17th June 2021

Syncona Limited

Final Results for the Year Ended 31 March 2021

Good progress despite challenging backdrop with positive momentum across an expanded portfolio of 11 companies

Syncona Ltd, ("Syncona"), a leading healthcare company focused on founding, building and funding a portfolio of global leaders in life science, today announces its Final Results for the year ended 31 March 2021.

Financial performance

- Net assets of £1,300.3 million (2020: £1,246.5 million); 193.8p[1] per share (2020: 185.6p per share), a NAV total return of 4.4 per cent[2] (2020: (13.3) per cent)
- Life science portfolio, valued at £722.1 million (2020: £479.5 million), a 11.8 per cent return[3] (2020: (18.0)[4] per cent return)
- Capital base[5] of £578.2 million at 31 March 2021 (2020: £767.0 million); £189.2 million of capital deployment (2020: £206.3 million)

Expanding and diversified portfolio of 11 companies built on Syncona strategy

- Two new Syncona companies founded (Resolution Therapeutics and Purespring Therapeutics) and one new company (Neogene Therapeutics) added to the portfolio
- Closed down Azeria Therapeutics (Azeria), as pre-clinical data did not support further investment

Good clinical and operational progress despite challenges of COVID-19 pandemic

- Four clinical stage companies with eight clinical data read-outs and good progress towards key clinical milestones across the portfolio
- Autolus Therapeutics (Autolus) prioritised its pivotal study for its AUTO1 programme based on the positive data generated to date and decided to seek to partner the AUTO3 programme following data published at the American Society of Haematology meeting in December 2020
- Quell Therapeutics (Quell) and Anaveon nominated first clinical candidates and SwanBio Therapeutics (SwanBio) expects to enter the clinic with its first programme in CY2022
- Post period end, Freeline Therapeutics (Freeline) dosed a further patient in its second clinical programme in Fabry Disease and Autolus published further encouraging durability data in its AUTO1 programme
- Continuing to attract high calibre talent to lead portfolio companies

Portfolio companies accessing £770 million from leading investors at valuation uplifts

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[1] Fully diluted, please refer to note 14 in the financial statements
[2] Alternative performance measure, please refer to glossary
[3] Alternative performance measure, please refer to glossary
[4] Figure previously reported as (25) per cent return based on TWWR methodology; see glossary for further details
[5] Refer to glossary

- £770.0 million of capital raised across the portfolio across nine financings; £585.0 million raised from external investors
- Two companies listed on NASDAQ (Freeline and Achilles Therapeutics (Achilles)) raising gross proceeds of $354.6 million (£264.9 million)[6]
- Listed portfolio companies are funded to reach their next key milestones; share prices have been volatile but Syncona is focused on fundamentals and remains positive about companies' investment theses

Chief Financial Officer of Syncona Investment Management Limited to retire

- John Bradshaw, Chief Financial Officer (CFO) to retire with Rolf Soderstrom joining as CFO, bringing 30 years' experience from senior roles in finance, most recently at BTG plc

Strengthening the Syncona platform to support further scale

- Three further additions to the senior team, including Head of Research & Development (R&D), Chief Human Resources Officer (CHRO) and Executive in Residence
- Launched Sustainability Policy with plan to formally integrate sustainability considerations into investment process and the management of portfolio companies and published first Sustainability Report post-period end
- Continued to build out our platform to deliver diversified portfolio aiming to deliver value over the long-term

Outlook

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

- **Freeline** to have three clinical stage programmes by year-end CY2021:
    - Initiate Phase I/II dose confirmation study in Haemophilia B in CY2021, targeting entry to pivotal study mid CY2023
    - Progress dose escalation of Phase I/II study in Fabry Disease to dose additional patients during CY2021 and present clinical data by year-end
    - Initiated Phase I/II dose-finding study in Gaucher expected to be in the clinic by year-end CY2021
- **Gyroscope Therapeutics** (Gyroscope) expects to report interim data in CY2021 from its Phase I/II trial for the treatment of dry age-related macular degeneration (Dry AMD)
- **Achilles** to enrol patients for higher dose clonal neo-antigen therapies in its non-small cell lung cancer (NSCLC) and melanoma programmes in second half CY2021 and dose patients in first half CY2022
- **Autolus** to progress its pivotal study in AUTO1 adult ALL and provide data update in CY2022
- **SwanBio** to enter the clinic with lead programme in CY2022
- **Anaveon** expected to dose first patient in its lead programme in the coming weeks and to publish initial data from Phase I/II trial for selective IL-2 agonist before the end of CY2021
- **Quell** to enter the clinic with lead programme in FY2021/2

Having deployed £189.2 million last year, as our companies enter the clinic, we expect them to conduct new financings continuing to benefit from external specialist investors. Our liquid capital

[6] At IPO

base provides us with a strategic advantage, which we will leverage to continue funding our companies to progress their business plans. We expect to deploy between £100 million and £175 million this year. This covers our existing portfolio companies with several set to enter the clinic and continue to progress their programmes through clinical development. In addition, it also covers the foundation of new companies as we seek exciting new opportunities across a range of therapeutic areas.

Martin Murphy, Chief Executive Officer, Syncona Investment Management Limited, said: "Against the unprecedented backdrop of the COVID-19 pandemic, Syncona has made good progress in the year and the value of innovative new medicines has never been clearer. Encouragingly, where previously delayed, clinical trials are resuming across the portfolio and our companies are well funded, having raised £770m over the year, to deliver on significant clinical milestones. Whilst we recognise that volatility in the public markets has affected our public holdings' valuations, we remain focused on delivering value over the long-term. I am pleased to say that, with three new companies added to the portfolio during the year, we have 11 companies as we stand today and are on track to build a diversified portfolio of 15-20 companies with our own balance sheet and our portfolio companies' ability to access third party capital providing a significant strategic advantage. Moreover, we have made strong progress in strengthening our team, organisational capability and developing our approach to sustainability, readying the business to scale. We also continue to seek a wide range of exciting new opportunities and believe our liquid capital base, exciting portfolio of companies and expert team positions us strongly to deliver value over the long-term."

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About Syncona:

Syncona's purpose is to invest to extend and enhance human life. We do this by founding and building a portfolio of global leaders in life science to deliver transformational treatments to patients in areas of high unmet need.

Our strategy is to found, build and fund companies around exceptional science to create a diversified portfolio of 15-20 globally leading healthcare businesses for the benefit of all our stakeholders. We focus on developing treatments for patients by working in close partnership with world-class academic founders and management teams. Our balance sheet underpins our strategy enabling us to take a long-term view as we look to improve the lives of patients with no or poor treatment options, build sustainable life science companies and deliver strong risk-adjusted returns to shareholders.

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

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

Chair statement, Melanie Gee

When I wrote to you last year, the pandemic was in its infancy and no one could have envisaged just how far reaching its impact would be across the globe and every sector of society. I am proud of how adaptive, resilient and agile all our people have been, both those in the Syncona team and those in our portfolio companies. The senior management teams have delivered good progress during the year internally and across our portfolio, often adopting new and flexible ways of working.

The pandemic has brought the life science industry to the forefront of global events and has demonstrated the importance of innovation and collaboration between scientists, industry and governments. All these elements have come together to deliver effective vaccines in previously unthinkable time frames. The widespread rollout of vaccines - on a global basis - is a requirement to beating the pandemic and returning the world to normality.

The impact of the pandemic has also clearly highlighted other areas where accelerated change on a global scale must happen, namely deep social inequalities and the very urgent need to change our actions to restore our planet to health, for future generations. In delivering our purpose, we are committed to play our part in supporting the acceleration of change to address societal inequalities and the sustainability of our global environment**.**

Successfully navigating challenging times

In the business, we faced a year of challenges and opportunities in FY2020/1. We have prioritised the safety and wellbeing of our employees throughout the pandemic and supported the leadership teams in our portfolio companies to embrace their employees in a similar way. Consistent with our strong culture, team members have also supported each other as they have adapted to new working practices.

We concluded the refinement of our purpose and values during FY2020/1. All our employees and the Board contributed to this important exercise and its value to our business has been clearly demonstrated as the senior management team has navigated the impact of the pandemic. The team demonstrated resolute focus on our purpose to extend and enhance human life and unwavering commitment as they worked with our portfolio companies to drive continued progress. They have added to our pipeline of potential new ideas and engaged leading academics as we have sought to found new companies that we believe can be the next global leaders.

Alongside building our portfolio, the senior management team has been working on plans to scale the business to support our ambitious growth targets. These include improving the idea generation process and the speed and quality of company creation. In order to support these plans, I am pleased to welcome the three new team members that we have appointed to the senior leadership team, who bring a cross-section of deep and relevant expertise as the company continues to scale. The enlarged leadership team will be taking these plans forward during FY2021/2.

Portfolio progress

During the year we founded two new companies and made an investment in another early stage company versus our target of two to three new companies per year. This takes the number of companies in our portfolio to 11, against our plan to create a diversified portfolio of 15-20 companies with a goal of delivering three to five companies in which we retain a significant ownership position to the point of product approval over a rolling 10 year basis.

Founding a new Syncona company is inherently high risk as each of our portfolio companies is seeking to develop an effective treatment based on innovative science, typically for a disease for which there is no or poor treatment options at present. Our investment team has a successful track record in this area. As active investment managers, they embrace continuous improvement and their processes are carefully structured to ensure that at each step of the way, emerging data continues to support the investment thesis, the risk profile remains acceptable and additional funding is carefully controlled. Not all of our portfolio companies will succeed, the investment team may choose to close down one of our companies if the data does not support our investment thesis. In addition, we may receive attractive offers from third parties for some of our companies at a stage in their path to product approval. This is why we target a portfolio of 15 to 20 of these companies. As the investment team builds out our portfolio, it is their responsibility to ensure that the overall portfolio is also well diversified across life science technologies and stages of development, with appropriate amounts invested.

We have reported a NAV total return of 4.4 per cent with NAV of £1,300.3 million at year end. Syncona and our underlying portfolio companies are well-funded, and we expect to deliver a rich stream of clinical data over the next 12-36 months. Against this background, the investment team is expecting a small reduction in the investment spend during FY2021/2. Our strategic, liquid capital pool[7] of £578.2 million provides us with sufficient capital to found new portfolio companies and our existing companies to deliver key milestones for some years to come.

Engaging our stakeholders and our role in society

The Syncona Board is committed to conducting its business in a way that is both economically sound and socially and environmentally responsible and we must ensure that Syncona is governed taking account of the interests of all stakeholders, including employees, patients, society as a whole and the planet. We seek to understand our stakeholders' views and ensure that their interests are appropriately considered in board discussions and decision making. During the year, the Board has had direct engagement with a number of our stakeholders, both internal and external, and received reports from the senior management team on engagement with others.

Throughout the pandemic and ongoing, through CEO Martin Murphy, we have provided our support externally in areas where we can add most value, particularly as the UK Government considers its support to accelerate the growth of the life sciences industry in this country. Martin continues to contribute to the Prime Minister's Build Back Better Council.

A core part of our social contribution, outside of the day-to-day work that we do, has always been our donation (currently 0.35 per cent of NAV) to charity with a strong commitment to The Syncona Foundation (the "Foundation"). The Foundation was set up in 2012 with charitable objectives focusing on the prevention, treatment, cure and ultimately eradication of cancer and other diseases, as well as other charitable activities. Since that time, it has donated to charities which are having a significant impact across the UK and throughout the world. The charities the Foundation supports have faced immense challenges throughout the pandemic, and we are proud that our support has helped them to continue their important work during this time.

Sustainable impact

We are very conscious of the wider contribution we can and do make across our communities and more broadly. In early FY2020/1 we decided to undertake a significant piece of work to help us define clearly what sustainability means for Syncona and how we can maximise our

[7] Refer to glossary

sustainable impact. The process started with the Syncona team seeking contributions from all our major stakeholders, including members of the Syncona Board.

Our people are highly motivated by making a difference to patients' lives by founding and building companies that are able to develop transformational treatments in areas of high unmet medical need. Having a positive impact on society has always been core to our approach, but we have also made progress in more formally integrating a wider set of sustainability considerations into our business, investment process and portfolio management. We have taken this approach, not only because it is the right thing to do but because we believe it is the way to deliver value and manage risks as a business.

With this strong foundation, we have worked in partnership with our stakeholders to understand and prioritise the key sustainability issues that are most important to our business and those where we should seek to improve.

Our stakeholders can read more about our approach to managing these key areas in our Annual Report and first Sustainability Report, the latter of which we are pleased to publish alongside this announcement today. We are committed to taking a transparent approach and maintaining an open dialogue with our stakeholders on these matters as we evolve and improve our impact over time.

Board activity

The Board has had a busy year, despite the challenges of remote working. We have been able to maintain and develop strong relationships across the non-executive team, working in partnership with management to appoint new senior leaders and engaging across the team to ensure our people felt supported during these challenging and uncertain times. We have overseen the articulation of the Company's purpose and values, where the process provided positive affirmation of the strong culture within the Syncona team, the development of the Company's Sustainability Policy and the key initiatives that have been implemented in this area. I am very pleased with the progress we have made and look forward to continuing to evolve our approach.

