapeutics plc	UK	Syncona Portfolio Limited	Cell therapy	27%
Clade Therapeutics Inc	United States	Syncona Portfolio Limited	Cell therapy	17%

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

5. TAXATION

The Company and the General Partner are exempt from taxation in Guernsey under the provisions of The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and have both paid an annual exemption fee of £1,600 (31 March 2023: £1,200).

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

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

6. INCOME

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

During the year, distribution income from the Partnership amounted to £49,137,740 (31 March 2023: £27,494,517) of which £4,353,307 (31 March 2023: £4,633,973) remained receivable as at 31 March 2024. The receivable reflects the charitable donations of the Group. Refer to note 8.

7. 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.

	Note	2024 £'000	2023 £'000
Net gains/(losses) from:			
The Holding Company	7.a	**893**	(62,636)
The Partnership	7.b	**(19,282)**	(4,650)
Total		**(18,389)**	(67,286)

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

7.A MOVEMENTS IN THE HOLDING COMPANY:

	2024 £'000	2023 £'000
Expenses	(98)	(97)
Movement in unrealised gains/(losses) on life science investments at fair value through profit or loss	991	(62,539)
Net gains/(losses) on financial assets at fair value through profit or loss	**893**	**(62,636)**

7.B MOVEMENTS IN THE PARTNERSHIP:

	2024 £'000	2023 £'000
Investment income	771	106
Rebates and donations	(164)	81
Other income	41	–
Expenses	(406)	(342)
Realised gains on financial assets at fair value through profit or loss	8,775	13,933
Movement in unrealised gains on financial assets at fair value through profit or loss	16,876	6,049
Gains on foreign currency	3,962	3,018
Gains on financial assets at fair value through profit or loss	29,855	22,845
Distributions	(49,137)	(27,495)
Net losses on financial assets at fair value through profit or loss	**(19,282)**	**(4,650)**

8. CHARITABLE DONATIONS

For the year ended 31 March 2024, the Group has agreed to make a charitable donation to The Syncona Foundation of 0.35% of the total NAV of the Group calculated on a monthly basis (31 March 2023: 0.35%). The donation is made by the General Partner.

During the year, charitable donations expense amounted to £4,353,307 (31 March 2023: £4,633,973) of which £4,353,307 (31 March 2023: £4,633,973) remained payable as at 31 March 2024. Refer to note 13.

9. GENERAL EXPENSES

	Notes	2024 £'000	2023 £'000
Share based payments provision	12	2,972	(2,968)
Investment management fees	16	16,645	12,121
Directors' remuneration	16	506	499
Auditor's remuneration		290	183
Other expenses		2,195	1,758
Total		**22,608**	**11,593**

Auditor's remuneration includes audit fees in relation to the Group of £168,650 (31 March 2023: £132,900). Total audit fees paid by the Group and the Syncona Group Companies for the year ended 31 March 2024 totalled £322,000 (31 March 2023: £134,900). Additional fees paid to the auditor were £50,620 (31 March 2023: £44,200) which relates to work performed at the interim review of £40,600 (31 March 2023: £36,200) and other non-audit fees of £10,020 (31 March 2023: £8,000) which relates to regulatory compliance reporting for the Investment Manager and a subscription fee to the auditor's accounting research tool.

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

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	2024 £'000	2023 £'000
The Holding Company	10.a	922,680	919,958
The Partnership	10.b	319,018	338,300
Total		**1,241,698**	**1,258,258**

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

10.A THE NET ASSETS OF THE HOLDING COMPANY

	2024 £'000	2023 £'000
Cost of the Holding Company's investment at the start of the year	494,810	494,810
Purchases during the year	–	–
Cost of the Holding Company's investments at the end of the year	494,810	494,810
Net unrealised gains on investments at the end of the year	432,577	429,757
Fair value of the Holding Company's investments at the end of the year	927,387	924,567
Other net current liabilities	(4,707)	(4,609)
Financial assets at fair value through profit or loss at the end of the year	922,680	919,958

10.B THE NET ASSETS OF THE PARTNERSHIP

	2024 £'000	2023 £'000
Cost of the Partnership's investments at the start of the year	597,753	334,834
Purchases during the year	542,413	1,848,806
Sales during the year	(755,229)	(1,575,336)
Return of capital	(6,290)	(10,551)
Cost of the Partnership's investments at the end of the year	378,647	597,753
Net unrealised gains on investments at the end of the year	39,072	22,196
Fair value of the Partnership's investments at the end of the year	417,719	619,949
Cash and cash equivalents	89,576	67,190
Other net current liabilities	(188,277)	(348,839)
Financial assets at fair value through profit or loss at the end of the year	319,018	338,300

11. TRADE AND OTHER RECEIVABLES

	Notes	2024 £'000	2023 £'000
Due from related parties	16	4,720	5,457
Charitable donation receivable	16	4,353	4,618
Prepayments		65	68
Total		9,138	10,143

12. SHARE BASED PAYMENTS PROVISION

Share based payments are associated with awards of MES in the Holding Company, relevant details of which are set out in note 2.

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

	2024 £'000	2023 £'000
Charge/(credit) related to revaluation of the liability for cash settled share awards	2,972	(2,968)
Total	2,972	(2,968)

Other movements in the provision relating to realisations and granting of awards totalled £5,647,140 (31 March 2023: £7,583,660). Amounts recognised in the Consolidated Statement of Financial Position, representing the carrying amount of liabilities arising from share based payments transactions, are shown below:

	2024 £'000	2023 £'000
Share based payments provision – current	1,760	7,296
Share based payments provision – non-current	2,861	–
Total	4,621	7,296

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.

