SYNACT PHARMA

SynAct Pharma is a clinical stage biotech company **focusing** on solving inflammation through selective activation of the melanocortin system

ANNUAL REPORT

THIS ENGLISH VERSION OF SYNACT PHARMA'S ANNUAL REPORT FOR 2022 HAS BEEN PREPARED BY THE COMPANY AS AN INHOUSE COMPUTER AIDED TRANSLATION OF THE ORIGINAL SWEDISH REPORT, WHICH, IN CASE OF DIFFERENCES, PREVAILS.

SynAct Pharma AB is a clinical stage company focusing on drugs that stimulate and strengthen the body's own immune system to fight inflammatory diseases.

SynAct Pharma AB

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CONTENT

The Board of Directors and the CEO hereby submit the annual report for the parent company and the consolidated financial statements for the financial year 2022-01-01 - 2022-12-31.

"SynAct Pharma AB" means the parent company SynAct Pharma AB with corporate registration number 559058-4826. The "Company" or "SynAct Pharma" or SynAct" means the Group, i.e. SynAct Pharma AB and its wholly owned subsidiaries SynAct Pharma ApS and TXP Pharma AG.

LETTER FROM THE CEO, JEPPE ØVLESEN

With a busy 2022 behind us, it is important to take a moment and reflect on the accomplishments made and give thanks to our investors who trusted us and our ability to execute on the company strategy.

SynAct kept a fast pace during the year, working hard through the end of the fourth quarter. First and foremost, the company was successfully introduced to Nasdaq Stockholm's main market in July. The pipeline development with primary focus on our lead compound, AP1189, was further advanced, and with the acquisition of TXP Pharma the company has the possibility to build a broad pipeline to address new indications. The finances and shareholder base were bolstered with a successful rights issue of SEK 150 million and the directed share issue of SEK 80 million. With our studies progressing and this broader portfolio, SynAct is in a very good position to drive shareholder value.

That we were able to show statistically significant treatment effects of AP1189 in Rheumatoid Arthritis (RA) in our first patient study, the BEGIN study, reported late in 2021 gave us a unique opportunity to setup a dual track development strategy, aimed to bring AP1189 to market as a patient friendly oral treatment option in RA. This strategy was implemented with initiation of two clinical phase 2 studies, including clearance from the US Food and Drug Administration (FDA) of our Investigational New Drug (IND) application for a phase 2a/b study in RA with AP1189, marking the start of regulatory and clinical processes in the US.

In the first path, we continue development of the compound as first line treatment in combination with methotrexate (MTX) in previously untreated patients with severe RA. There is an unmet medical need for a safe and effective treatment option for these patients. The EXPAND study is a phase 2b, randomized, double-blind, placebo-controlled study with 12 weeks dosing in treatment naïve patients with severe RA. The clinical trial is conducted at sites in Europe with recruitment progressing according to plan, which means that we expect to report high level data in H2 2023.

A very large fraction of RA patients has a need for treatment beyond the first line option of MTX, and to introduce AP1189 as a new safe and effective oral treatment option should benefit these RA patients and represents a commercially attractive market segment. We have therefore setup a second and new development path in RA patients with inappropriate response to methotrexate often referred to as DMARD-IR. In October, we received clearance from FDA to run the study under an US-IND. The RESOLVE study is a two-part, randomized, double-blind, placebo-controlled study where the effect of the compound is tested in patients with uncontrolled RA, despite a minimum of 3 months treatment with MTX. The part A of the study, with four weeks treatment, was initiated in December 2022 at sites in Europe and US. Recruitment commences according to plan, meaning that we expect to report high level data in H2 2023.

Planning for the part B, which is a phase 2b study, testing up to three doses of AP1189 vs placebo with 12 weeks treatment has been initiated.

Business development activities have been ongoing throughout the year with good interest from big pharma as well as big biotech companies.

It should also be mentioned that we obtained approval for a major redesign of our exploratory phase 2 clinical study in patients suffering for severe proteinuria and nephrotic syndrome. The program with the development of the new patient friendly tablet formulation and additional preclinical safety data made this possible and we are currently dosing patients in collaboration with the nephrologists.