This year, we have also seen the continued evolution of the Board as we seek to bring together a diverse blend of expertise and insights to support the management team as it seeks to scale the business. Kemal Malik, who brings 30 years of experience in global pharmaceutical research and development, has joined the Board, alongside Virginia Holmes, who brings extensive knowledge of the financial services industry including investment management and banking. Having held the role of non-executive Director with both Syncona Partners from 2013 and Syncona Limited, Ellen Strahlman stepped down from the Board in November 2020. On behalf of the Board, I would like to thank Ellen again for her expert support and significant contribution to the company.

Finally, shortly following this year's AGM, both Tom Henderson and Nicholas Moss will have served nine years on the Board. Tom will be standing down at the AGM and I am pleased to say will continue his involvement with us through his Chair role at the Syncona Foundation. Nicholas has agreed to continue on the Board until 31st December 2021 to enable a smooth transition of his responsibilities as Senior Independent Director and Chair of the Remuneration Committee. On behalf of the Board, I would like to thank both of them for their outstanding service to the Company over many years.

Looking ahead

We are on track to build a well-diversified portfolio of 15-20 companies with a goal of delivering 3-5 companies in which we retain a significant ownership interest to the point of product approval on a rolling 10-year basis. As we stand today, we have 11 companies in the portfolio and continue to look to found new companies at a rate of two to three a year.

Against the backdrop of the UK Government's desire to support the acceleration of the life sciences industry and academic excellence in this country as part of the 'Build Back Better' policy, our differentiated approach of founding and building companies combined with our strong capital base and expert investment management team gives us confidence as we seek to achieve NAV growth and strong risk-adjusted returns for our shareholders over the long term.

I would like to close by thanking the Syncona team and my Board colleagues for their hard work and dedication this year, as well as our shareholders and other stakeholders for their support, as we look forward to continued progress in FY2021/2.

Operational and strategic review, Martin Murphy CEO of Syncona Investment Management Limited

Good progress despite global impact of the COVID-19 pandemic

The COVID-19 pandemic has continued to present a significant challenge to healthcare systems, economies and society over the last year. Despite this environment, the team concluded FY2020/1 energised by our purpose and acutely aware of the importance of our role in supporting rapid and continuous innovation in the life science sector and translating the globally significant science we see into commercial products for patients.

The most significant impact of COVID-19 on the portfolio was to delay the running of clinical trials. In most cases, we have been able to navigate this impact relatively successfully, with clinical trials across the portfolio resuming where they were put on hold or in some cases continuing throughout, and we have been pleased to see four new trials initiate during the course of the year. We continue to recognise that the duration and impact of the pandemic remains uncertain and during times of significant disruption to healthcare systems' globally, we anticipate there may be further delays to trials. We will monitor this closely and work with our companies to mitigate the impact of these delays where possible.

Resilient financial performance despite volatility in listed holdings

We have reported a 4.4 per cent NAV total return (2020: (13.3) per cent) with NAV increasing to £1,300.3 million at year end (2020: £1,246.5 million). Performance was driven by the life science portfolio, which generated a 11.8 per cent return during the year (2020: (18.0)[8] per cent). Although we experienced volatility in Autolus' and Freeline's share prices, we saw significant valuation increases from the Achilles NASDAQ IPO and Gyroscope's Series C financing. We are delighted that we have been able to attract high quality global institutional investors to fund our companies alongside us, at strong valuation uplifts, demonstrating the value created in the early years of a company's life. These financing events are critical to bring in capital to scale our businesses to deliver products to late-stage data/approval, where we believe the out-return in life science comes.

During the year, Autolus took the decision to prioritise its AUTO1 programme which is now progressing to a pivotal study. The company is seeking to partner its AUTO3 programme before progressing it further and has reduced the headcount of the business by 20 per cent. The business raised $115 million in January and is well positioned to deliver its AUTO1 product through its pivotal study and progress its exciting pipeline of programmes. Freeline had a strong start to the year, successfully closing its Series C financing and shortly afterwards completing its listing on NASDAQ. However, the company has been impacted by the COVID-19 pandemic and was not able to dose patients in its Phase I/II trial for Fabry Disease during the year. However, pleasingly the company has dosed a further patient in this study post period end and expects to dose

[8] See footnote 4

escalate during the next financial year. It has also updated its clinical plan for its lead programme in Haemophilia B, following engagement with the regulator, and continues to target filing its application for approval with the FDA by the end of 2024. Both companies have faced challenges over the last 12 months, but Syncona believes they are well positioned to deliver key milestones in the next 18 months.

A core part of our job is to focus on our companies' fundamentals and take a long-term approach to value creation. We believe this approach will generate out returns for our shareholders and we are focused on developing a diverse and resilient portfolio. With 11 portfolio companies, we are invested in companies at different stages of clinical and financial development.

We recognise that listed companies bring volatility to our NAV and our companies' share prices are subject to the wider market context as they seek to develop their products. However, NASDAQ has played an important role in providing these companies with the capital to deliver their plans. We continue to focus on underlying investment theses and the long-term. Clinical data generated by these companies over the next 12-24 months will be an important value driver for Syncona.

An evolving financing strategy

In this context, whilst NASDAQ remains a core funding mechanism for some of our portfolio companies that need to access capital at scale, we are carefully considering the appropriate stage to bring in external investors as these companies develop. This enables us to optimise our ownership position ahead of our companies accessing the public markets. In some cases, you may see us syndicate with external investors early in the development cycle, whilst we may also hold a small number of our portfolio companies to significant clinical milestones on a sole basis. Each decision will be taken on a company-by-company basis. There will always be a significant number of companies in our portfolio that are privately held with our new deal activity almost exclusively centred on the creation of new private companies. We view private company creation and our team's expertise in identifying commercial opportunities to turn exceptional science into transformational treatments as a core competitive advantage of our platform.

A clear purpose driven by a team of entrepreneurial leaders

In FY2020/1, the team worked together to refine and articulate our purpose. This summarises what we are seeking to achieve and the positive impact we hope to have. We believe our people are highly motivated by our purpose and it is a core part of what attracts the best people to Syncona.

We have a strong, entrepreneurial culture, where everyone takes personal ownership for delivering Syncona's purpose. Over the last 12 months, we have developed a set of values with significant input and support from across the team. These values largely reflect how we have worked as a team to date, but the process brought out what values are most important to the team and the areas where we can do better. Our values are centred around: excellence, teamwork, leadership, being data-driven and being entrepreneurial. We believe these values are critical to building globally leading life science companies and investing and managing a portfolio diversified across different therapeutic areas and stages of development.

Strengthening the team to support scale

Since being founded in 2012, Syncona has made significant progress and the team has evolved from a team of six people to 34 people today. The Company is at a pivotal stage in its development as it seeks to expand its portfolio to 15-20 companies, and the Board and senior leaders have worked in partnership to strengthen and deepen the team as we seek to found new companies and grow the next generation of senior leaders.

- Post period end, Markus John has been appointed as Head of R&D and CMO. He was formerly Global Medical Affairs Franchise Head of Immunology and Ophthalmology at Roche and Global Medical Director at Novartis. He will further deepen our networks, bringing valuable clinical expertise.

- Fiona Langton-Smith joins as Chief Human Resources Officer bringing over 20 years' experience in human resources leadership across the biotechnology and process engineering industries with focus on organisation design for key business inflection points and mergers and acquisitions. Critical to Syncona's strategy is the recruitment and retention of the best talent, and Fiona will be responsible for further developing our people, continuing to attract top-tier talent to both Syncona and our portfolio companies and socialising best organisational practices across the portfolio.
- Kenneth Galbraith has also joined as Executive in Residence. Ken brings over 30 years' experience in biotechnology and venture capital and will assist with new company creation as well as support portfolio companies as they scale and develop.

In addition, John Bradshaw, CFO, is retiring having been with the business since the inception of the Syncona life science business in 2012. Rolf Soderstrom will be joining the senior leadership team as CFO on 19 July 2021, bringing over 30 years' experience in finance and a track record of accelerating the growth of companies and delivering shareholder returns. He also has extensive strategic, operational and international experience including M&A, fundraisings and disposals. Most recently, he held the role of CFO of BTG plc from 2008 to 2018, helping to drive the successful transformation of the company into a fully integrated global manufacturing and sales organisation focused on specialist healthcare. John will work with Rolf to ensure an orderly transition. Elsewhere, during the year, Danny Bar-Zohar, a Syncona Partner, left to take up the role of Head of Global Development at Merck KGaA, a global pharmaceutical company.

Over the next year, we will continue to formalise our professional development processes and continue to build a culture of excellence and entrepreneurialism where our talented team feel empowered to continually strive for the best outcome for all of our stakeholders.

An expanding and diversified portfolio

The team continue to leverage their domain expertise in cell and gene therapy across the portfolio and have identified globally leading academics and high-quality opportunities in these fields. During the year, Syncona founded two new companies in this space, Resolution, and Purespring, and added a further company, Neogene, to the portfolio, taking the number of companies to 11.

The portfolio is also maturing, and we now have four clinical-stage companies with four new clinical trials commenced during the year and one recommencing post period end. Across the portfolio, there are now 11 live clinical trials, which generated eight data read-outs during the year. There are six pre-clinical stage companies and over the next 18 months, we expect to see Anaveon, Quell and SwanBio initiate their first clinical programmes. Data from our clinical pipeline is the main driver of value, but also a key risk for our business.

Across the portfolio, companies have been working to build out their operations. The team continues to work in partnership with our portfolio companies to attract the best talent to lead them. During the year, we were pleased to appoint Richard Francis, former Chief Executive of Sandoz and former member of Novartis Executive Committee, as CEO of our new renal gene therapy company, Purespring.

Scaling our companies for the clinic combined with disciplined approach to capital allocation

During the year, Syncona has deployed £189.2 million of capital into the portfolio with our companies completing nine financings. We believe our investment over the long-term provides our companies with the best possible chance of success and the significant level of funding we provided to our companies during the year underscores our commitment to continue scaling companies ambitiously whilst maintaining significant ownership positions of strategic influence.

Our companies raised £770.0 million in total (including two NASDAQ listings), including financing from global specialist investors and are well funded to deliver their next key milestones. Our highly liquid capital base of £578.2 million provides us with a strategic advantage to fund our companies to progress their business plans and grow in value. We take a disciplined approach to capital allocation undertaking a rigorous assessment of the risk adjusted return analysis of each financing, as well as assessing each investment decision in the context of where capital has been invested elsewhere to support the development of a diversified and well-balanced portfolio.

Post-period end, we also supported Gyroscope's decision in early May to postpone its immediate plans for an IPO, in light of volatile market conditions. We are confident in the potential of Gyroscope and indeed excited about the clinical data released in February demonstrating modulation of the complement system with Gyroscope's therapeutic agent. Given our positive view of the business, we are confident the correct decision was to postpone the IPO. Gyroscope remains well capitalised having raised $148.0 million in its Series C financing in March, and we remain supportive of its management team as they look to deliver on its strategy.

Disciplined risk management and effective cost management

Taking action quickly when data does not support our investment theses is a core principle in life science investment and our skill set, experience and culture puts this discipline at the centre of our investment and risk management processes.

In November, as pre-clinical data did not support further investment, we took the decision to close down Azeria resulting in a £4.4 million write off. In line with our financing approach to funding early-stage companies, we had limited capital at risk, having set milestones for the drawdown of the next tranche of funding that were explicitly designed to test the core investment thesis. When the investment thesis was disproved, we worked collaboratively with the management team to quickly recover as much value as possible from the investment, so that we can reallocate our time, investment capacity and capital to other opportunities.

Key value inflection points ahead and significant long-term growth potential

As we look ahead, our portfolio of companies has strong momentum. Our first- and second-generation companies are progressing through the clinic, notably with Autolus entering its pivotal study in its lead programme and Freeline set to progress dose escalation in its Phase I/II study in Fabry Disease. Importantly, Anaveon, Quell and SwanBio continued to make significant progress towards the clinic during FY2020/1, with key clinical milestones ahead. As these three companies scale, we expect them to conduct new financings, where global institutional investors will invest alongside us. These clinical milestones are key opportunities and risks for our business.

Our capital base underpins our approach to funding our companies as they scale rapidly, and also enables us to pursue new opportunities. We continue to seek exciting opportunities in areas of high unmet need in the fields of cell and gene therapy and also across biologics and small molecule therapeutics. Our high calibre, expert team, industry leading network and product-focused strategy means we are strongly positioned to continue to build global leaders in life science and deliver value for stakeholders over the long-term.

Life science portfolio review[9]

Clinical

Freeline (12.9% of NAV, 47% shareholding)

- Reported further data in Phase I/II Haemophilia B trial
- Dosed a further patient in Phase I/II Fabry Disease trial post period end
- Raised $299.1 million of gross proceeds in expanded Series C financing and IPO

Freeline, a gene therapy company focused on liver expression for a range of chronic systemic diseases, raised a total of $299.1 million of gross proceeds in the year in its expanded Series C

[9] Syncona shareholdings reported as fully diluted

financing and IPO on NASDAQ, attracting specialist global institutional investors and providing Freeline with a strong capital position as it looks to progress its programmes through the clinic.