12. SHARE BASED PAYMENTS PROVISION CONTINUED

The fair value of the MES is established using an externally developed model as set out in note 2. Vesting is subject only to the condition that employees must remain in employment at the vesting date. Each MES is entitled to share equally in value attributable to the Holding Company above the applicable base line value at the date of award, provided that the applicable hurdle value of 15% or 30% growth in the value of the Holding Company above the base line value at the date of award has been achieved. The fair value of awards made in the year ended 31 March 2024 was £757,576 (31 March 2023: £2,529,130). This represents 6,859,411 new MES issued (31 March 2023: 9,367,155). Awards were made on 13 July 2023 and 18 December 2023 at 11p and 14p per MES respectively.

The number of MES outstanding are shown below:

	2024	2023
Outstanding at the start of the year	**43,871,228**	42,282,122
Issued	**6,859,411**	9,367,155
Realised	**(6,700,688)**	(7,762,846)
Lapsed	**(3,835,892)**	(15,203)
Outstanding at the end of the year	**40,194,059**	43,871,228
Weighted average remaining contractual life of outstanding MES, years	**1.15**	1.29
Vested MES as at the year end	**30,085,530**	29,523,421
Realisable MES as at the year end	**8,997,656**	12,010,048

13. ACCRUED EXPENSE AND PAYABLES

	Notes	2024 £'000	2023 £'000
Charitable donations payable	16	**4,353**	4,634
Management fees accrued		**2,222**	1,374
Other payables		**1,023**	453
Total		**7,598**	6,461

14. SHARE CAPITAL

14.A AUTHORISED SHARE CAPITAL

The Company is authorised to issue an unlimited number of shares, which may have a par value or no par value. The Company is a closed-ended investment company with an unlimited life.

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

	2024 £'000	2023 £'000
Authorised Share Capital		
Balance at the start of the year	**767,999**	767,999
Balance at the end of the year	**767,999**	767,999

	2024 Shares	2023 Shares
Outstanding Ordinary Share Capital		
Balance at the start of the year	**669,329,324**	666,733,588
Share based payment shares issued during the year	**2,477,342**	2,595,736
Treasury shares purchased by the Company	**(16,471,080)**	–
Balance at the end of the year	**655,335,586**	669,329,324

At 31 March 2024, 280,000 Ordinary Shares had no voting rights attached and were entered into treasury by the close of 3 April 2024. Resulting in the total Ordinary Shares available for trade on an open market being 655,335,586.

During the year the associated cost of purchasing the treasury shares totalled £20,223,241.

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

14.B CAPITAL AND REVENUE RESERVES

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

14.C EARNINGS/(LOSS) PER SHARE

The calculations for the (loss)/earnings per share attributable to the Ordinary Shares of the Company excluding Ordinary Shares purchased by the Company and held as treasury shares are based on the following data:

	2024	2023
Earnings/(loss) for the purposes of earnings per share	**£3,788,000**	£(56,018,000)
Basic weighted average number of shares	**656,371,037**	668,575,494
Basic revenue earnings per share	**3.33p**	1.69p
Basic capital loss per share	**(2.76)p**	(10.07)p
Basic earnings/(loss) per share	**0.57p**	(8.38)p
Diluted weighted average number of shares	**666,854,451**	668,575,494
Diluted revenue earnings per shares	**3.33p**	1.69p
Diluted capital loss per share	**(2.76)p**	(10.07)p
Diluted earnings/(loss) per share	**0.57p**	(8.38)p

	2024	2023
Issued share capital at the start of the year	**669,329,324**	666,733,588
Weighted effect of share issues and purchases		
Share based payments	**1,732,786**	1,841,906
Potential share based payment share issues	**1,035,451**	3,487,581
Treasury shares	**(4,207,658)**	–
Diluted weighted average number of shares	**667,889,903**	672,063,075

14.D NAV PER SHARE

	2024	2023
Net assets for the purposes of NAV per share	**£1,238,878,132**	£1,254,654,716
Ordinary Shares available to trade	**655,335,586**	669,329,324
NAV per share	**189.04p**	187.40p
Diluted number of shares	**656,371,037**	672,816,905
Diluted NAV per share	**188.74p**	186.50p

As at 31 March 2024, if all MES were realised, the number of shares issued in the Company as a result would increase by 1,035,451 (31 March 2023: 3,487,581). The undiluted per share value of net assets attributable to holders of Ordinary Shares would move from £1.89 to £1.89 (31 March 2023: £1.87 to £1.86) if these shares were issued.

15. DISTRIBUTION TO SHAREHOLDERS

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

During the year ended 31 March 2024, the Company did not declare or pay a dividend (31 March 2023: £Nil was paid in relation to the year ended 31 March 2022). The Directors believe that it is not appropriate for the Company to pay a dividend.

The Company is not declaring a 2024 dividend.

16. 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.

During the year, the total amount invested in life science investments which the Group controls was £131,996,869 (31 March 2023: £127,143,441).

The Group makes other equity investments where it does not have control but may have significant influence through its ability to participate in the financial and operating policies of these companies, therefore the Group considers them to be related parties. These amounts are unsecured, interest free, and repayable on demand.

During the year, the total amount invested in life science investments in which the Group has significant influence was £38,276,591 (31 March 2023: £25,404,894).

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

During the year, SIML charged the life science investments a total of £268,012 in relation to Directors' fees (31 March 2023: £215,094).

INVESTMENT MANAGER

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

For the year ended 31 March 2024, SIML was entitled to receive reimbursement of reasonably incurred expenses relating to its investment management activities.

	2024 £'000	2023 £'000
Amounts paid to SIML	**16,645**	12,121

Amounts owed to SIML in respect of management fees totalled £2,222,128 as at 31 March 2024 (31 March 2023: £1,374,098).

During the year, SIML received fees from the Group's portfolio companies of £1,290,464 (31 March 2023: £864,632).