The company's acquisition of TXP Pharma, completed early in 2023, and the SEK 80 million investment from Thomas von Koch and Christian Kinch were momentous, and their knowledge within the industry and extensive network will be important for the company, lifting our attractiveness further towards potential business partners.

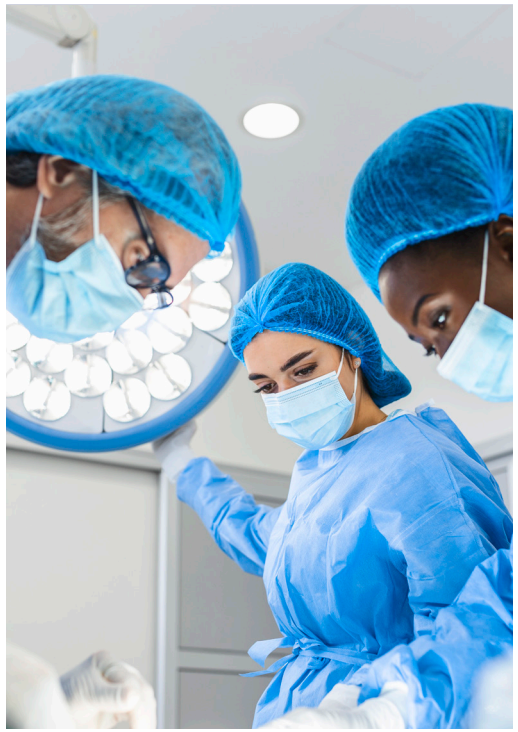
Our leading position within therapies for resolution treatment through melanocortin biology is boosted by combining the pipeline and scientific capabilities of SynAct and TXP. We can now take on the full range of inflammatory and autoimmune diseases with two complementary platforms, highlighting SynAct's strength in developing pharmaceuticals to treat these severe and debilitating diseases where there is a great unmet medical need. The development program in rheumatoid arthritis continues to be our main focus.

SynAct is in a strong position with its broader pipeline and new shareholder base. The team at SynAct is grateful for all the support we receive from investors and other stakeholders.

Jeppe Øvlesen
Chief Executive Officer

BUSINESS, VISION AND MISSION

SynAct Pharma is a clinical stage biotechnology company focused on the resolution of inflammation through the selective activation of the melanocortin system.