Data published so far in its lead programme in FLT180a Haemophilia B programme has been positive, and the Phase I/II dose-confirmation study in Haemophilia B is on track to initiate trial sites by year-end with a data read out by the end of 2022. The company is targeting entering the Phase III pivotal study in the middle of CY2023 and filing a Biologic License Application (BLA) with the FDA at the end of CY2024.

The company also published positive pre-clinical data on its FLT201 Gaucher programme during the period, providing proof-of-concept for the potential of the programme to provide functional cures in patients with Gaucher disease Type 1, the most common form of the disease. The Phase I/II dose-finding study is expected to be in the clinic by year-end 2021. Post period, Freeline dosed a further patient in its FLT190 trial for Fabry Disease, and whilst they have experienced delays here due to the COVID-19 pandemic, we are excited by the programme's potential and look forward to seeing the potential impact of the product, as they continue to dose escalate, over the year.

Freeline also strengthened its leadership at a non-executive and executive level. Colin Love, PhD, joined the Board, bringing over 30 years of experience leading biopharmaceutical company operations. At the executive level, Michael Parini also joined as President and Chief Operating Officer from Vertex where he was Chief Business Officer, with Mark Baldry, Chief Commercial Officer, also joining the company during the year with 30 years of commercial experience.

Despite Freeline being impacted by pandemic-associated delays to its second clinical programme in Fabry Disease, the company is making good progress in re-starting the trial in this disease, its fundamentals are strong, with product candidates that have significant potential to achieve functional cures for patients across a broad array of systemic diseases and are set to progress through the development pathway in the coming months.

Gyroscope (11.5% of NAV, 54.3% shareholding)

- Dosed first patients in Phase II HORIZON and EXPLORE trials evaluating GT005 for the treatment of geographic atrophy secondary to AMD: positive interim data from Phase I/II FOCUS trial
- Completed Series C financing raising $148.0 million cornerstoned by a $42.3 million commitment from Syncona

Gyroscope is developing gene therapy beyond rare disease and with an initial focus on developing gene therapies for a leading cause of blindness, dry age-related macular degeneration (AMD), where there are no approved treatments.

During the year, the business successfully completed dose escalation in its Phase I/II FOCUS trial evaluating the safety and dose response of its lead programme, GT005 in people with GA secondary to AMD, and carried out the first surgery using its proprietary Orbit™ Subretinal Delivery System (Orbit SDS) to deliver GT005. The company reported encouraging interim data from the study, showing GT005 to be well tolerated amongst patients, with the majority of those treated seeing an increase in CFI levels, as well as decreases in the downstream complement proteins associated with over-activation of the complement system - a part of the inflammatory system which has been strongly linked as a cause of dry AMD. Further interim data from FOCUS is expected to be reported in CY2021. In addition, Gyroscope's Phase II trials, EXPLORE and HORIZON started enrolling patients during the year.

From an operational perspective, Gyroscope raised $148.0m in a Series C financing, cornerstoned by Syncona alongside specialist institutional investors and providing the company with a strong capital base to further progress GT005 through the clinic and advance its early stage pipeline. Post-period end, the company made the decision to postpone plans for its IPO in light of volatile market conditions. Syncona supported this decision, with the business remaining well-funded following the recent Series C. The company also appointed Jessica Stitt as CFO who brings more than 20 years of healthcare finance and leadership experience and has participated in the execution of nearly $1.5 billion in corporate financing transactions over the course of her career.

Gyroscope also strengthened its board, broadening the biopharmaceutical experience by appointing highly experienced leaders in gene therapy, ophthalmology and biopharmaceuticals, Jennifer Cook, David Fellows and Renée Galá during the year.

Achilles (10.2% of NAV, 27% shareholding)

- First patients dosed in Phase I/IIa trials targeting metastatic malignant melanoma and advanced non-small cell lung cancer (NSCLC)
- First clinical data reported from the CHIRON and THETIS trials and received recommendation from the Independent Data Safety Monitoring Committee to continue trials as planned
- Successful Series C and IPO on NASDAQ drew further investment from global specialist investors

Achilles, a clinical-stage biopharmaceutical company developing precision T cell therapies to treat solid tumours, has continued to make financial and clinical progress during the year.

The business dosed its first patients in its Phase I/IIa clinical studies in metastatic melanoma (May 2020) and NSCLC (June 2020) and reported initial clinical date in February 2021, further demonstrating its capability to manufacture an entirely personalised T-cell therapy. An Independent Data and Safety Monitoring Committee has completed its reviews of the data and has recommended that both clinical trials continue as planned. Achilles is now moving to higher doses with patients expected to begin enrolment in the second half of CY2021.

The business raised $175.5 million[10] in its IPO and had raised £52.7m in a Series C in November 2020 further expanding its investor base. These fundraisings significantly strengthened the company's capital base as it progresses its programmes through the clinic. In October, Karl Peggs, an internationally recognised leader in cancer immunology and one of Achilles founders, was appointed Chief Medical Officer (CMO).

Autolus (6.2% of NAV, 26% shareholding)

- Took decision to prioritise pivotal study for its AUTO1 programme for Adult Acute Lymphoblastic Leukemia (ALL)
- Additional financing of $115 million raised in follow-on public offering

Autolus is developing next generation programmed T-cell therapies for the treatment of cancer with its clinical pipeline targeting haematological malignancies and solid tumours. During the year, Autolus prioritised its AUTO1 programme where it has generated positive data showing favourable safety amongst patients, as well as strong and durable clinical responses. The Phase Ib/II pivotal study for the AUTO1 programme is under way and the company plans to provide a full data read out from the study in CY2022 and is targeting a BLA filing in CY2023. Post period end, AUTO1 has received PRIME designation from the European Medicines Agency, which will help to accelerate the regulatory review of this programme.

Syncona believes that the AUTO1 programme is differentiated and presents a significant commercial opportunity, with Autolus looking to capitalise on the distinct profile of the treatment by exploring activity in additional B-Cell malignancies. Autolus also released positive data from its Phase I AUTO1 trial in indolent B cell Non-Hodgkin Lymphoma (NHL), further underlining the

[10] Gross proceeds

opportunity provided by this therapy, as well as positive data post-period end in its ongoing Phase I AUTO1 study in relapsed / refractory indolent B cell lymphomas (IBCL).

In January, Autolus announced that it would be seeking to partner its AUTO3 programme targeting T cell lymphoma, ahead of progressing this programme to the next phase of development. In line with this and the company's decision to prioritise AUTO1, the company announced a reduction of its headcount by approximately 20 per cent, which is expected to realise cost savings of $15 million p.a. once the operational changes have been fully implemented.

In the broader pipeline, the company's AUTO4 programme for the treatment of TRBC1 positive Peripheral T Cell Lymphoma (PTCL), continues to make progress, with data expected in Q4 CY 2021. There is currently no approved programme T cell therapy for PTCL, with the programme now receiving innovative licensing and access pathway designation from the UK Medicines and Healthcare products Regulatory Agency.

Autolus raised approximately $115 million[11] via public offerings in January and February 2021 to fund its operations. Since the year end, Martin Murphy has been appointed non-executive Chairman of Autolus, and is working closely alongside the senior leadership team of Autolus as they progress the AUTO1 programme through its pivotal trial.

<u>Pre-clinical</u>

Anaveon (1.4% of NAV, 51% shareholding)

- Published encouraging pre-clinical data in its lead programme ANV419
- Nominated clinical candidate in lead programme, ANV419

Anaveon develops biologics to modulate the function of cytokines with the potential to provide substantial therapeutic benefit to cancer patients. The business is developing a selective Interleukin 2 ("IL-2") Receptor Agonist, a type of protein that could enhance a patient's immune system to respond therapeutically to cancer. The business continues to progress well in its lead ANV419 programme, publishing pre-clinical data at the Society for Immunotherapy of Cancer (SITC) conference which underlined its high level of activity, selectivity and strong safety profile. We expect the company to dose first patient in its Phase I/II study for its lead programme in the coming weeks. The study will evaluate the safety and clinical activity of ANV419 as a monotherapy in advanced solid tumours, and the business expects data from this trial to be published before the end of CY2021.

SwanBio (4.1 % of NAV, 75% shareholding)

SwanBio is a gene therapy company focused on neurological disorders. Its lead programme is targeting the treatment of Adrenomyeloneuropathy (AMN), a genetic neuro-degenerative disease affecting the spine. Its lead AMN programme continues to make progress, and the business continues to expect to enter the clinic with this programme in CY2022.

At the end of the previous financial year, SwanBio expanded its Series A financing to $77.0 million, taking Syncona's commitment to the business to $74.0 million to date. The financing has enabled SwanBio to continue to develop a scalable manufacturing process for commercial supply, progress its lead programme, build out a pipeline of indications and expand its leadership team.

The business continues to strengthen its leadership team, with Steven Zelenkofske joining as CMO whilst Scott McMillan joined as Chief Technical Officer (CTO), bringing between them more than 45 years' experience in life sciences research, development and operations. The company also strengthened its Board in the year, appointing Patricia Allen, Alison Lawton and Syncona

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[11] See footnote 10

partner Alex Hamilton, with Patricia bringing 30 years of financial and operations experience and Alison bringing 30 years of biopharma experience to support the company as it progresses to clinical development.

Quell (2.7% of NAV, 74% shareholding)

Quell has been established with the aim of developing engineered T-regulatory (Treg) cell therapies to treat a range of conditions such as solid organ transplant rejection, autoimmune and inflammatory diseases.

During the year, Quell expanded its capital funding via a further Series A funding round, of which Syncona committed an additional £25.3 million, taking its total commitment to date to £59.3 million. This investment has secured the clinical pathway for the lead QEL-001 programme, which targets tolerance induction post liver transplantation, and supported the establishing of its manufacturing footprint, providing a path to entering the clinic in FY2021/2.

The company continued to expand its research network during the year, signing collaborative research agreements with Hannover Medical School (MHH) and the Sheffield Institute for Translational Neuroscience (SITraN). The MHH relationship includes joint research to accelerate the discovery and validation of Chimeric Antigen Receptor (CAR)-Treg cell therapies, while Quell will collaborate with SITraN to accelerate the validation of Quell's Treg cell therapy platform for use in the treatment of neuroinflammatory diseases.

Resolution (0.6% of NAV, 79% shareholding)

Resolution was formed during the year as a cell therapy company investigating the use of macrophages for the treatment of patients with end stage liver disease, building on the work carried out under a collaboration agreement that Syncona entered into with the University of Edinburgh in 2018.

Syncona founded Resolution with a £26.6 million commitment to a Series A financing in August 2020. Ed Hodgkin, Partner at Syncona, has taken up the role of Chairman & CEO, and Syncona partner Gonzalo Garcia is acting as Chief of Staff. Martin Murphy of Syncona, Lisa Bright, formerly on the executive team of Intercept Pharmaceuticals Inc., and founder Stuart Forbes, were all appointed to the Board during the year.

Neogene (0.8% of NAV, 11% shareholding)

Neogene is developing an engineered cell therapy product for solid tumours based on a patient's own neoantigens, which Syncona believes are the best solid tumour cancer targets given their presence in cancer cells but absence in healthy cells. The company was founded in 2019 around the work of world-class founders, Dr Ton Schumacher and Dr Carsten Linnemann.

In August 2020, Syncona co-led the $110.0 million Series A financing round of Neogene, with a commitment of $19.0 million alongside specialist investors including EcoR1, Jeito Capital, Vida Ventures, Bellco Capital, Two River, and TPG. The Series A financing is funding pre-clinical validation of the company's proprietary tumour-specific T-cell receptor gene isolation platform and a future Phase I study.

The company has appointed Franz B. Humer, Ph.D., as Executive Chairman of the Board of Directors. Dr Humer has 30 years' experience in drug development and significant leadership expertise, having served most recently as Chairman and CEO of Roche for 16 years. The business continues to focus on the development of its manufacturing base in the US as it focuses on its pathway towards its IND application, and whilst it is entering a competitive market, we believe it provides a differentiated approach which positions it well to capture value.

Purespring (0.3% of NAV, 84% shareholding)

In November, Syncona announced the founding of Purespring, one of the first kidney focussed AAV gene therapy companies. Purespring will seek to advance gene therapies for the treatment of chronic renal diseases that are currently poorly addressed with existing treatments.

Richard Francis, former Chief Executive of Sandos and former Executive Committee member of Novartis, has joined the company as CEO. Syncona committed £45.0 million at the Series A, and at the point all current commitments are invested, will hold an 84% stake in the business.

<u>Drug discovery:</u>

OMass (1.3% of NAV, 49% shareholding)

OMass, our biopharmaceutical company using native mass spectrometry to unlock genetically validated but elusive targets in immunology and orphan diseases, has continued work to progress its pipeline. The business is focused on four programmes, which have clear paths to take products to market and also present opportunities to utilise the unique qualities of the OMass platform. Dr Nathalie Franchimont, currently Head of the Multiple Sclerosis and Immunology Development unit at Biogen, joined the Board, bringing with her extensive drug development and immunology expertise.