COMPANY DIRECTORS

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

Directors' remuneration for the years ended 31 March 2024 and 31 March 2023, excluding expenses incurred, and outstanding Directors' remuneration as at the end of the year, are set out below:

	2024 £'000	2023 £'000
Directors' remuneration for the year	**506**	499
Payable at the end of the year	**–**	–

Shares held by the Directors can be found in the Report of the Remuneration Committee. The Directors of Syncona Limited together hold 0.04% (31 March 2023: 0.04%) of the Syncona Limited voting shares.

THE SYNCONA FOUNDATION

Charitable donations are made by the Company to The Syncona Foundation. The Syncona Foundation was incorporated in England and Wales on 17 May 2012 as a private company limited by guarantee, with exclusively charitable purposes and holds the Deferred Share in the Company. The amount donated to The Syncona Foundation during the year ended 31 March 2024 was £4,621,843 (31 March 2023: £2,428,478).

OTHER RELATED PARTIES

As at 31 March 2024, the Company has a receivable from the Partnership, Holding Company and Syncona Portfolio Limited amounting to £1,500 (31 March 2023: £15,438), £4,716,678 (31 March 2023: £5,426,437) and £1,500 (31 March 2023: £15,438), respectively.

17. FINANCIAL INSTRUMENTS

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

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

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

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

	2024 £'000	2023 £'000
Financial assets at fair value through profit or loss		
The Holding Company	922,680	919,958
The Partnership	319,018	338,300
Total financial assets at fair value through profit or loss	1,241,698	1,258,258
Financial assets measured at amortised cost		
Cash and cash equivalents	261	11
Other financial assets	9,138	10,143
Total financial assets measured at amortised cost	9,399	10,154
Financial liabilities at fair value through profit or loss		
Provision for share based payments	(4,621)	(7,296)
Total financial liabilities at fair value through profit or loss	(4,621)	(7,296)
Financial liabilities measured at amortised cost		
Other financial liabilities	(7,598)	(6,461)
Total financial liabilities measured at amortised cost	(7,598)	(6,461)
Net financial assets	1,238,878	1,254,655

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

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

	2024 £'000	2023 £'000
Financial assets at fair value through profit or loss		
Investment in subsidiaries	927,387	924,567
Total financial assets at fair value through profit or loss	927,387	924,567
Financial assets measured at amortised cost[1]		
Current assets	39	847
Financial liabilities measured at amortised cost[1]		
Current liabilities	(4,746)	(5,456)
Net financial assets of the Holding Company	922,680	919,958

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

17. FINANCIAL INSTRUMENTS CONTINUED

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

	2024 £'000	2023 £'000
Financial assets at fair value through profit or loss		
Listed investments	**275,388**	445,141
Unlisted investments	**99,278**	134,422
Investment in subsidiaries	**43,053**	40,386
Total financial assets at fair value through profit or loss	**417,719**	619,949
Financial assets measured at amortised cost[1]		
Current assets	**92,053**	67,973
Financial liabilities measured at amortised cost[1]		
Current liabilities	**(190,754)**	(349,622)
Net financial assets of the Partnership	**319,018**	338,300

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

CAPITAL RISK MANAGEMENT

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

The Group does not have externally-imposed capital requirements.

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

18. FINANCIAL RISK MANAGEMENT AND ASSOCIATED RISKS

FINANCIAL RISK MANAGEMENT

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

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

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

SYNCONA LIMITED

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

THE HOLDING COMPANY

Market price risk

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

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

Foreign currency risk

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

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

	CHF £'000	EUR £'000	USD £'000	GBP £'000	2024 Total £'000
Financial assets at fair value through profit or loss	35,713	25,646	323,624	542,404	**927,387**
Cash and cash equivalents	–	–	–	39	**39**
Accrued expense and payables[1]	–	–	–	(4,746)	**(4,746)**
Total	35,713	25,646	323,624	537,697	**922,680**

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

1. In which 99.49% (31 March 2023: 99.44%) is payable within the Group.

Foreign currency sensitivity analysis

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

	2024 CHF £'000	2024 EUR £'000	2024 USD £'000	2023 CHF £'000	2023 EUR £'000	2023 USD £'000
10% increase	**3,572**	**2,565**	**32,362**	7,134	–	41,490
10% decrease	**(3,572)**	**(2,565)**	**(32,362)**	(5,837)	–	(33,946)

Interest rate risk

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

Liquidity risk

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

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

	<12 months £'000	>12 months £'000	2024 Total £'000
Financial assets at fair value through profit or loss	–	927,387	**927,387**
Cash and cash equivalents	39	–	**39**
Accrued expense and payables	(4,746)	–	**(4,746)**
Total	(4,707)	927,387	**922,680**
Percentage	(0.5)%	100.5%	**100.00%**

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

18. FINANCIAL RISK MANAGEMENT AND ASSOCIATED RISKS CONTINUED

THE PARTNERSHIP

Market price risk

The overall market price risk management of each of the fund holdings of the Partnership is primarily driven by their respective investment objectives. The Partnership's assets include investments in multi-asset funds and segregated portfolios which are actively managed by appointed investment managers with specific objectives to manage market risk. The Investment Manager assesses the risk in the Partnership's fund portfolio by monitoring exposures, liquidity, and concentrations of the underlying funds' investments, in the context of the historic and current volatility of their asset classes, and the Investment Manager's risk appetite. The maximum risk resulting from financial instruments is generally determined by the fair value of underlying funds. The overall market exposure as at 31 March 2024 and 31 March 2023 is shown in the Consolidated Statement of Financial Position.