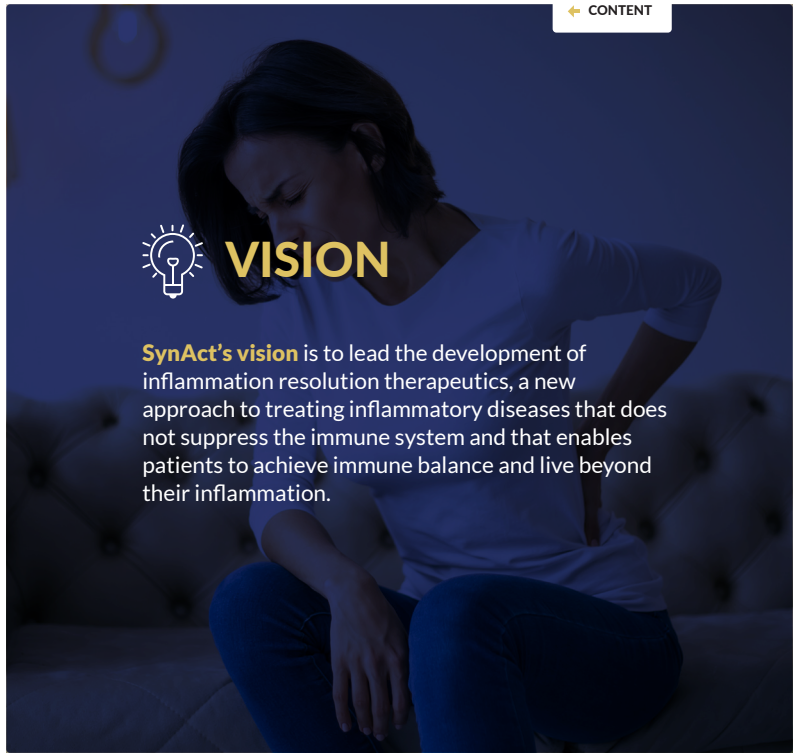


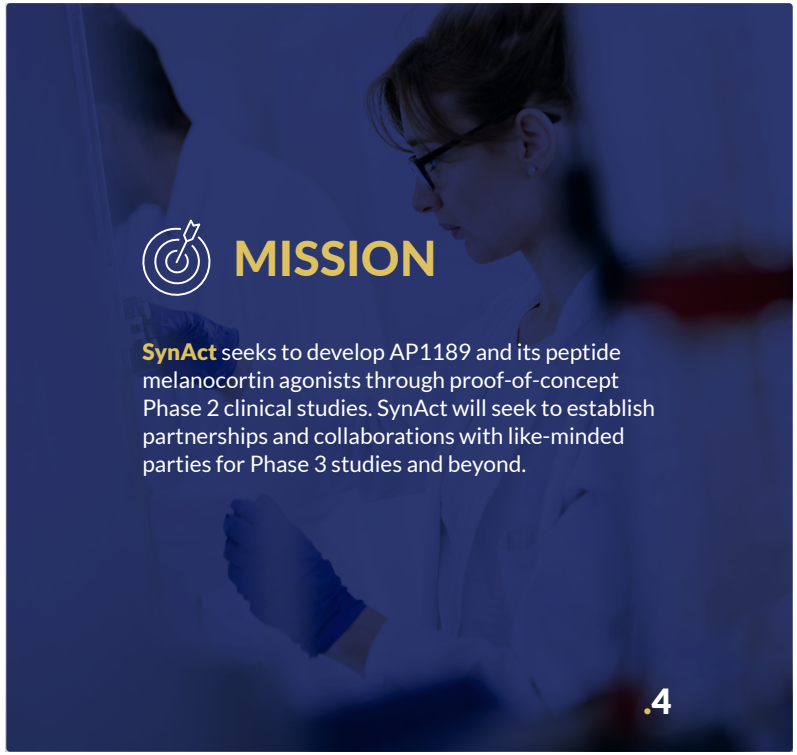
The company has a broad portfolio of oral and injectable selective melanocortin agonists aimed at inducing anti-inflammatory and inflammation resolution activity in autoimmune and inflammatory diseases to help patients achieve immune balance and overcome their inflammation.

Our lead asset, AP1189, is being evaluated in three Phase 2 clinical programs: rheumatoid arthritis (RA), idiopathic membranous nephropathy (iMN, a form of nephrotic syndrome), and virus-induced respiratory insufficiency (VIRI) like that seen in COVID-19.

In January of 2023, SynAct completed the acquisition of TXP Pharma AG, significantly expanding its melanocortin technology portfolio with complimentary peptide agonists that can be tailored to a wide range of autoimmune and inflammatory conditions.

TXP-11, the most advanced peptide agonist, is being developed as a potential new drug to prevent organ failure associated with cardiac surgery. TXP-11 is in the final phase of the preclinical stage and is expected to be ready for clinical development in 2024.





HISTORY

A brief overview of SynAct Pharma's history is presented below. SynAct Pharma ApS was established in 2012. SynAct Pharma AB, the parent company, was established in April 2016.

2016

- SynAct Pharma AB is established.
- SynAct Pharma receives approximately SEK 12.7 million through a private placement before issue costs.
- SynAct Pharma receives approximately SEK 32.3 million before issue costs through a share issue prior to listing on AktieTorget.
- SynAct Pharma's share is listed on AktieTorget.
- SynAct Pharma finalises commitments to funder Seed Fund CapNova through one-off payment.
- Dr. Thierry Duvauchelle is recruited as Chief Medical Officer (CMO) in charge of the clinical development of the drug candidate AP1189.
- The application to start a Phase 1 clinical trial is submitted to the French Medicines Agency.