Next key milestones for clinical programmes at 31 March 2021

Autolus - cell therapy / oncology	
AUTO1 / Adult ALL	Enter pivotal study in CY2021 and provide data update in CY2022
AUTO1/22 / paediatric ALL	Publish clinical data in Q4 CY2021
AUTO4 - T cell Lymphoma	Publish clinical data in Q4 CY2021
Freeline - gene therapy / systemic diseases	
Haemophilia B	Initiate Phase I/II dose confirmation study in CY2021, on track to enter pivotal study mid CY2023
Fabry disease	Progress dose escalation of Phase I/II study to dose additional patients during CY2021; present clinical data by year-end
Gaucher	Phase I/II dose-finding study expected to be in the clinic by CY2021
Gyroscope - gene therapy / retinal diseases	
FOCUS - Dry Age-Related Macular Degeneration	Expect to report interim data in CY2021, final in CY2022
EXPLORE - Dry Age-Related Macular Degeneration	Final read out expected first half CY2023
HORIZON - Dry Age-Related Macular Degeneration	Final read out expected first half CY2023
Achilles - cell therapy / oncology	
Non-small cell lung cancer	Enrol patients for higher dose cNet therapy in second half of CY2021; dosing patients in first half of CY 2022
Melanoma	Enrol patients for higher dose cNet therapy in second half of CY2021, dosing patients in first half of CY 2022

Next milestones for pre-clinical programmes as at 31 March 2021

Anaveon – biologics	
Selective IL-2 agonist	First patient to be dosed in Phase I/II study with data to be published before end of CY2021
SwanBio - gene therapy / neurological diseases	
Adrenomyeloneuropathy (AMN)	Phase I/II initiation of lead programme targeting AMN in CY2022
Quell - cell therapy / autoimmune diseases	
Liver transplant	Phase I/II initiation of lead programme targeting liver transplant in FY2021/2

Life science portfolio valuation table

Company	**31 March 2020**	**Net invest-ment in the period**	**Valuation change**	**FX movement**	**31 March 2021**	**% of Group NAV**	**Valuation basis[12],[13], [14]**	**Fully diluted owner-ship stake**	**Focus area**
	(£m)	(£m)	(£m)	(£m)	(£m)			(%)	
Portfolio Companies									
Clinical									
Autolus	77.0	18.1	(6.6)	(7.3)	81.2	6.2	Quoted	26	Cell therapy
Freeline	150.7	18.6	17.7	(19.1)	167.9	12.9	Quoted	47	Gene therapy
Gyroscope	73.0	40.1	36.5	0.5	150.1	11.5	PRI	54	Gene therapy
Achilles	72.4	11.7	52.1	(3.1)	133.1	10.2	Quoted	27	Cell therapy
Pre-Clinical									
Anaveon	12.3	7.8	-	(1.6)	18.5	1.4	Cost	51	Immunoncology
SwanBio	18.5	39.7	-	(4.5)	53.7	4.1	Cost	75	Gene therapy
Quell	8.3	26.8	-	-	35.1	2.7	Cost	74	Cell therapy
Azeria	6.5	(2.1)	(4.4)	-	-	0.0	-	60	Small molecule
Resolution	1.4	6.0	-	-	7.4	0.6	Cost	79	Cell therapy
Purespring	-	3.9	-	-	3.9	0.3	Cost	84	Gene Therapy
Neogene	-	11.4	-	(0.4)	11.0	0.8	Cost	11	Cell Therapy
Drug discovery									
OMass	14.6	1.8	-	-	16.4	1.3	Cost	49	Therapeutics
Life Science Investment									
CRT Pioneer Fund	40.0	2.9	(6.3)	-	36.6	2.8	Adj Third Party	64	Oncology
CEGX	1.5	-	-	-	1.5	0.1	Adj. PRI	9	
Adaptimmune	3.3	(0.9)	3.5	(0.6)	5.3	0.4	Quoted	0.1	Cell therapy
Forcefield	-	0.4	-	-	0.4	0.0	Cost	82	Biologics

[12] Primary input to fair value
[13] 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
[14] 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

Total Life Science Portfolio	**479.5**	**186.2**	**92.5**	**(36.1)**	**722.1**	**55.3**			

Supplementary Information

Funding for portfolio companies (31 March 2021)

Company	**Total Committed by Syncona**	**Total Committed by Third Parties**	**Total Committed**
	(£m)	(£m)	(£m)
Portfolio Companies			
Generation 1			
Autolus	124	388	512
Nightstar	56	148	204
Blue Earth	36	-	36
14MG	6	-	6
CEGX	2	40	42
Total	**224**	**576**	**800**
Generation 2			
Freeline	168	185	353
Gyroscope	113	80	193
Achilles	61	248	309
Total	**342**	**513**	**855**
Generation 3			
Anaveon	22	5	27
SwanBio	57	3	60
Quell	59	2	61
Azeria	7	6	13
OMass	26	15	41
Resolution	28	0	28
Total	**199**	**31**	**230**
Generation 4			
Purespring	45	-	45
Neogene	15	68	83
Forcefield	5	-	5
Total	**65**	**68**	**133**
Total Syncona Companies	**830**	**1188**	**2018**

Aggregate cash holdings across the portfolio (31 March 2021)

£570 million ($790 million) aggregate cash holdings across the portfolio

Life science portfolio returns (31 March 2021)

Company	Cost	Value	Multiple	IRR
Clinical				
Autolus	£124.0	£81.2	0.7	-15%
Freeline	£167.7	£167.9	1.0	0%
Gyroscope	£113.1	£150.1	1.3	21%
Achilles	£60.7	£133.1	2.2	47%
Pre-Clinical				
SwanBio	£57.4	£53.7	0.9	-6%
Anaveon	£19.5	£18.6	1.0	-5%
Quell	£35.1	£35.1	1.0	0%
Azeria	£6.5	£0.0	0.0	-60%
Resolution	£7.4	£7.4	1.0	0%
Purespring	£3.9	£3.9	1.0	0%
Forcefield	£0.4	£0.4	1.0	0%
Neogene	£11.4	£11.0	1.0	-6%
Drug Discovery				
OMass	£16.4	£16.4	1.0	0%
Realised companies				
Nightstar	£56.4	£255.8	4.5	72%
Blue Earth	£35.3	£351.0	9.9	87%
Investments				
Unrealised investments	£51.0	£43.4	0.9	-3%
Realised investments	£13.4	£18.5	1.4	27%
Total	**£779.5**	**£1,347.5**	**1.7**	**34%**

Clinical trial disclosure process

Currently, our portfolio companies are progressing 11 clinical trials. These trials represent both a significant opportunity and risk for each company and for the Company.

Unlike typical randomised controlled pharmaceutical clinical trials, currently all 11 clinical trials are open-label trials. Open label trials 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. However, 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.

Our portfolio companies may decide or be required to announce publicly interim clinical trial data, for example where the company or researchers connected with it are presenting at a scientific conference, and we will generally also issue a simultaneous announcement about that clinical trial data. We would also 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. We would not generally expect to otherwise announce ourassessment of interim clinical data in an ongoing trial, although we review all such data to enable us to comply with our legal obligations under the Market Abuse Regulation or otherwise.

Principal risks and uncertainties

The principal risks that the Board has identified are set out in the following table, along with the consequences and mitigation of each risk. Further information on risk factors is set out in note 18 to the Consolidated Financial Statements.

Description	**Key Controls**	**Changes in the year**
Enterprise risks		
People in the Syncona team The execution of the Company's investment strategy is dependent on a small number of key individuals with specialised expertise. This is at risk if the Syncona team does not succeed in retaining skilled personnel or is unable to recruit new personnel with relevant skills. Impacts include: • Poorer oversight of portfolio companies, risk of loss of value from poor strategic/operational decisions. • Insufficient resource to take advantage of investment opportunities.	• Market benchmarking of remuneration for staff. • Provision of long-term incentive scheme to incentivise and retain staff. • Ongoing recruitment to strengthen team and deepen resilience. • Focus on team development to provide internal succession from next tier of leaders. • Building high quality teams within portfolio companies that can operate at a high strategic level.	The Syncona team recruited a number of senior employees to start following year end, including a Chief Human Resources Officer, Chief Medical Officer and Head of Research and Development, and an Executive in Residence. Brexit has been a concern, but, at present, we believe this can be managed.
Access to capital Early stage life science	• Maintain capital pool of two to three years'	At year end capital pool is

businesses are very capital intensive and delivering our strategy of taking companies to approval and beyond will require access to substantial capital. This is at risk if we do not have sufficient capital. Impacts include: • Dilution of stake in portfolio companies with loss of potential upside. • Loss of control of portfolio companies resulting in poorer strategic execution. • Portfolio companies unable to deliver their business plans due to financing constraints	(or more) financing requirements. • 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. • Active engagement process with shareholders and potential shareholders. • Ongoing consideration of alternative options for long-term financing. • Ongoing consideration of syndication strategy at portfolio company level, to maximise value and minimise dilution when external capital is brought in. • Capital allocation considerations embedded in the Syncona team's investment process, with projected liquidity reviewed over three years.	more than three years' financing requirements and so in our targeted range. Investors are becoming increasingly focused on sustainability and ESG issues; we have worked to adopt a formal Sustainability Policy and improve our sustainability reporting during the year, and believe we are well-placed to respond to this trend.
Strategy and governance The Company's investment strategy is to invest in a small portfolio of early stage life science businesses, each of which may represent a significant portion of the total portfolio value, where it is necessary to accept very significant and often binary risks	• Strong Board with range of relevant experience, supported by a robust Board evaluation and succession process. • Clear and shared understanding of	Virginia Holmes appointed to the Board on 1 January 2021. Kemal Malik appointed to the Board on 15 June 2020. Ellen Strahlman resigned from the Board on 2 November 2020.

It is expected that some businesses will succeed (and potentially result in substantial returns) but others will fail (potentially resulting in substantial loss of value). It is particularly important that our governance supports robust oversight of strategy execution by the Syncona team. Impacts if this is not the case include: • Failure/delay to take key decisions such as major transactions or capital strategies.	strategy and risk. • Transparent communication from the Syncona team to the Board about portfolio opportunities and risks including upside and downside valuation cases.	The Board is in the process of recruiting two further new directors.
COVID-19 The COVID-19 pandemic has the potential to very significantly affect the Company's operations in a number of areas. Vaccination programmes are progressing well in the UK, US and elsewhere, and so future impacts appear likely to be less, but there remains significant uncertainty. Impacts include: • Health risk to Syncona team members and portfolio company employees. • Syncona team working remotely with collaboration / management more challenging and potential wider mental health impacts on the team as a result of lockdown, family impact etc. • Challenges in sourcing	• Effective remote working arrangements and business continuity plans in place for the Syncona team. • Each portfolio company has put plans in place and these are reviewed by the Syncona team. • Strong capital pool offering significant buffer; robust capital deployment process.	The Syncona team has continued to respond proactively to the COVID-19 pandemic, and business operations continue on a remote basis. To date the principal impact has been delays to clinical trials carried on by our portfolio companies, to different degrees depending on indication. The impact of COVID-19 has been considered in the valuation of our investments at year end; we do not consider any additional revaluation is required.

and implementing new life science opportunities. • Significant challenges for portfolio company operations where remote working is impractical. • Delays in carrying out clinical trials if healthcare resources are diverted to deal with pandemic, or risks to trial participants increase. • Additional capital requirements for portfolio companies to fund them through delay. • Substantial shock to public markets, making them inaccessible for our portfolio companies or accessible only at punitive valuations		
Portfolio risks		
Early stage investments There may be no or little substantial evidence of clinical effectiveness or ability to deliver a new technology in a commercially viable way. Material capital may need to be invested to resolve these uncertainties. New businesses may not be operationally robust to carry out these activities. Impacts include: • Financial loss and reputational impact from failure of investment.	• Extensive due diligence process, resulting in identification of key risks and clear operational plan to mitigate these. • Tranching of investment to minimise capital exposed until key de-risking steps are completed (particularly to resolve fundamental biological uncertainty). • Syncona team works closely with new	Failure of investment in Azeria. In this case, tranching and close management was effective in minimising the loss.

<table>
<tr><td></td><td>companies to ensure focus on key risks and high quality operational build-out. Team members may take operating roles where appropriate.
Robust oversight by the Syncona team.
Our wider portfolio aims to have multiple companies at different stages of the development cycle and in different technologies, to enable us to absorb failures.</td><td></td></tr>
<tr><td>Clinical trial and regulatory approval risks

Clinical trials are inherently uncertain and there is a significant failure rate.

Any trial could see adverse safety events or fail to show efficacy in line with regulatory requirements. Even if efficacy is shown, if the target product profile is not achieved then the commercial viability of the product may be substantially impaired or further cost incurred to carry out further studies.

Impacts include:
Material impact on valuation, given capital required to carry out trials.
Material harm to one or more individuals, and potential reputational issues for the Company.</td><td>Recruit dedicated specialist clinical teams in each portfolio company to manage trials effectively and with a clear understanding of the requirements of regulators.
Strong oversight from the Syncona team to keep portfolio companies focused on these issues.
Syncona team can bring in specialist expertise where helpful.
Trial design seeks to maximise likelihood of success where possible.
Portfolio company business plans seek to have multiple trials in different indications so that failure in one does not damage all the value of company.
Our wider portfolio</td><td>Following publication of data from Autolus' AUTO3 trial in DLBCL, Autolus decided to focus clinical development on AUTO1, and only to progress AUTO3 in DLBCL through a partnership.