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

Foreign currency risk

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

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

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

	USD £'000	EUR £'000	GBP £'000	2024 Total £'000
Financial assets at fair value through profit or loss	61,407	12,130	344,182	**417,719**
Cash and cash equivalents	23,522	15	66,039	**89,576**
Trade and other receivables	614	1,861	2	**2,477**
Accrued expense and payables[1]	(170,696)	–	(15,705)	**(186,401)**
Distributions payable	–	–	(4,353)	**(4,353)**
Total	(85,153)	14,006	390,165	**319,018**

1. In which 91.58% (31 March 2023: 99.97%) is payable within the Group.

	USD £'000	EUR £'000	GBP £'000	2023 Total £'000
Financial assets at fair value through profit or loss	123,311	18,565	478,073	619,949
Cash and cash equivalents	40,519	27	26,644	67,190
Trade and other receivables	1	–	782	783
Accrued expense and payables[1]	(249,160)	–	(95,825)	(344,985)
Distributions payable	–	–	(4,637)	(4,637)
Total	(85,329)	18,592	405,037	338,300

1. In which 91.58% (31 March 2023: 99.97%) is payable within the Group.

FOREIGN CURRENCY SENSITIVITY ANALYSIS

The following table details the sensitivity of the Partnership's NAV to a 10% (31 March 2023: 10%) change in the GBP exchange rate against the USD and EUR with all other variables held constant. The sensitivity analysis percentage represents the Investment Manager's assessment, based on the foreign exchange rate movements over the relevant period and of a reasonably possible change in foreign exchange rates.

	2024 USD £'000	2024 EUR £'000	2023 USD £'000	2023 EUR £'000
10% increase	**(8,515)**	**(1,401)**	(8,534)	1,592
10% decrease	**8,515**	**1,401**	8,534	(1,592)

INTEREST RATE RISK

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

CREDIT RISK

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

The Partnership invests in short-term UK and US treasury bills and considers the associated credit risk to be negligible. The Partnership's financial assets are 34.9% (31 March 2023: 46.5%) short-term treasury bills.

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

The Group's cash and cash equivalents are held with major financial institutions; the two largest ones hold 67% and 32% respectively (31 March 2023: 79% and 20% respectively).

LIQUIDITY RISK

The Partnership is exposed to the possibility that it may be unable to liquidate certain of its assets as it otherwise deems advisable as the Partnership's underlying funds or their managers may require minimum holding periods and restrictions on redemptions. Further, there may be suspension or delays in payment of redemption proceeds by underlying funds or holdbacks of redemption proceeds otherwise payable to the Partnership until after the applicable underlying fund's financial records have been audited. Therefore, the Partnership may hold receivables that may not be received by the Partnership for a significant period of time, may not accrue any interest and ultimately may not be paid to the Partnership. As at 31 March 2024, no (31 March 2023: Nil) suspension from redemptions existed in any of the Partnership's underlying investments.

The Partnership invests in short-term UK and US treasury bills, daily traded money market funds and daily traded credit funds and considers the associated liquidity risk to be negligible. The Partnership's financial assets are 34.3% (31 March 2023: 46.5%) short-term UK and US treasury bills, 23.6% (31 March 2023: 16.6%) daily traded credit funds and 12.6% (31 March 2023: Nil) daily traded Money Market Funds.

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

	Within 1 month £'000	>1 to 3 months £'000	>3 to 12 months £'000	>12 months £'000	2024[1] Total £'000
Financial assets at fair value through profit or loss	232,186	113,702	2,368	69,463	**417,719**
Cash and cash equivalents	89,576	–	–	–	**89,576**
Trade and other receivables	2,477	–	–	–	**2,477**
Accrued expense and payables	(186,401)	–	–	–	**(186,401)**
Distributions payable	–	(4,353)	–	–	**(4,353)**
Total	137,838	109,349	2,368	69,463	**319,018**
Percentage	43.2%	34.3%	0.7%	21.8%	**100.0%**

1. The liquidity tables within this note reflect the anticipated cash flows assuming notice was given to all underlying investments as at 31 March 2024 and 31 March 2023 and that all UK and US treasury bills are held to maturity. They include a provision for "audit hold back" which most hedge funds can apply to full redemptions and any other known restrictions the managers of the underlying funds may have placed on redemptions. Where there is currently no firm indication from the underlying manager on the expected timing of the receipt of redemption proceeds, the relevant amount is included in the ">12 months" category. The liquidity tables are therefore conservative estimates.

18. FINANCIAL RISK MANAGEMENT AND ASSOCIATED RISKS CONTINUED

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

1. The liquidity tables within this note reflect the anticipated cash flows assuming notice was given to all underlying investments as at 31 March 2024 and 31 March 2023 and that all UK and US treasury bills are held to maturity. They include a provision for "audit hold back" which most hedge funds can apply to full redemptions and any other known restrictions the managers of the underlying funds may have placed on redemptions. Where there is currently no firm indication from the underlying manager on the expected timing of the receipt of redemption proceeds, the relevant amount is included in the ">12 months" category. The liquidity tables are therefore conservative estimates.

19. FAIR VALUE MEASUREMENT

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

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

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

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

The following table presents the Group's financial assets by level within the valuation hierarchy as at 31 March 2024 and 31 March 2023:

Assets	Level 1 £'000	Level 2 £'000	Level 3 £'000	2024 Total £'000
Financial assets at fair value through profit or loss:				
The Holding Company	–	–	922,680	**922,680**
The Partnership	–	–	319,018	**319,018**
Total assets	–	–	1,241,698	**1,241,698**

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

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

The underlying assets of the Holding Company and the Partnership are shown on the next page.