2017

- The Company reports a delay of the Phase 1 clinical study with AP1189 due to a slow process with the French authorities and decides to move the study to a clinic in Belgium.
- The Phase 1 clinical study with AP1189 is initiated in Belgium and SynAct commences preparations for a Phase 2a clinical study with AP1189.
- The Company initiates preclinical studies with AP1189 in several disease models representative of diseases in which ACTH (adrenocorticotropic hormone) treatments are currently used (such as arthritis and NS).

2018

- The company carries out a rights issue of approximately SEK 22.4 million for the extended development program for AP1189.
- The company announces that the tablet formulation of AP1189 used in the initial clinical Phase 1 study was found to give rise to excessively high variance in plasma concentration, which leads to further development with this tablet formulation being discontinued and the company continuing the development of AP1189 with an oral suspension.

2019

- Recruitment and dosing of patients in a Phase 2a clinical study with the drug candidate AP1189 in patients with active arthritis begins.
- A rights issue of approximately SEK 30 million is carried out.

2020

- The Company investigates AP1189 in patients with COVID-19 and nephrotic syndrome.
- SynAct Pharma publishes positive interim data from the Phase 2a study with AP1189 in rheumatoid arthritis.

2021

- SynAct Pharma carries out a directed share issue of SEK 80 million
- SynAct Pharma publishes positive data from the Phase 2 study with AP1189 in COVID-19.
- A new tablet formulation for AP1189 is developed and clinical testing is initiated.
- The Company announces a delay, among other things caused by COVID-19, and takes the decision to redesign its clinical phase 2a study with AP1189 in iMN.
- Positive results from the Phase 2a study with AP1189 in patients with active RA, BEGIN, is reported.

2022

- The Company carries out a rights issue of approximately SEK 150 million.
- Clinical pharmacokinetic tests with AP1189 as a tablet are successfully completed.
- The Company's shares are listed on the mid-Cap segment at Nasdaq Stockholm's main market.
- The EXPAND Phase 2b clinical study with AP1189 in treatment naïve RA patients with severe disease activity is initiated.
- The Company successfully files and IND with the FDA and initiates the RESOLVE Phase 2a/b trial with AP1189 in patients who have an incomplete response to methotrexate
- The company announces the intention to acquire TXP Pharma AG and its portfolio of melanocortin agonists and simultaneously announces a directed issue of SEK 80 million.

2023

- The shareholders vote to approve the proposed acquisition of TXP Pharma.

TECHNOLOGY, MARKET AND INTELLECTUAL PROPERTY

TREATMENT OF INFLAMMATORY DISEASES

Inflammatory disease

Inflammation is the immune system's way of responding to infections or injuries. Normally an inflammatory response is self-limiting. The immune system will "deactivate" itself and the inflammation will be resolved after the invading pathogen has been removed or the injury has begun to heal. However, in many cases, the inflammation can be excessive or chronic and it can overwhelm the immune system's ability to resolve the inflammation. This can lead to pain, tissue destruction, and loss of function.

In general, inflammatory diseases can be divided into two distinct categories. The first category consists of auto-immune or chronic inflammatory diseases, like RA, where the inflammatory response is not resolved and festers. The second category consists of those diseases where the magnitude of the inflammatory response is too strong, leading to a hyper-inflammatory state in the short term, as seen with COVID-19 associated ARDS (acute respiratory stress syndrome). Traditionally, these diseases are treated with drugs that target the onset of and magnitude of the inflammatory response. However, strategies that stimulate pro-resolving and thereby keep the immune response in check may provide complementary, if not superior, therapy.