The Syncona team recruited a Chief Medical Officer and Head of Research and Development to start following year end, who will deepen the team's expertise in this area.</td></tr>
</table>

	aims to have multiple companies at different stages of the development cycle, to enable us to absorb failures. • Reporting of significant trial issues to Syncona team and to Board in serious cases.	
Commercialisation Our strategy is to build companies we can take to product approval and potentially beyond. The value will depend on whether the products developed can be effectively commercialised. Even at earlier stages, the value will be based on assumptions about the commercial outcome, such as size of market, competition, pricing and cost-effectiveness of manufacture. Impacts include: • Loss of value in portfolio company	• Build products in areas with significant unmet need and that show substantial and differentiated efficacy. • Investment process considers strength of intellectual property or other 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 a later stage, and this is then operationalised. • At appropriate stage ensure portfolio companies recruit highly skilled personnel with significant experience in commercial delivery. • Strong oversight from Syncona team to keep portfolio companies focused on these issues. • Syncona team can bring in specialist expertise where	Our clinical stage businesses are moving through the clinical process and seeking to build products that can be effectively commercialised. The extent of competition for some of these products is becoming clearer, with both Autolus (AUTO1, adult ALL) and Freeline (Haemophilia B) targeting competitive markets.

	helpful. • Our wider portfolio aims to have multiple companies at different stages of the development cycle and different indications, to enable us to absorb failures.	
People in portfolio companies Portfolio companies are reliant on recruiting highly specialised, high quality staff to deliver their strategies. This can be challenging given a limited pool of people with the necessary skills in the UK/Europe. Impacts of failing to have appropriate people: • Loss of value from failure to deliver key elements of operational plans (clinical trials, manufacturing, IP, team build etc).	• Seek to build high-quality teams in portfolio companies with internal resilience if one/small number of roles is absent. This can begin before an investment is made. • Build strong portfolio company boards (including representatives from the Syncona team and experienced non-executives) to provide effective oversight and support. • Direct support from Syncona team, including team members taking operational roles where necessary. • Syncona team can also facilitate access to external support where appropriate.	Continued senior recruitment into portfolio companies, including Richard Francis as CEO of Purespring, Michael Parini as President and Chief Operating Officer of Freeline, Jessica Stitt as CFO of Gyroscope and Steven Zelenkofske as CMO of SwanBio. In addition, Martin Murphy has taken on the role of Chair of Autolus. The Syncona team recruited a Chief Human Resources Officer to start following year end, who will deepen the team's expertise in this area. Brexit has been a concern, but at present we believe this can be managed
Capital pool The capital pool is exposed to the risk of loss or illiquidity. Impacts include: • Loss of capital. • Inability to finance life science investments.	• Instruments are chosen to protect against risk and provide appropriate liquidity, with return a secondary consideration.	94 per cent of the capital pool is held in cash and short-term UK treasury bills which reduces the overall risk of our capital pool, although at the cost of receiving very low returns.

	• Investments largely in GBP to match functional currency. • Risk parameters monitored by the Syncona team, with support from an external adviser to annually review the capital pool against chosen parameters.	The Syncona team reviews on an ongoing basis, with its external adviser, whether there are other investments with appropriate risk/liquidity characteristics which would provide a higher return.
Operational risks		
Systems and controls We rely on a series of systems and controls to ensure proper control of assets, record-keeping and reporting, and operation of the Syncona business. Impacts include: • Loss of capital. • Inability to finance life science investments	• Systems and control procedures are reviewed regularly by the Syncona team, with external input where appropriate. • Certain systems have been outsourced to the Administrator who provides independent assurance of its own systems. • Annual review of systems and controls carried out by the Audit Committee. • Use of specialist external advisers to assist on key financial representation judgments.	The Syncona team retains external advisers to assist with regulatory issues, including quarterly reviews of our processes and updates on any regulatory changes that affect us. The Syncona team's information security and procurement policies were reviewed and updated this year, and an external cybersecurity review carried out.

Responsibility statement

The Directors' responsibility statement below has been prepared in conjunction with, and is extracted from, the Company's Annual Report and Accounts for the year ended 31 March 2021 ("2021 Annual Report"), whereas this announcement contains extracts from the 2021 Annual Report. The responsibility statement is repeated here solely for the purpose of complying with DTR 6.3.5. These responsibilities are for the full 2021 Annual Report and not the extracted information presented in this announcement or otherwise.

The Directors of the Company are:

Melanie Gee, Chair
Thomas Henderson, Non-Executive Director
Virginia Holmes, Non-Executive Director
Rob Hutchinson, Non-Executive Director
Nigel Keen, Non-Executive Director
Kemal Malik, Non-Executive Director
Nicholas Moss, Non-Executive Director
Gian Piero Reverberi, Non-Executive Director

The Directors confirm to the best of our knowledge:

- the financial statements contained in the 2021 Annual Report, 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 2021 Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, businessmodel and strategy: and
- the 2021 Annual Report includes information and details in the Chairman's Statement, the StrategicReport, the Corporate Governance Report, the Directors' Report and the notes to the 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

UNAUDITED GROUP PORTFOLIO STATEMENT
As at 31 March 2021

	2021		2020	
	Fair value £'000	% of Group NAV £'000	Fair value £'000	% of Group NAV £'000
Life science portfolio				
Life science companies				
Freeline Therapeutics Holdings plc	167,902	12.9	150,723	12.1
Gyroscope Therapeutics Limited	150,062	11.5	72,975	5.9
Achilles Therapeutics plc	133,127	10.2	72,413	5.8
Autolus Therapeutics plc	81,180	6.2	76,993	6.2
SwanBio Therapeutics Limited	53,689	4.1	18,529	1.5
Quell Therapeutics Limited	35,069	2.7	–	–
Anaveon AG	18,575	1.4	–	–
Omass Therapeutics Limited	16,436	1.3	–	–
Companies of less than 1% of NAV	29,526	2.4	47,911	3.8
Total life science companies[1]	685,566	52.7	439,544	35.3
CRT Pioneer Fund[2]	36,576	2.8	40,023	3.2
Total life science portfolio[3]	722,142	55.5	479,567	38.5
Capital pool investments				
UK treasury bills	344,862	26.5	614,820	49.3
Legacy funds	72,366	5.6	73,979	6.0
Total capital pool investments[2]	417,228	32.1	688,799	55.3
Other net assets				
Cash and cash equivalents[4]	199,833	15.4	108,873	8.7
Charitable donations	(4,710)	(0.4)	(4,607)	(0.4)
Other assets and liabilities	(34,204)	(2.6)	(26,091)	(2.1)
Total other net assets	160,919	12.4	78,175	6.2
Total NAV of the Group	1,300,289	100.0	1,246,541	100.0

(1) The fair value of Syncona Holdings Limited amounting to £956,279,205 (31 March 2020: £894,090,198) is comprised of investments in life science companies of £685,566,309 (31 March 2020: £439,543,507), investments in Syncona Investment Management Limited of £5,752,423 (31 March 2020: £4,210,657), other net assets of £269,383,714 (31 March 2020: £453,168,505) in Syncona Portfolio Limited and other net liabilities of £4,422,241 (31 March 2020: £2,832,471) in Syncona Holdings Limited.

(2) The fair value of the investment in Syncona Investments LP Incorporated amounting to £371,667,317 (31 March 2020: £373,613,116) is comprised of the investment in the capital pool investments of £417,227,726 (31 March 2020: £688,798,541), the investment in the CRT Pioneer Fund of £36,576,032 (31 March 2020: £40,023,299), cash of £189,439,798 (31 March 2020: £103,100,848) and other net liabilities of £271,576,239 (31 March 2020: £458,309,572).

(3) The life science portfolio of £722,142,341 (31 March 2020: £479,566,806) consists of life science investments totalling £685,566,309 (31 March 2020: £439,543,507 held by Syncona Holdings Limited and the CRT Pioneer Fund of £36,576,032 (31 March 2020: £40,023,299) held by Syncona Investments LP Incorporated.

[(4)] Cash amounting to £13,916 (31 March 2020: £17,456) is held by Syncona Limited. The remaining £199,819,232 (31 March 2020: £108,855,595) 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.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2021

	Notes	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Investment income							
Other income	6	19,934	–	19,934	35,708	–	35,708
Total investment income		19,934	–	19,934	35,708	–	35,708
Net gains/(losses) on financial assets at fair value through profit or loss	7	–	58,605	58,605	–	(203,013)	(203,013)
Total gains/(losses)		–	58,605	58,605	–	(203,013)	(203,013)
Expenses							
Charitable donations	8	4,710	–	4,710	4,607	–	4,607
General expenses	9	20,671	–	20,671	23,644	–	23,644
Total expenses		25,381	–	25,381	28,251	–	28,251
Profit/(loss) for the year		(5,447)	58,605	53,158	7,457	(203,013)	(195,556)
Profit/(loss) after tax		(5,447)	58,605	53,158	7,457	(203,013)	(195,556)
Earnings/(loss) per Ordinary Share	14	(0.82)	8.82	8.00	1.13	(30.67)	(29.54)
Earnings/(loss) per Diluted Share	14	(0.81)	8.74	7.93	1.10	(30.30)	(29.20)

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

The profit 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 derive from continuing operations.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2021

	Notes	2021 £'000	2020 £'000
ASSETS			
Non-current assets			
Financial assets at fair value through profit or loss	10	1,327,946	1,267,703

Current assets			
Bank and cash deposits		14	17
Trade and other receivables	11	10,446	9,131
Total assets		1,338,406	1,276,851
LIABILITIES AND EQUITY			
Non-current liabilities			
Share based payments	12	23,505	18,540
Current liabilities			
Share based payments	12	8,836	6,379
Payables	13	5,776	5,391
Total liabilities		38,117	30,310
EQUITY			
Share capital	14	767,999	767,999
Capital reserves		537,147	478,542
Revenue reserves		(4,857)	–
Total equity		1,300,289	1,246,541
Total liabilities and equity		1,338,406	1,276,851
Total net assets attributable to holders of Ordinary Shares		1,300,289	1,246,541
Number of Ordinary Shares in issue	14	664,580,417	663,665,537
Net assets attributable to holders of Ordinary Shares (per share)	14	£1.96	£1.88
Diluted NAV (per share)	14	£1.94	£1.86

The audited Consolidated Financial Statements were approved on 16 June 2021 and signed on behalf of the Board of Directors by:

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

Melanie Gee

Chair

Rob Hutchinson

Non-Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF ORDINARY SHARES
For the year ended 31 March 2021

	Notes	Share capital £'000	Capital reserves £'000	Revenue reserves £'000	Total £'000
As at 31 March 2019		**766,037**	**689,076**	**–**	**1,455,113**
Total comprehensive loss for the year		–	(203,013)	7,457	(195,556)
Transactions with shareholders:					
Distributions	15	–	(7,521)	(7,687)	(15,208)
Scrip dividend shares issued during the year	14	1,962	–	–	1,962
Share based payments		–	–	230	230

As at 31 March 2020	**767,999**	**478,542**	**–**	**1,246,541**
Total comprehensive income for the year	–	58,605	(5,447)	53,158
Transactions with shareholders:				
Share based payments	–	–	590	590
As at 31 March 2021	**767,999**	**537,147**	**(4,857)**	**1,300,289**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
Cash flows from operating activities			
Profit/(loss) for the year		53,158	(195,556)
Adjusted for:			
(Gains)/losses on financial assets at fair value through profit or loss	7	(58,605)	203,013
Non-cash movement in share based payment provision	2	6,374	7,326
Operating cash flows before movements in working capital		927	14,783
Increase in trade and other receivables		(1,315)	(298)
Increase/(decrease) in other payables		385	(1,313)
Net cash (used in)/generated from operating activities		(3)	13,172
Cash flows from investing activities			
Purchase of financial assets at fair value through profit or loss		–	(36,786)
Return of capital contribution		–	36,786
Net cash generated from investing activities		–	–
Cash flows from financing activities			
Distributions	15	–	(13,246)
Net cash used in financing activities		–	(13,246)
Net decrease in cash and cash equivalents		(3)	(74)
Cash and cash equivalents at beginning of the year		17	91
Cash and cash equivalents at end of the year		14	17
Supplemental disclosure of non-cash investing and financing activities			
Issuance of shares	14	–	1,962
Scrip dividend shares issued during the year	14	–	(1,962)
Net non-cash investing and financing activities		–	–

Cash held by the Company and Syncona Group companies is disclosed in the Group portfolio statement.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2021

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").

2. ACCOUNTING POLICIES

Statement of compliance
The Consolidated Financial Statements 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 16 June 2021.

Information reported to the Board (the Chief Operating Decision Maker ("CODM")) for the purpose of allocating resources and monitoring performance of the Group's overall strategy to found, build and fund companies in innovative areas of healthcare, consists of financial information reported at the Group level. The Capital pool is fundamental to the delivery of the Group's strategy and performance is reviewed by the CODM only to the extent this enables the allocation of those resources to support the Group's investment in life science companies. There are no reconciling items between the results contained within this information and amounts reported in the financial statements. IFRS requires operating segments to be identified on the basis of the internal financial reports that are provided to the CODM, and as such the Directors present the results of the Group as a single operating segment.