The following table presents the Holding Company's financial assets and liabilities by level within the valuation hierarchy as at 31 March 2024 and 31 March 2023:

Asset type	Level	31 March 2024 £'000	31 March 2023 £'000	Valuation technique	Significant unobservable inputs	Impact on valuation £'000
Listed investment	1	**180,448**	73,943	Publicly available share bid price as at statement of financial position date	N/A	N/A
SIML	3	**5,831**	6,108	Net assets of SIML	Carrying value of assets and liabilities determined in accordance with generally accepted accounting principles, without adjustment. A sensitivity of 5% (31 March 2023: 5%) of the NAV of SIML is applied.	+/- 292
Milestone payments	3	**2,248**	54,516	Discounted cash flow	The main unobservable inputs consist of the assigned probability of milestone success and the discount rate used. A sensitivity of 5ppts (31 March 2023: 5ppts) of the respective inputs is applied.	PoS: +/- 413 Discount rate: +/- 100
Deferred consideration	3	**14,362**	15,882	Discounted cash flow	The main unobservable inputs consist of the assigned probability of milestone success and the discount rate used. A sensitivity of 5ppts (31 March 2023: 5ppts) of the respective inputs is applied.	PoS: +/- 898 Discount rate: +/- 5,312
Calibrated price of recent investment (PRI)[1]	3	**555,174**	427,552	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 +/-12% (31 March 2023: +/-10%).	+/- 66,621
Cash[2]	N/A	**41**	294	Amortised cost[4] (31 March 2023: Transaction price)	N/A	N/A
Other net assets[3]	N/A	**169,283**	346,272	Amortised cost[4] (31 March 2023: Transaction price)	N/A	N/A
Total financial assets held at fair value through profit or loss		**927,387**	924,567			

1. Valuation made by reference to price of recent funding round unadjusted following adequate consideration of current facts and circumstances.
2. Cash and other net assets held within the Holding Company are primarily measured at amortised cost which is equivalent to their fair value.
3. Other net assets primarily consists of a receivable due from the Partnership totalling £170,700,000 (31 March 2023: £344,900,000).
4. Amortised cost is considered equivalent to fair value.

The following table presents the movements in Level 3 investments of the Holding Company for the year ended 31 March 2024 and 31 March 2023:

	Life science investments £'000	Milestone payments and deferred consideration £'000	SIML £'000	2024 Total £'000	2023 Total £'000
Opening balance	427,552	70,398	6,108	**504,058**	381,286
Purchases during the year	171,256	–	–	**171,256**	156,363
Sales during the year	(1,030)	–	–	**(1,030)**	(15,311)
Movement from Level 1 to Level 3	12,934	–	–	**12,934**	–
Unrealised losses on financial assets at fair value through profit or loss	(55,538)	(53,788)	(277)	**(109,603)**	(18,280)
Closing balance	555,174	16,610	5,831	**577,615**	504,058

The net unrealised loss for the year included in the Consolidated Statement of Comprehensive Income in respect of Level 3 investments in the Holding Company held as at the year end amounted to £109,603,000 (31 March 2023: £18,280,000 (net unrealised loss)).

During the year, there were no movements from Level 3 to Level 1 (31 March 2023: £Nil). There was one movement from Level 1 to Level 3 (31 March 2023: Nil) relating to the delisting of Freeline Therapeutics Holdings plc from an active market.

19. FAIR VALUE MEASUREMENT CONTINUED

The following table presents the Partnership's financial assets and liabilities by level within the valuation hierarchy as at 31 March 2024 and 31 March 2023:

Asset type	Level	31 March 2024 £'000	31 March 2023 £'000	Valuation technique	Significant unobservable inputs	Impact on valuation £'000
UK and US treasury bills	1	**163,373**	284,960	Publicly available price as at statement of financial position date	N/A	N/A
Capital pool investment fund – Credit funds	2	**112,015**	101,566	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	**–**	58,615	Valuation produced by fund administrator. Inputs into fund components are from observable inputs	N/A	N/A
Capital pool investment fund – Multi asset funds	3	**70,500**	101,421	Valuation produced by fund administrator	The main unobservable input include the assessment of the performance of the underlying assets by the fund administrator. A fair reasonable shift in the fair value of the instruments would be +/-5% (31 March 2023: +/-5%)	+/- 3,525
Legacy funds – Long-term unlisted investments	3	**28,778**	33,001	Valuation produced by fund administrator	The main unobservable input include the assessment of the performance of the underlying fund by the fund administrator. A reasonable possible shift in the fair value of the instruments would be +/-10% (31 March 2023: +/-13%).	+/- 2,878
CRT Pioneer Fund	3	**33,874**	32,727	Valuation produced by fund administrator and adjusted by Management	Unobservable inputs include the fund manager's 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 +/-32% (31 March 2023: +/-36%).	+/- 10,840
Cash[1]	N/A	**38,957**	74,863	Amortised cost[4] (31 March 2023: Transaction price)	N/A	N/A
Cash equivalents – money market funds[2]	N/A	**59,706**	–	Amortised cost equivalent to publicly available price as at statement of financial position date	N/A	N/A
Other net liabilities[3]	N/A	**(188,184)**	(348,853)	Amortised cost[4] (31 March 2023: Transaction price)	N/A	N/A
Total financial assets held at fair value through profit or loss		**319,018**	338,300			

1. Cash and other net liabilities held within the Partnership are primarily measured at amortised cost which is equivalent to their fair value.
2. Money Market Funds are deemed as cash equivalents and valued at amortised cost, being equivalent to their fair value.
3. Other net liabilities primarily consists of a payable due to Syncona Portfolio Limited totalling £170,700,000 (31 March 2023: £344,900,000).
4. Amortised cost is considered equivalent to fair value.

During the year ended 31 March 2024, there were no movements from Level 1 to Level 2 (31 March 2023: £Nil).

Assets classified as Level 2 investments are primarily underlying funds fair-valued using the latest available NAV of each fund as reported by each fund's administrator, which are redeemable by the Group subject to necessary notice being given. Included within the Level 2 investments above are investments where the redemption notice period is greater than 90 days. Other assets within the Level 2 investments are daily traded credit funds priced using the latest market price equivalent to their NAV. Such investments have been classified as Level 2 because their value is based on observable inputs. The Group's liquidity analysis is detailed in note 18.