Current treatments

Today, inflammatory joint diseases are treated with several different drugs, including everything from inflammatory drugs to expensive antibodies that only eliminate part of the inflammation. Combinations of immunosuppressive treatments that knock out the immune system are often used, which risks causing significant side effects. The most used types of drugs are so-called NSAIDs (Non-Steroidal Anti-Inflammatory Drugs), which counteract the emergence of substances in the body that can induce inflammation and pain, and so-called Disease Modifying Anti Rheumatic Drugs ("DMARD"), which inhibit the inflammatory process so that pain, swelling and joint stiffness are relieved or disappear. Furthermore, so-called biological drugs such as TNF-alfa blockers and immunosuppressive drugs are used. These drugs work by inhibiting the activity of the immune system.

Most available treatments used to treat inflammation are immunosuppressive. They inhibit the immune system by removing important signaling molecules or by creating a shortage of certain immune cells. Both strategies can lead to an increased risk of serious infections and other significant side effects and safety concerns. These treatments are anti-inflammatory, but they do not resolve the underlying uncontrolled inflammation. SynAct's goal is to develop drugs that both slows down the development of inflammation itself and thus reduces the acute symptoms (pain, swelling and stiffness), but also contributes to faster healing of inflammation. This is a new unique method to influence the inflammatory process, with great therapeutic potential in many different chronic inflammatory diseases.

THE MELANOCORTIN SYSTEM

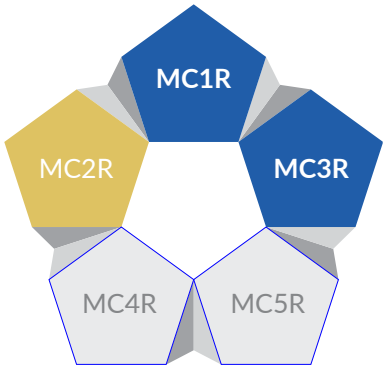
The melanocortin system is an ancient modulatory system comprising a family of 5 melanocortin receptors and a set of naturally occurring melanocortin peptides that bind to and activate these receptors. The melanocortin receptors (MC1R-MC5R) are located on many cell types and are spread throughout most body systems.

MC1R and MC3R are believed to be the key receptors involved in direct effects on the immune system and these receptors are located on immune cells and associated structural and supportive cells. When activated, MC1R and MC3R provide both direct anti-inflammatory effects, such as causing immune cells to produce fewer pro-inflammatory molecules and stimulating pro-resolution effects such as switching cells to perform inflammation 'cleanup' or regulatory functions.

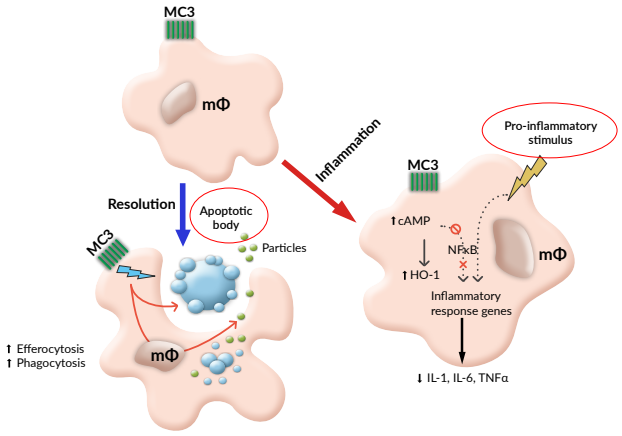
MC4R is primary expressed in the central nervous system and plays a pivotal role in central regulation of metabolism including food intake. MC5R are found in exocrine glands, expressed by some subtypes of immune active cells in the eye among others.

MC2R is primary expressed in the adrenal glands where stimulation is directly associated to release of cortisol, a steroid. SynAct's selective melanocortin agonists do not activate MC2R and do not cause the release of cortisol from the adrenal glands.

The melanocortin system and its role in inflammation



Steroid dependent effects Steroid independent effects



SYNACT'S TECHNOLOGY

SynAct is developing selective melanocortin therapeutics to address inflammatory and autoimmune diseases characterized by excessive or chronic inflammation. SynAct's lead drug candidate, AP1189, is an oral selective melanocortin agonist that was designed to stimulate MC1R and MC3R, but not MC2R, to help resolve excessive inflammation without side effects related to cortisol release. AP1189 is a biased agonist that activates one of two main signal transduction pathways and avoids cAMP signaling through MC1R, which has been associated with unwanted skin hyperpigmentation.