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

The financial information set out in this announcement does not constitute the Group's statutory accounts for the years ended 2021 and 2020 but is derived from those accounts. The auditors have reported on those accounts and provided an unqualified opinion, including key audit matters within their audit report. It did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under The Companies (Guernsey) Law, 2008. A copy is available upon written request from the Company's registered office. The auditors' reports do not necessarily report on all of the information contained in these financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditors' engagement they should obtain a copy of the auditors' reports together with the accompanying financial information from the issuer's registered office.

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

Going concern
The financial statements are prepared on a going concern basis. The net assets held by the Group and within investment entities controlled by the Group currently consist of securities and cash amounting to £1,300.3 million (31 March 2020: £1,246.5 million) of which 41.89% (31 March 2020: 49.83%) are readily realisable within three months in normal market conditions, and liabilities including uncalled commitments to underlying investments and funds amounting to £115.5 million (31 March 2020: £147.3 million).

Furthermore, the Group has considered the implications of the COVID-19 pandemic on the Group and each of its portfolio companies. Given the experience of the past year the Group has concluded that the impact on each investment and portfolio company will vary with delays in certain programmes of work (expected to be 3 to 6 months in the majority of cases) and potential associated additional capital requirements. This remains consistent with the assessment made at 31 March 2020. The Group has taken account of the COVID-19 pandemic in the valuation of its investments as at year end. Given the Group's capital pool of £578 million (31 March 2020: £767 million) the Directors consider that the Group has adequate financial resources to continue its operations, including existing commitments to its investments and additional capital requirements identified in the review, for 12 months following the approval of the financial statements. Hence, the Directors believe, having considered the impact of COVID-19, 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 statements of the Company and the General Partner.

The results of the General Partner during the year are consolidated in the Consolidated Statement of Comprehensive Income from the effective date of incorporation and is consolidated in full. The financial statements of the General Partner are prepared in accordance with United Kingdom ("UK") Accounting Standards under Financial Reporting Standard 101 "Reduced Disclosure Framework". Where necessary, adjustments are made to the financial statements of the General Partner to bring the accounting policies used in line with those used by the Group. During the years ended 31 March 2021 and 31 March 2020, no such adjustments have been made. All intra-group transactions, balances and expenses are eliminated on consolidation.

Entities that meet the definition of an investment entity under IFRS 10 "Consolidated Financial Statements" are held at fair value through profit or loss in accordance with IFRS 9 "Financial Instruments". The Company, the Partnership and the Holding Company meet the definition of Investment Entities. The General Partner does not meet the definition of an Investment Entity and is therefore consolidated.

New standards adopted by the Group
The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the Group's financial statements:

Amendments to IFRS 7 "Financial Instruments: Disclosures" IFRS 9 and IAS 39 "Financial Instruments: Recognition and Measurement": Interest Rate Benchmark Reform
The amendments modify some specific hedge accounting requirements to provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that Interbank Offered Rate reform should not generally cause hedge accounting to terminate.

These amendments had no impact on the financial statements.

Amendments to IAS 1 and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors": Definition of Material
The amendments modify some specific hedge accounting requirements to provide certain reliefs in connection with interest rate benchmark reform.

These amendments had no impact on the financial statements.

Amendments to IFRS 3 "Business Combinations": Definition of a Business
The International Accounting Standards Board has amended the definition of a business which will impact how acquisitions are accounted for. Under IFRS 3, an acquisition must include an input and a substantive process that on a combined basis lead to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services or investment income and other income delivered to customers and specifically excludes returns in the form of lower costs and other economic benefits.

This amendment had no impact on the financial statements.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 April 2021 that have a material effect on the Group's Consolidated Financial Statements.

Standards, amendments and interpretations not yet effective

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

- Amendments to IFRS 17, "Insurance Contracts";
- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture;
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current;
- Amendments to IFRS 3: Reference to the Conceptual Framework;
- Amendments to IFRS 16: COVID-19-related Rent Concessions;
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract;
- Annual Improvements to IFRS Standards 2018 – 2020.

Financial instruments

Financial assets and derivatives are recognised in the Group's Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Under IFRS 9, on initial recognition, 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 at fair value through profit or loss

The Group classifies its financial assets as investments at fair value through profit or loss based on the Group's business model and the contractual cash flow characteristics of the financial assets. The Group assessed which business models apply to the financial assets and determined that the financial assets held by the Group would continue to be classified at 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 2021 and 31 March 2020, 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.

Fair value

The Group's investments in life science companies and capital pool investments are held through the Holding Company and the Partnership which are measured at fair value through profit or loss in accordance with the requirement of IFRS 10. 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 – life science portfolio

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

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

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

- Cost at the transaction date is the primary input when determining fair value. Similarly, where there has been a recent investment in the unlisted company by third parties, the Price of Recent Investment ("PRI") is the primary input when determining fair value, although further judgement may be required to the extent that the instrument in which the recent investment was made is different from the instrument held by the Group.
- The length of period for which it remains appropriate to consider cost or the PRI as the primary input when determining fair value depends on the achievement of target milestones of the investment at the time of acquisition. An analysis of such milestones, which can be value maintaining or value enhancing, is undertaken at each valuation point and considers changes to the external environment and the current facts and circumstances. Where this calibration process shows there is objective evidence that an investment has been impaired or increased in value since the investment was made, such as observable data suggesting a change of the financial, technical, or commercial performance of the underlying investment, the Group carries out an enhanced assessment which may use one or more of the alternative methodologies set out in the IPEV Valuation Guidelines.
- DCF involves estimating the fair value of an investment by calculating the present value of expected future cash flows, based on the most recent forecasts in respect of the underlying business. Given the significant uncertainties involved with producing reliable cash flow forecasts for seed, start-up and early-stage companies, the DCF methodology will more commonly be used in the event that a life science company is in the final stages of clinical testing prior to regulatory approval or has filed for regulatory approval. No investments were valued on a DCF basis as at 31 March 2021 and 31 March 2020.

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. 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. The individual then has the right to sell 25% of their vested MES to the Company each year. 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 11% to 31% (31 March 2020: 13% to 39%); and probabilities of success that result in an average cumulative probability of success across the life science portfolio of 31% (31 March 2020: 19%). 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. Although the Directors do not consider this to be material, in the comparative figures for 31 March 2020, £7.7 million has been removed from the changes in working capital section of the Consolidated Statement of Cash Flows and is instead shown as a direct adjustment to profit or loss.

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. Income is further discussed in note 6.

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

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and demand deposits. 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.

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

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

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

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND 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.

Where the Group is the soles institutional investor and/or until such time as substantial clinical data has been generated, the primary valuation input is Cost or PRI, subject to adequate consideration being given to current facts and circumstances. This includes whether there is objective evidence that suggests the investment has been impaired or increased in value due to observable data, technical, or commercial performance. Once substantial clinical data has been generated the Group will use input from an independent valuation advisors to assist in the determination of fair value.

The key judgement relates to determining whether a Cost or PRI (Market) based approach is the most appropriate for determining fair value of the Group's investments in unlisted companies. In making this judgement, the Group highlight 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 investments 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 or the use of a third party valuation expert. 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 this 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 the Group's valuation of the following investments: Anaveon AG, Gyroscope Therapeutics Limited, Omass Therapeutics Limited, Quell Therapeutics Limited, and SwanBio Therapeutics Limited.

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

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 investment in the CRT Pioneer Fund, the Partnership's private equity investments and the valuation of the share based payment liability. The investments in privately held life science companies are very illiquid. The companies are typically at an early stage of development and pre-revenue. Accordingly a market value can be difficult to determine. The primary inputs used by the Company to determine the fair value of investments in privately held life science companies are the cost of the capital invested and PRI, adjusted to reflect the achievement or otherwise of milestones or other factors. The accounting policy for all investments is described in note 2 and the fair value of all investments is described in note 19.

In determining a suitable range to sensitise the fair value of the unlisted life science portfolio, management note the achievement or not of value enhancing milestones as being a key source of estimation uncertainty. Such activities and resulting data emanating from the life science companies can be the key trigger for fair value changes and typically involve financing events which crystallise value at those points in time. The range of 18% (2020: 20%) identified by management reflects their estimate of the range of reasonably possible valuations over the next financial year, taking into account the position of the portfolio as a whole. Key technical milestones considered by management and that typically trigger value enhancement (or deterioration if not achieved) include the generation of substantial clinical data.

The Company has analysed the impact of the COVID-19 pandemic on the private life science companies and does not consider that any COVID-19 revaluations are required, however the final impact of the pandemic is not yet certain and may have effects on the portfolio companies that have not been anticipated.

The CRT Pioneer Fund is invested in early-stage life science projects and companies. A market value can be difficult to determine for assets of this nature. The Company values its interest in the CRT Pioneer Fund by reference to the valuation provided by the manager of that fund, adjusted to reflect the Company's view on certain of the key valuation inputs. Sensitivity to a 23% movement in the valuation of the CRT Pioneer Fund is included in note 19.

As at the year end, none (31 March 2020: 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.

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.

The share based payment charge is determined using an externally generated model in accordance with IFRS 2 using a probability-weighted expected returns methodology. Additional details regarding the key inputs into the valuation are stated in note 2.

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	2021 % interest[1]	2020 % 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	2021 % interest[1]
Syncona Discovery Limited	UK	Syncona Investments LP Inc	Portfolio management	100%
Syncona Portfolio Limited	Guernsey	Syncona Holdings Limited	Portfolio management	100%
Syncona IP Holdco Limited	UK	Syncona Portfolio Limited	Portfolio management	100%
Syncona Investment Management Limited	UK	Syncona Holdings Limited	Portfolio management	100%
Quell Therapeutics Limited	UK	Syncona Portfolio Limited	Cell therapy	83%
SwanBio Therapeutics Limited	United States	Syncona Portfolio Limited	Gene therapy	76%
Resolution Therapeutic Limited (formerly Syncona Collaboration (E) Limited)	UK	Syncona Portfolio Limited	Cell therapy	66%
Purespring Therapeutics Limited	UK	Syncona Portfolio Limited	Gene therapy	65%
Gyroscope Therapeutics Limited	UK	Syncona Portfolio Limited	Gene therapy	59%
Freeline Therapeutics Holdings plc	UK	Syncona Portfolio Limited	Gene therapy	53%

Anaveon AG	Switzerland	Syncona Portfolio Limited	Biologics	50%
Omass Therapeutics Limited	UK	Syncona Portfolio Limited	Small molecule	49%
Forcefield Therapeutics Limited	UK	Syncona Portfolio Limited	Gene therapy	47%

Indirect associates	Principal place of business	Immediate parent	Principal activity	2021 % interest(1)
Azeria Therapeutics Limited	UK	Syncona Portfolio Limited	In voluntary liquidation	34%
Autolus Therapeutics plc	UK	Syncona Portfolio Limited	Cell therapy	28%
Achilles Therapeutics plc	UK	Syncona Portfolio Limited	Cell therapy	27%

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

Indirect Subsidiaries	Principal place of business	Immediate parent	Principal activity	2020 % interest(1)
Syncona Discovery Limited	UK	Syncona Investments LP Inc	Portfolio management	100%
Syncona Portfolio Limited	Guernsey	Syncona Holdings Limited	Portfolio management	100%
Syncona IP Holdco Limited	UK	Syncona Portfolio Limited	Portfolio management	100%
Syncona Investment Management Limited	UK	Syncona Holdings Limited	Portfolio management	100%
Resolution Therapeutic Limited (formerly Syncona Collaboration (E) Limited)	UK	Syncona Portfolio Limited	Research	100%
Freeline Therapeutics Holdings plc	UK	Syncona Portfolio Limited	Gene therapy	84%
Gyroscope Therapeutics Limited	UK	Syncona Portfolio Limited	Gene therapy	84%
SwanBio Therapeutics Limited	United States	Syncona Portfolio Limited	Gene therapy	74%
Quell Therapeutics Limited	UK	Syncona Portfolio Limited	Cell therapy	58%
Achilles Therapeutics plc	UK	Syncona Portfolio Limited	Cell therapy	52%
Omass Therapeutics Limited	UK	Syncona Portfolio Limited	Small molecule	51%

Indirect associates	Principal place of business	Immediate parent	Principal activity	2020 % interest(1)
Anaveon AG	Switzerland	Syncona Portfolio Limited	Biologics	41%
Azeria Therapeutics Limited	UK	Syncona Portfolio Limited	Small molecule	34%
Autolus Therapeutics plc	UK	Syncona Portfolio Limited	Cell therapy	27%

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

5. TAXATION

The Company and the General Partner are exempt from taxation in Guernsey under the provisions of The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and have both paid an annual exemption fee of £1,200 (31 March 2020: £1,200).