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

The following table presents the movements in Level 3 investments of the Partnership for the year ended 31 March 2024:

	Investment in subsidiary £'000	Capital pool investment £'000	2024 Total £'000	2023 Total £'000
Opening balance	40,386	134,422	**174,808**	71,508
Purchases	–	729	**729**	100,352
Sales during the year	–	(37,000)	**(37,000)**	–
Return of capital	–	(6,290)	**(6,290)**	(10,551)
Unrealised gains on financial assets at fair value	2,668	7,416	**10,084**	13,499
Closing balance	43,054	99,277	**142,331**	174,808

The net unrealised gain for the year included in the Statement of Comprehensive Income in respect of Level 3 investments of the Partnership held as at the year end amounted to £10,084,000 (31 March 2023: £13,499,000 (unrealised gain)).

20. COMMITMENTS AND CONTINGENCIES

The Group had the following commitments as at 31 March 2024:

	2024 Uncalled commitment £'000	2023 Uncalled commitment £'000
Life science portfolio		
Milestone payments to life science companies[1]	**92,585**	85,143
CRT Pioneer Fund	**1,561**	2,499
Capital pool investments	**1,018**	1,585
Total	**95,164**	89,227

1. Milestone payments to life science companies consist of financial commitments undertaken before or at the reporting date, that are contingent upon the achievement of the agreed investment milestones. When the agreed investment milestones are not achieved, the decision to make partial or full payments remains at the discretion of the Group.

There were no contingent liabilities as at 31 March 2024 (March 2023: Nil). The commitments are expected to fall due in the next 36 months.

21. SUBSEQUENT EVENTS

As of 31 March 2024, 280,000 shares were in the process of being purchased by the Company and therefore not available for trade. These shares were withdrawn and held as treasury shares by the close of 3 April 2024 once the transactions settled.

As of 19 June 2024, a further 8,655,000 shares have been purchased through the share buyback programme.

Post period end a further £20.0m has been allocated to the share buyback programme.

Post period end Forcefield Therapeutics Limited syndicated their Series A financing resulting in a valuation uplift of £2.4 million. The accounts have not been updated to reflect this.

Post period end the valuation of the quoted life science investments decreased by £69.8 million.

These Consolidated Financial Statements were approved for issuance by the Directors on 19 June 2024. Subsequent events have been evaluated until 19 June 2024.

REPORT ON REMUNERATION AND QUANTITATIVE REMUNERATION DISCLOSURE

Under the Alternative Investment Fund Managers Directive (AIFMD), we are required to make disclosures relating to remuneration of staff working for the Investment Manager for the year to 31 March 2024.

AMOUNT OF REMUNERATION PAID

The Investment Manager paid the following remuneration to staff in respect of the financial year ending on 31 March 2024 in relation to work on the Company:

	£m
Total staff	
Fixed remuneration	**7.2**
Variable remuneration	**13.8**[1]
	21.0
Of which senior management and risk takers	**11.4**
Number of beneficiaries	**45**

1. Including historical payments from the Syncona LTIP scheme.

LEVERAGE

The Group may employ leverage and borrow cash, up to a maximum of 20 per cent of the NAV at the time of incurrence, in accordance with its stated Investment Policy. The use of borrowings and leverage has attendant risks and can, in certain circumstances, substantially increase the adverse impact to which the Group's investment portfolio may be subject. For the purposes of this disclosure, leverage is any method by which the Group's exposure is increased, whether through borrowing of cash or securities, or leverage embedded in foreign exchange forward contracts or by any other means. The AIFMD requires that each leverage ratio be expressed as the ratio between a Group's exposure and its Net Asset Value, and prescribes two required methodologies, the gross methodology and the commitment methodology (as set out in AIFMD Level 2 Implementation Guidance), for calculating such exposure. Using the methodologies prescribed under the AIFMD, the leverage of the Group is detailed in the table below:

	Commitment leverage as at 31 March 2024	Gross leverage as at 31 March 2024
Leverage ratio	**0%**	**0%**

OTHER RISK DISCLOSURES

The risk disclosures relating to risk framework and risk profile of the Group are set out in note 18 to the Consolidated Financial Statements on pages 124 to 128 and the Principal risks and uncertainties on pages 66 to 72.

PRE-INVESTMENT DISCLOSURES

The AIFMD requires certain information to be made available to investors in an Alternative Investment Fund (AIF) before they invest and requires that material changes to this information be disclosed in the Annual Report of the AIF. A notice giving AIFMD Article 23 Disclosures, setting out information on the Group's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other shareholder information, is available on the Group's website at synconaltd.com (in the Regulatory Publications section within Investors).

The notice predominantly gives information by reference to the AIF's most recent Annual Report and accordingly will be updated to refer to this document following its publication.

DEPOSITARY REPORT

Report of the Depositary to the shareholders

We, Citco Custody (UK) Limited, are the appointed Depositary to Syncona Limited (the 'AIF') in accordance with the requirements of Article 36 and Articles 21(7), (8) and (9) of the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers (the 'AIFM Directive').

We have enquired into the conduct of Syncona Investment Management Limited (the 'AIFM') and the AIF for the year ended 31 March 2024, in our capacity as Depositary to the AIF. This report, including the opinion, has been prepared for and solely for the shareholders in the AIF, in accordance with the stated Depositary requirements in the FCA Investment Fund Sourcebook. We do not, in giving our opinion, accept or assume responsibility for any other purposes or to any other person to whom this report is shown.