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

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

6. INCOME

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

During the year, income received from the Partnership amounted to £19,933,644 (31 March 2020: £35,708,000) of which £4,710,217 (31 March 2020: £4,607,416) remained receivable as at 31 March 2021. 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	2021 £'000	2020 £'000
Net gains/(losses) from:			
The Holding Company	7.a	60,551	(191,176)
The Partnership	7.b	(1,946)	(11,837)
		58,605	(203,013)

7.a Movements in the Holding Company:

	2021 £'000	2020 £'000
Expenses	(89)	(3)
Movement in unrealised gains/(losses) on life science investments at fair value through profit or loss	60,640	(191,173)
Net gains/(losses) on financial assets at fair value through profit or loss	60,551	(191,176)

7.b Movements in the Partnership:

	2021 £'000	2020 £'000
Investment income	117	469
Rebates and donations	18	384
Other income	53	–
Expenses	(273)	(95)
Realised gains on financial assets at fair value through profit or loss	33,479	33,889
Movement in unrealised gains on financial assets at fair value through profit or loss	(10,740)	(6,300)
Losses on forward currency contracts	–	(6,389)
(Losses)/gains on foreign currency	(4,666)	1,913
Gains on financial assets at fair value through profit or loss	17,988	23,871
Distributions	(19,934)	(35,708)
Net losses on financial assets at fair value through profit or loss	(1,946)	(11,837)

8. CHARITABLE DONATIONS

For the years ended 31 March 2021 and 31 March 2020, the Group has agreed to make a donation to charity of 0.35% of the total NAV of the Group calculated on a monthly basis, 0.15% to be donated to The Institute of Cancer Research and 0.20% to be donated to The Syncona Foundation, and these donations are made by the General Partner.

During the year, accrued charitable donations amounted to £4,710,217 (31 March 2020: £4,607,416). As at 31 March 2021, £4,710,217 (31 March 2020: £4,607,416) remained payable. Refer to Note 13.

9. GENERAL EXPENSES

	2021 £'000	2020 £'000
Share based payments	10,561	13,434
Investment management fees	8,177	7,517
Directors' remuneration	386	379
Auditor's remuneration	143	173
Other expenses	1,404	2,141
	20,671	23,644

Auditor's remuneration includes audit fees in relation to the Group of £87,500 (31 March 2020: £43,035). Total audit fees paid by the Group and the Syncona Group Companies for the year ended 31 March 2021 totalled £187,000 (31 March 2020: £173,470). Additional fees paid to the auditor were £30,000 (31 March 2020: £29,500) which relates to work performed at the interim review of £23,000 (31 March 2020: £23,000) and other non-audit fees of £7,000 (31 March 2020: £6,500).

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

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	2021 £'000	2020 £'000
The Holding Company	10.a	956,279	894,090
The Partnership	10.b	371,667	373,613
		1,327,946	1,267,703

10.a The net assets of the Holding Company

	2021 £'000	2020 £'000
Cost of the Holding Company's investment at the start of the year	493,310	456,932
Purchases during the year	1,500	36,378
Cost of the Holding Company's investments at the end of the year	494,810	493,310
Net unrealised gains on investments at the end of the year	465,891	403,613
Fair value of the Holding Company's investments at the end of the year	960,701	896,923
Other current liabilities	(4,422)	(2,833)
Financial assets at fair value through profit or loss at the end of the year	956,279	894,090

10.b The net assets of the Partnership

	2021 £'000	2020 £'000
Cost of the Partnership's investments at the start of the year	682,750	183,257
Purchases during the year	1,075,333	2,349,530
Sales during the year	(1,340,000)	(1,869,399)
Return of capital	(33,090)	(14,527)
Net realised gains on disposals during the year	33,479	33,889
Cost of the Partnership's investments at the end of the year	418,472	682,750
Net unrealised gains on investments at the end of the year	35,332	46,072
Fair value of the Partnership's investments at the end of the year	453,804	728,822
Cash and cash equivalents	189,440	103,101
Other net current liabilities	(271,577)	(458,310)
Financial assets at fair value through profit or loss at the end of the year	371,667	373,613

11. TRADE AND OTHER RECEIVABLES

	2021 £'000	2020 £'000
Due from related parties (see note 16)	5,736	4,524
Investment income receivable	4,710	4,607
	10,446	9,131

12. SHARE BASED PAYMENTS

Share based payments are associated with awards of MES in the Holding Company, relevant details of which are set out in note 2.

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

	2021 **£'000**	**2020** **£'000**
Charge related to revaluation of the liability for cash settled share awards	10,561	13,434
Total	10,561	13,434

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

	2021 **£'000**	**2020** **£'000**
Share based payments - current	8,836	6,379
Share based payments - non-current	23,505	18,540
Total	32,341	24,919

When a participant elects to realise vested MES by sale of the MES to the Company, half of the proceeds (net of anticipated taxes) will be settled in shares of the Company, with the balance settled in cash.

The fair value of the MES is established 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 2021 was £2,907,000 (31 March 2020: £260,000). This represents 5,902,624 new MES issued (31 March 2020: 9,559,389). Awards were made on 11 June 2020 and 9 July 2020 at 43p per MES and on 25 January 2021 at 50p per MES.

The number of MES outstanding are shown below:

	2021	**2020**
Outstanding at the start of the year	41,937,713	36,784,147
Issued	5,902,624	9,559,389
Realised	(3,953,906)	(4,405,823)
Lapsed	(13,192)	–
Outstanding at the end of the year	43,873,239	41,937,713
Weighted average remaining contractual life of outstanding MES, years	1.24	1.72
Vested MES as at the year end	38,502,646	20,758,829
Realisable MES as at the year end	9,625,668	6,171,469

As at 31 March 2021, if all MES were realised, the number of shares issued in the Company as a result would be 6,177,787 (31 March 2020: 7,937,704). The per share value of net assets attributable to holders of Ordinary Shares would fall from £1.96 to £1.94 (31 March 2020: £1.88 to £1.86) if these shares were issued.

13. PAYABLES

	2021 **£'000**	**2020** **£'000**

Charitable donations payable	4,710	4,607
Management fees payable	600	196
Other payables	466	588
	5,776	5,391

14. SHARE CAPITAL

A. Authorised Share Capital

The Company is authorised to issue an unlimited number of shares, which may have a par value or no par value. The Company is a closed-ended investment company with an unlimited life.

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

	2021 £'000	**2020 £'000**
Ordinary Share Capital		
Balance at the start of the year	767,999	766,037
Scrip dividend shares issued during the year	–	1,962
Balance at the end of the year	767,999	767,999

	2021 Shares	**2020 Shares**
Ordinary Share Capital		
Balance at the start of the year	663,665,537	661,222,309
Scrip dividend shares issued during the year	–	860,090
Share based payment shares issued during the year	914,880	1,583,138
Balance at the end of the year	664,580,417	663,665,537

In July 2019, £1,961,865 (860,090 Ordinary Shares) in new Ordinary Shares were issued at a price of 228.1p as a result of the 2019 scrip dividend.

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

B. Capital reserves

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

C. Earnings/(loss) per share

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

	2021	**2020**
Earnings/(loss) for the purposes of earnings per share	£53,158,000	£(195,556,000)
Basic weighted average number of shares	664,314,726	661,919,658
Basic revenue earnings per share	(0.8)p	1.1p
Basic capital earnings/(loss) per share	8.8p	(30.7)p
Basic earnings/(loss) per share	8.0p	(29.6)p
Diluted weighted average number of shares	670,492,513	669,857,362
Diluted revenue earnings per shares	(0.8)p	1.1p
Diluted capital earnings/(loss) per share	8.7p	(30.3)p
Diluted earnings/(loss) per share	7.9p	(29.2)p

	2021	**2020**

Issued share capital at the start of the year	663,665,537	661,222,309
Weighted effect of share issues		
Scrip dividend	–	256,147
Share based payments	649,189	441,202
Potential share based payment share issues	6,177,787	7,937,704
Diluted weighted average number of shares	670,492,513	669,857,362

D. NAV per share

	2021	**2020**
Net assets for the purposes of NAV per share	£1,300,287,998	£1,246,540,660
Ordinary Shares in issue	664,580,417	663,665,537
NAV per share	195.7p	187.8p
Diluted number of shares	670,758,204	671,603,241
Diluted NAV per share	193.9p	185.6p

15. DISTRIBUTION TO SHAREHOLDERS

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

During the year ended 31 March 2021, the Company did not declare or pay a dividend (31 March 2020: £15,208,113 was paid in relation to the year ended 31 March 2019). The Directors believe that it is no longer appropriate for the Company to pay a dividend.

The Company is not declaring a 2021 dividend.

16. RELATED PARTY TRANSACTIONS

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

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

During the year, the total amount invested in life science investments with control was £145,075,244 (31 March 2020: £156,531,372).

The Group makes other equity investments where it does not have control but may have significant influence through its ability to participate in the financial and operating policies of these companies, therefore the Group considers them to be related parties.

During the year, the total amount invested in life science investments with significant influence was £29,767,748 (31 March 2020: £44,209,342).

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 £188,965 in relation to Director's fees and other fees of £116,854 (31 March 2020: £294,963).

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

For the year ended 31 March 2021, SIML was entitled to receive an annual fee of up to 1.05% of NAV (31 March 2020: 1.05%) per annum.

	2021	**2020**
	£'000	**£'000**

Amounts paid to SIML	8,177	7,517

Amounts owed to SIML in respect of management fees totalled £599,519 as at 31 March 2021 (31 March 2020: £196,062).

During the year, SIML received fees from the Group's portfolio companies of £305,819 (31 March 2020: £294,963).

Company Directors
As at the year end, the Company had eight Directors, all of whom served in a non-executive capacity. The Directors Nicholas Moss and Rob Hutchinson also serve as Directors of the General Partner.

Nigel Keen is Chairman of the Investment Manager and receives a fee of £133,430 (31 March 2020: £130,981) per annum, payable by the Investment Manager, in respect of his services to the Investment Manager.

Kemal Malik was appointed as a Non-Executive Director with effect from 15 June 2020. Virginia Holmes was appointed as a Non-Executive Director with effect from 1 January 2021.

Ellen Strahlman retired as Director of the Company with effect from 2 November 2020.

Directors' remuneration for the years ended 31 March 2021 and 31 March 2020, excluding expenses incurred, and outstanding Directors' remuneration as at the end of the year, are set out below.

	2021 £'000	**2020 £'000**
Directors' remuneration for the year	386	379
Payable at end of the year	–	–

Shares held by the Directors can be found in the Report of the Remuneration Committee. The directors of Syncona Limited together hold 1.24% 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 2021 was £2,632,809 (31 March 2020: £2,375,804).

Other related parties
As at 31 March 2021, the Company has a receivable from the Partnership, Holding Company, Syncona Portfolio Limited and Syncona Discovery Limited amounting to £106,981 (31 March 2020: £500,000), £5,489,048 (31 March 2020: £3,955,602), £137,246 (31 March 2020: £568,039) and £7,920 (31 March 2020: £Nil), 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.

	2021 £'000	2020 £'000
Financial assets at fair value through profit or loss		
The Holding Company	956,279	894,090
The Partnership	371,667	373,613
Total financial assets at fair value through profit or loss	1,327,946	1,267,703
Financial assets measured at amortised cost		
Bank and cash deposits	14	17
Other financial assets	10,446	9,131
Total financial assets measured at amortised cost	10,460	9,148
Financial liabilities at fair value through profit or loss		
Provision for share based payments	(32,341)	(24,919)
Total financial liabilities at fair value through profit or loss	(32,341)	(24,919)
Financial liabilities measured at amortised cost		
Other financial liabilities	(5,776)	(5,391)
Total financial liabilities measured at amortised cost	(5,776)	(5,391)
Net financial assets	1,300,289	1,246,541

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

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

	2021 £'000	2020 £'000
Financial assets at fair value through profit or loss		
Investment in subsidiaries	960,701	896,923
Total financial assets at fair value through profit or loss	960,701	896,923
Financial assets measured at amortised cost[1]		
Current assets	1,088	1,123
Financial liabilities measured at amortised cost[1]		
Current liabilities	(5,510)	(3,956)
Net financial assets of the Holding Company	956,279	894,090

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

	2021 £'000	2020 £'000
Financial assets at fair value through profit or loss		
Listed investments	344,862	614,820
Unlisted investments	72,366	73,979
Investment in subsidiaries	36,576	40,023
Total financial assets at fair value through profit or loss	453,804	728,822
Financial assets measured at amortised cost[1]		
Current assets	189,913	103,928
Financial liabilities measured at amortised cost[1]		
Current liabilities	(272,050)	(459,137)

Net financial assets of the Partnership	371,667	373,613

(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.

During the prior year, the Group materially decreased the risk associated with the assets held by the Partnership by redeeming most of its fund investments and investing in short-term UK treasury bills.