Responsibilities of the Depositary

Our duties and responsibilities are outlined in the FCA Investment Fund Sourcebook. One of those duties is to enquire into the conduct of the AIFM and the AIF in each annual accounting period and report thereon to the shareholders. Our report shall state whether, in our opinion, the AIF has been managed in that period in accordance with the provisions of the AIF's Memorandum and Articles of Association and the FCA Investment Fund Sourcebook. It is the overall responsibility of the AIFM and the AIF to comply with these provisions. If either the AIFM or the AIF has not so complied, we as Depositary must state why this is the case and outline the steps which we have taken to rectify the situation.

Basis of Depositary opinion

The Depositary conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in the FCA Investment Fund Sourcebook and to ensure that, in all material respects, the AIF has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations and (ii) otherwise in accordance with the AIF's constitutional documentation and the appropriate regulations.

Opinion

In our opinion, the AIF has been managed during the year, in all material respects:

i. in accordance with the limitations imposed on the investment and borrowing powers of the AIF by the constitutional document; and by the AIFMD legislation as prescribed in the FCA Investment Fund Sourcebook; and

ii. otherwise in accordance with the provisions of the constitutional document and the AIFMD legislation.

COMPANY SUMMARY AND E-COMMUNICATIONS FOR SHAREHOLDERS

THE COMPANY

Syncona is a leading life science investor focused on creating, building and scaling a portfolio of global leaders in life science.

The Company is a Guernsey authorised closed-ended investment company listed on the Premium Segment of the London Stock Exchange.

INFORMATION FOR SHAREHOLDERS

The Stock Exchange code for the shares is SYNC.

The Company publishes updates with a full investment portfolio review as at 30 September and 31 March each year. The Company also publishes an interim management statement as at 30 June and 31 December each year.

REGISTRAR SERVICES AND E-COMMUNICATIONS FOR SHAREHOLDERS

In line with a large number of other listed companies, the Company uses its website as its default method of publication of shareholder communications. When shareholder communications are placed on the website, shareholders are notified either by email (where they have previously agreed to receive communications by such means) or otherwise by post. Postal communications with shareholders are mailed to the address held on the share register.

To receive shareholder notifications electronically in future, shareholders should register their details free on: www.signalshares.com, using the "shareholder reference" printed on correspondence from the registrar and the shareholder's registered address.

Any notifications and enquiries relating to registered share holdings, including a change of address or other amendment, should be directed to Link Group.

By phone
UK: 0371 664 0300
From overseas: +44 371 664 0300

Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.

By email
To: shareholderenquiries@linkgroup.co.uk

By post
To: Link Group, Central Square, 29 Wellington Street, Leeds LS1 4DL

Should you require further information, please visit:
synconaltd.com

Email: contact@synconaltd.com

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

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

AMN
Adrenomyeloneuropathy – a progressive and debilitating neurodegenerative disease caused by mutations in the ABCD1 gene that disrupt the function of spinal cord cells and other tissues.

BLA
Biologics License Application.

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

CAPITAL ACCESS MILESTONE
Milestones which have the potential to enable capital access.

CAPITAL DEPLOYED/DEPLOYMENT
Follow-on investment in our portfolio companies and investment in new companies during the year. See alternative performance measures on page 137.

CAPITAL POOL
Capital pool investments plus cash less other net liabilities.

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

CAPITAL POOL INVESTMENTS RETURN
See alternative performance measures on page 137.

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

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

CLINICAL STAGE
Screened and enrolled first patient into a clinical trial.

CLL
Chronic lymphocytic leukaemia.

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

COMPANIES LAW
Companies (Guernsey) Law, 2008.

COMPANY
Syncona Limited.

CRT PIONEER FUND
The Cancer Research Technologies Pioneer Fund LP. The CRT Pioneer Fund is managed by Sixth Element Capital and invests in oncology focused assets.

D&I
Diversity and inclusion.

DEFINITIVE DATA
A category within our NAV Growth Framework. Companies in this category have significant clinical data showing a path to marketed product or are moving to pivotal trial and building out commercial infrastructure.

EMERGING EFFICACY DATA
A category within our NAV Growth Framework. Companies in this category have a clinical strategy defined or have initial efficacy data from Phase I/II in patients.

ERT
Enzyme replacement therapy – the standard of care for Gaucher disease.

EXECUTIVE PARTNER GROUP
Our Executive Partner group provides a range of expertise across commercial, clinical and regulatory strategy to support our portfolio companies as they move through the development cycle. Our Executive Partners work closely alongside management teams across the portfolio as well as taking on Board and executive leadership positions.

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

GENERAL PARTNER
Syncona GP Limited.

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

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

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

INVESTMENT MANAGER
Syncona Investment Management Limited.

IRR
Internal Rate of Return.

KEY VALUE INFLECTION POINT
Milestones which have the potential to deliver significant NAV growth.

LATE CLINICAL/LATE-STAGE CLINICAL
Has advanced past Phase II clinical trials.

LEUKAEMIA
Broad term for cancers of the blood cells.

LIFE SCIENCE INVESTMENTS
Non-core assets which provide optionality to deliver returns for our shareholders.

LIFE SCIENCE PORTFOLIO
This incorporates the Company's portfolio companies, potential milestone payments or deferred consideration, and investments.

LIFE SCIENCE PORTFOLIO RETURN
See alternative performance measures on page 137.

LYMPHOCYTES
Specialised white blood cells that help to fight infection.

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

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

MANAGEMENT
The management team of Syncona Investment Management Limited.

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

MES
Management Equity Shares.

MODALITY
A method of treatment. This comprises different modes of delivering therapies to patients.

MYELOMA
A type of bone marrow cancer.

NAV PER SHARE
See alternative performance measures on page 137.

NAV PER SHARE RETURN
See alternative performance measures on page 137.

NDA
New drug application, the vehicle through which drug sponsors formally propose that the US FDA approve a new pharmaceutical for sale and marketing in the US.

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.