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

The Holding Company

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

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

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

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

	CHF £'000	USD £'000	GBP £'000	2021 Total £'000
Financial assets at fair value through profit or loss	18,582	487,421	454,698	960,701
Cash and cash equivalents	–	–	438	438
Receivables	–	–	650	650
Payables	–	–	(5,510)	(5,510)
Total	18,582	487,421	450,276	956,279

	CHF £'000	USD £'000	GBP £'000	2020 Total £'000
Financial assets at fair value through profit or loss	12,338	131,031	753,554	896,923
Receivables	–	–	1,123	1,123
Payables	–	–	(3,956)	(3,956)
Total	12,338	131,031	750,721	894,090

Foreign currency sensitivity analysis

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

	2021 USD £'000	2021 CHF £'000	2020 USD £'000	2020 CHF £'000
10% increase	66,922	2,064	16,315	1,122
10% decrease	(54,754)	(1,689)	(13,348)	(1,234)

Interest rate risk

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

Liquidity risk

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

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

	>3 to 12 months £'000	>12 months £'000	2021 Total £'000
Financial assets at fair value through profit or loss	–	960,701	960,701
Cash and cash equivalents	–	438	438
Receivables	–	650	650
Payables	(89)	(5,421)	(5,510)
Total	(89)	956,368	956,279
Percentage	0.0%	100.0%	100.0%

	>3 to 12 months £'000	>12 months £'000	2020 Total £'000

Financial assets at fair value through profit or loss	–	896,923	896,923
Receivables	–	1,123	1,123
Payables	(35)	(3,921)	(3,956)
Total	(35)	894,125	894,090
Percentage	0.0%	100.0%	100.0%

The Partnership

Market price risk
The overall market price risk management of each of the fund holdings of the Partnership is primarily driven by their respective investment objectives. The 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 2021 and 31 March 2020 is shown in the Consolidated Statement of Financial Position.

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

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

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

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

	USD £'000	**EUR £'000**	**GBP £'000**	**2021 Total £'000**
Financial assets at fair value through profit or loss	7,785	57,259	388,760	453,804
Cash and cash equivalents	51,207	14	138,219	189,440
Trade and other receivables	–	–	473	473
Payables	–	–	(267,340)	(267,340)
Distributions payable	–	–	(4,710)	(4,710)
	58,992	57,273	255,402	371,667

	USD £'000	**EUR £'000**	**GBP £'000**	**2020 Total £'000**
Financial assets at fair value through profit or loss	8,001	52,930	667,891	728,822
Cash and cash equivalents	35,262	37	67,802	103,101
Trade and other receivables	17	–	810	827
Payables	–	–	(454,530)	(454,530)
Distributions payable	–	–	(4,607)	(4,607)
	43,280	52,967	277,366	373,613

Foreign currency sensitivity analysis
The following table details the sensitivity of the Partnership's NAV to a 10% change in the £ 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.

	2021 USD £'000	**2021 EUR £'000**	**2020 USD £'000**	**2020 EUR £'000**
10% increase	5,686	4,683	4,328	5,297
10% decrease	(5,686)	(4,683)	(4,328)	(5,297)

The above includes the effect of the Group's hedging strategy.

Interest rate risk
Interest receivable on bank deposits or payable on bank overdrafts are affected by fluctuations in interest rates, however the effect is not expected to be material. All cash balances receive interest at variable rates. Interest rate risk may exist in the Partnership's underlying investments, the analysis of which is impractical due to the lack of visibility over the underlying information required to perform this analysis within the Partnerships 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 effected by the Citco Custody (UK) Limited (the "Custodian") which acts as the custodian of the partnership's assets, on a delivery against payment or receipt against payment basis. Transactions in unlisted securities are affected against binding subscription agreements. Credit risk may exist in the Partnership's underlying fund investments, the analysis of which is impractical due to the lack of visibility over the underlying information required to perform this analysis within the Partnerships investments.

The Partnership invests in short-term UK treasury bills and considers the associated credit risk to be negligible.

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

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 2021, no (31 March 2020: Nil) suspension from redemptions existed in any of the Partnership's underlying investments.

The Partnership invests in short-term UK treasury bills and considers the associated liquidity risk to be negligible.

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	2021(1) Total £'000
Financial assets at fair value through profit or loss	70,001	259,861	15,000	108,942	453,804
Cash and cash equivalents	189,440	–	–	–	189,440
Trade and other receivables	473	–	–	–	473
Payables	(267,340)	–	–	–	(267,340)
Distributions payable	–	(4,710)	–	–	(4,710)
Total	(7,426)	255,151	15,000	108,942	371,667
Percentage	(2.0)%	68.7%	4.0%	29.3%	100.0%

	Within 1 month £'000	>1 to 3 months £'000	>3 to 12 months £'000	>12 months £'000	2020(1) Total £'000
Financial assets at fair value through profit or loss	239,983	284,934	89,904	114,001	728,822
Cash and cash equivalents	103,101	–	–	–	103,101
Trade and other receivables	827	–	–	–	827
Payables	(454,530)	–	–	–	(454,530)
Distributions payable	–	(4,607)	–	–	(4,607)
Total	(110,619)	280,327	89,904	114,001	373,613
Percentage	(29.6)%	75.0%	24.1%	30.5%	100.0%

(1) The liquidity tables above reflect the anticipated cash flows assuming notice was given to all underlying investments as at 31 March 2021 and 31 March 2020 and that all UK 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 and liabilities by level within the valuation hierarchy as at 31 March 2021 and 31 March 2020:

Assets	Level 1 £'000	Level 2 £'000	Level 3 £'000	2021 Total £'000
Financial assets at fair value through profit or loss:				
The Holding Company	–	–	956,279	956,279
The Partnership	–	–	371,667	371,667
Total assets	–	–	1,327,946	1,327,946

Assets	Level 1 £'000	Level 2 £'000	Level 3 £'000	2020 Total £'000
Financial assets at fair value through profit or loss:				
The Holding Company	–	–	894,090	894,090
The Partnership	–	–	373,613	373,613
Total assets	–	–	1,267,703	1,267,703

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

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

The following table presents the Holding Company's financial assets by level within the valuation hierarchy as at 31 March 2021 and 31 March 2020:

Asset type	Level	31 March 2021 £'000	31 March 2020 £'000	Valuation technique	Significant unobservable inputs	Impact on valuation £'000
Listed investments	1	387,514	80,279	Publicly available share bid price as at balance sheet date	n/a	n/a
SIML	3	5,752	4,211	Unadjusted net assets of SIML	Carrying value of assets and liabilities determined in accordance with generally accepted accounting principles, without adjustment.	+/- £288
Calibrated PRI[1]	3	296,497	357,710	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 +/-18%.	+/- £52,209
Adjusted price of latest funding round[2]	3	1,555	1,555	Price of latest funding round adjusted by management	The main unobservable input is the potential value returned in various exit scenarios and the weighting between these scenarios. A reasonable shift in the Fair Value of the investment would be +/-18%.	+/- £274

[1] Valuation made by reference to price of recent funding round unadjusted following adequate consideration of current facts and circumstances.

[2] Valuation made by reference to price of recent funding round adjusted following adequate consideration of current facts and circumstances.

The following table presents the movements in Level 3 investments of the Holding Company for the years ended 31 March 2021 and 31 March 2020:

	Life science investments £'000	SIML £'000	2021 Total £'000	2020 Total £'000
Opening balance	359,265	4,211	363,476	420,751
Purchases during the year	149,514	1,500	151,014	170,953
Sales during the year	(3,017)	–	(3,017)	(336,932)
Gains on financial assets at fair value through profit or loss	37,786	41	37,827	93,247
Transfer (from)/to Level 3	(245,496)	–	(245,496)	15,457
Closing balance	298,052	5,752	303,804	363,476

The net gains 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 £37,827,000 (2020: £93,247,000).

During the year, there were movements from Level 3 to Level 1 amounting to £150,722,983 and £94,772,653 (31 March 2020: £Nil) as a result of Freeline Therapeutics Holdings plc and Achilles Therapeutics plc undergoing an Initial Public Offering.

The following table presents the Partnership's financial assets by level within the valuation hierarchy as at 31 March 2021 and 31 March 2020:

Asset type	Level	31 March 2021 £'000	31 March 2020 £'000	Valuation technique	Significant unobservable inputs	Impact on valuation £'000
UK treasury bills	1	344,862	614,820	Publicly available price as at balance sheet date	n/a	n/a
Unlisted fund investments	2	26,098	21,022	Valuation produced by fund administrator. Inputs into fund components are from observable inputs	n/a	n/a
Long-term unlisted investments	3	46,268	52,957	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%.	+/- £4,627
CRT Pioneer Fund	3	36,576	40,023	Valuation produced by fund administrator and adjusted by management	Unobservable inputs include the fund managers assessment of the performance of the underlying investments and adjustments made to this assessment to generate the deemed fair value. A reasonable possible shift in the Fair Value of the instruments would be +/-23%.	+/- £8,412

During the year ended 31 March 2021, there were no movements from Level 1 to Level 2 (31 March 2020: £Nil).

Assets classified as Level 2 investments are underlying funds fair-valued using the latest available NAV of each fund as reported by each fund's administrator, which are redeemable by the Group subject to necessary notice being given. Included within the Level 2 investments above are investments where the redemption notice period is greater than 90 days. Such investments have been classified as Level 2 because their value is based on observable inputs. 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 Group does not have transparency over the inputs of this valuation.

The following table presents the movements in Level 3 investments of the Partnership for the year ended 31 March 2021:

	CRT Pioneer Fund £'000	Capital pool investment £'000	2021 Total £'000	2020 Total £'000
Opening balance	40,023	52,957	92,980	83,368
Purchases	4,167	1,581	5,748	6,543
Return of capital	(1,239)	(33,252)	(34,491)	(14,527)
Gains on financial assets at fair value through profit or loss	(6,376)	24,983	18,607	17,596
Closing balance	36,575	46,269	82,844	92,980

The net gains 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 £18,607,213 (31 March 2020: £17,595,453 gains).

20. COMMITMENTS AND CONTINGENCIES

The Group had the following commitments as at 31 March 2021:

	2021 Uncalled commitment £'000	2020 Uncalled commitment £'000
Life science portfolio		
Milestone payments to life science companies	106,854	133,991
CRT Pioneer Fund	4,888	9,056
Capital pool investments	3,751	4,247
Total	115,493	147,294

The commitments are expected to fall due in the next 36 months.

21. SUBSEQUENT EVENTS

These Consolidated Financial Statements were approved for issuance by the Directors on 16 June 2021. Subsequent events have been evaluated until 15 June 2021.

Since the balance sheet date share price movements resulted in a decrease in value of the listed life science investments of £53.6 million as at 15 June 2021.

GLOSSARY

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

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

Capital Deployed/deployment
Follow-on investment in our portfolio companies and investment in new companies during the year.

Capital pool/Capital base

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.

MES
Management Equity Shares.

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, 3 and 6 month) UK treasury bills and legacy fixed term funds.

Capsid
The protein shell of a virus.

Clinical endpoint
An outcome from a clinical trial which demonstrates a direct clinical benefit from a therapy e.g. increased rates of survival.

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.

CSO
Chief Scientific Officer.

Dry AMD
Dry age-related macular degeneration – a progressive and debilitating loss of vision in the centre of the visual field (macula) and a very common cause of blindness in the elderly.

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

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

General Partner
Syncona GP Limited.

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

Haemophilia B
A genetic disorder caused by missing or defective Factor IX that can result in dangerously low levels of the essential clotting protein.

Holding Company
Syncona Holdings Limited.

Monocytes
A type of white blood cell formed in the bone marrow.

Multiple myeloma
Blood cancer arising from plasma cells found in the bone marrow.

Net asset value, net assets or NAV
Net asset value ('NAV') 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 expressed as pence per share.

NAV per share
NAV per share is calculated by dividing net assets by the number of shares in issue adjusted for dilution by the potential share-based payment share issues. NAV takes account of dividends payable on the ex-dividend date.

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

NAVTR calculation
Opening NAV per fully diluted share (Note 14): 185.6p
Closing NAV per fully diluted share (Note 14): 193.8p
Movement: 8.3p
Dividend paid in the year (Note 15): –
Total movement: (10.6p)
Total movement/opening NAV per fully diluted share: 4.4%

Neuroblastoma
A cancer that develops from immature nerve cells found in several areas of the body, and most commonly arises in and around the adrenal glands.

Partnership
Syncona Investments LP Incorporated.

PTCL
Peripheral T Cell Lymphoma - an aggressive T-cell non-Hodgkin Lymphoma, originating in the lymphatic system.

SIML
Syncona Investment Management Limited.

Surrogate endpoint

ICR
The Institute of Cancer Research.

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

Investment Manager
Syncona Investment Management Limited.

IRR
Internal Rate of Return.

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

Life science portfolio return
Life science portfolio Time Weighted Rate of Return for 2021: 14 per cent; 2020: (25) per cent

The Time Weighted Rate of Return ("TWRR") method is a measure of the performance of an investment or pool over a period. This method divides the gain or loss in value plus any income, less any capital cash flows, by the average capital invested over the period of measurement.

Gross Life Science portfolio return for 2021 11.8 per cent; 2020: (18.0) per cent**.**

This is calculated as the valuation change including FX movement as a % of the opening Life Science portfolio value as shown in the Valuation movements in the period in the valuation table.

An outcome from a clinical trial which produces a predicted clinical benefit from a therapy, based on its impact on a surrogate factor e.g. tumour shrinkage.

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

Syncona team
The team of SIML, the Company's investment manager.

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

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

Total Shareholder Return
Movement in share price plus dividends.