NET ZERO ASPIRATION
Following NZAM's guidance, our initial focus within our portfolio will be on Scope 1 and 2 emissions and to the extent possible, material portfolio Scope 3 emissions. As data quality and associated methodologies improve for calculating Scope 3 emissions, we may evolve our approach.

NEW MOLECULAR ENTITY
Structurally unique active ingredients that have never before been marketed.

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

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

ON THE MARKET
A category within our NAV Growth Framework. Companies in this category are commercialising products or have revenue streams.

ONGOING CHARGES RATIO
See alternative performance measures on page 137.

OPERATIONAL BUILD
A category within our NAV Growth Framework. Companies in this category have a clearly defined strategy and business plan or a leading management team established.

PARTNERSHIP
Syncona Investments LP Incorporated.

PCNSL
Primary central nervous system lymphoma.

PDUFA
Prescription Drug User Fee Act – the date the FDA is expected to respond by.

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

SBTI
Science Based Target initiative.

SIML
Syncona Investment Management Limited.

SLE
Systemic lupus erythematosus – a long-term autoimmune condition that causes joint pain, skin rashes and tiredness.

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

SYNCONA GROUP COMPANIES
The Company and its subsidiaries other than those companies within the life science portfolio.

SYNCONA HOLDINGS LIMITED
Holding Company.

SYNCONA LEADERSHIP TEAM
Leadership team of SIML.

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

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

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

TCR
T-cell receptor.

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

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

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

XLRP
X-linked retinitis pigmentosa – a severe, aggressive, inherited retinal disease.

CAPITAL DEPLOYED

With reference to the life science portfolio valuation table on page 54. Small difference in calculation may be due to rounding of inputs. This is calculated as follows:

	2024	2023
A. Net investment in the period	£168.5m	£154.7m
B. Proceeds from sales	£1.4m	£17.4m
C. CRT Pioneer Fund distributions	£2.4m	£5.1m
Total capital deployed (A+B+C)	£172.2m	£177.2m

CAPITAL POOL

With reference to the life science portfolio valuation table on page 54. This is calculated as follows:

	2024	2023
A. Cash	£104.8m	£82.8m
B. Other assets and liabilities	£(26.7)m	£(12.3)m
C. Net cash (A+B)	£78.1m	£70.5m
D. UK and US treasury bills	£163.4m	£285.0m
E. Credit investment funds	£112.0m	£101.6m
F. Multi-asset funds	£70.5m	£160.0m
G. Legacy funds	£28.8m	£33.0m
Total Capital Pool (C+D+E+F+G)	£452.8m	£650.1m

CAPITAL POOL RETURN

Gross Capital Pool return for 2024 is 3.4 per cent (2023: 5.5 per cent). This is calculated by dividing the valuation movement of the gross capital pool investments (B) by the gross capital pool at the beginning of the period (A). Any small differences in calculation may be due to rounding of inputs. This is calculated as follows:

	2024	2023
Opening Capital Pool	£650.1m	£784.9m
Add back net liabilities not included in Gross Capital Pool	£12.3m	£19.6m
Less SIML cash	£(7.3)m	£(8.2)m
A. Opening Gross Capital Pool	£655.1m	£796.3m
Life science net investments and ongoing costs	£(203.8)m	£(185.5)m
B. Valuation movement	£22.4m	£44.3m
Closing Gross Capital Pool	£473.7m	£655.1m
Capital Pool return (B/A)	3.4%	5.5%

	2024	2023
Closing Gross Capital Pool	£473.7m	£655.1m
Add back SIML cash	£5.8m	£7.3m
Less net liabilities not included in Gross Capital Pool	£(26.7)m	£(12.3)m
Total Capital Pool	£452.8m	£650.1m

LIFE SCIENCE PORTFOLIO RETURN

Gross life science portfolio return for 2024 is 2.2 per cent (2023: (14.3) per cent). This is calculated as follows:

	2024	2023
A. Opening life science portfolio	£604.6m	£524.9m
Net investment in the period	£168.5m	£154.7m
B. Valuation movement	£13.0m	£(75.0)m
Closing life science portfolio	£786.1m	£604.6m
Life science portfolio return (B/A)	2.2%	(14.3)%

NAV PER SHARE

NAV takes account of dividends payable on the ex-dividend date. This is calculated as follows:

	2024	2023
A. NAV for the purposes of NAV per share	£1,238,878,132	£1,254,654,716
B. Ordinary Shares available to trade (note 14)	655,335,586	669,329,324
C. Dilutive shares	1,035,451	3,487,581
D. Fully diluted number of shares (B+C)	656,371,037	672,816,905
NAV per share (A/D)	188.7p	186.5p

NAV PER SHARE RETURN

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

	2024	2023
A. Opening NAV per fully diluted share (note 14)	186.5p	194.4p
B. Closing NAV per fully diluted share (note 14)	188.7p	186.5p
C. Movement (B-A)	2.2p	(7.9)p
D. Dividend paid in the year (note 15)	0.0p	0.0p
E. Total movement (B+C-A)	2.2p	(7.9)p
NAV per share return (E/A)	1.2%	(4.06)%

ONGOING CHARGES RATIO

The ongoing charges ratio for 2024 is 1.93 per cent (2023: 0.88 per cent). Any small differences in calculation may be due to rounding of inputs. This is calculated as follows:

	2024	2023
Management fee	£16.6m	£12.1m
Directors' remuneration	£0.5m	£0.5m
Auditor's remuneration	£0.3m	£0.3m
Other ongoing expenses	£3.6m	£1.8m
Share based payment expense	£3.0m	£(3.0m)
A. Total ongoing expenses	£24.0m	£11.7m
B. Average NAV	£1,244.4m	£1,320.5m
Ongoing charges ratio (A/B)	1.93%	0.88%

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