The lead peptide agonist is TXP-11. This peptide shows the highest potency to the MC1R and MC3R, like AP1189. Where AP1189 is designed for once-daily oral administration, TXP-11 is designed for intravenous administration in complicated surgeries to prevent organ dysfunction and failure and for other hyperimmune responses treated in the acute care setting.

PIPELINE OVERVIEW

PROJECT	INDICATION	PRECLINICAL	PHASE 1	PHASE 2a	PHASE 2b	PHASE 3	STATUS AND NEXT MILESTONE
AP1189	**Rheumatoid Arthritis** - First line treatment						• SynAct-CS007 (EXPAND) • Status: Ongoing/recruiting • Key results - H2 2023
	Rheumatoid Arthritis - DMARD-IR						• SynAct-CS006 (RESOLVE) • Status: Ongoing/recruiting • Key results part A - H2 2023
	Nephrotic syndrome (iMN)						• SynAct-CS003 (iMN) • Status: Ongoing/recruiting • Key results - H2 2023
	Virus-induced respiratory insufficiency						• Preclinical program - 2023
TXP-11	**Prevention of organ failure associated with major surgery**						• Enter clinical development - 2024
Small molecules and peptides	**Auto-immune and inflammatory diseases**						

COMPLETED ONGOING

PROJECT PORTFOLIO

Our lead program: AP1189

SynAct's drug candidate, AP1189, is a once-daily oral selective melanocortin agonist. AP1189 selectively stimulates the melanocortin receptors that are directly involved in inflammation and its resolution without stimulating the adrenal glands to release cortisol. This selectivity enables AP1189 to exert its anti-inflammatory and immune resolution effects in a steroid-free manner without the significant safety, tolerability, and side effect issues associated with adrenocorticotropic hormone (ACTH) based therapies. AP1189 is also a biased agonist that does not stimulate melanocortin pathways that are responsible for off-target activity like skin hyperpigmentation.

The Company is evaluating AP1189 in three Phase 2 clinical programs: rheumatoid arthritis (RA), idiopathic membranous nephropathy (iMN), a form of nephrotic syndrome, and virus-induced respiratory insufficiency (VIRI).

In 2021, SynAct successfully completed Phase 2a trials in early severe RA and in hospitalized patients with COVID-19-induced respiratory insufficiency. Also in 2021, SynAct successfully tested a new oral solid tablet formulation of AP1189 in healthy volunteers and filed additional composition patents that should provide molecule exclusivity past 2040.

In 2022, the Company initiated two new Phase 2 clinical trials in RA: EXPAND a Phase 2b trial in newly diagnosed RA patients experiencing severe disease activity and RESOLVE a Phase 2a/b trial in RA patients experiencing an incomplete or loss of response to methotrexate. In addition, the ongoing Phase 2a iMN trial was amended in 2022 to introduce the new oral tablet dosage form and to increase the treatment period to 3 months.

Rheumatoid Arthritis (RA)

Rheumatoid arthritis (RA) is a chronic inflammatory disorder that typically affects more than just the joints. RA is an autoimmune disorder, a disease where the immune system mistakenly attacks your body's own tissues. RA affects the lining of the joints, causing a painful swelling that can result in cartilage and bone erosion and joint deformity. RA is often associated with symptoms involving other parts of the body including the skin, eyes, lungs, heart, and blood vessels. While new types of medications have improved treatment options, significant unmet needs still exist. For most patients, RA still progresses, and damage accumulates. Patients cycle through therapies and classes of therapies and must deal with periods of acute disease activity called flares, which can occur several times per year and drive the need to adjust the dose of current drugs or to change to a new therapy to maintain control of the disease.

Clinical development of AP1189 in RA

In November 2021, SynAct announced results from the Phase 2a study of AP1189 in newly diagnosed and previously untreated RA patients presenting with severe disease activity. The study, called BEGIN, was a randomized, double-blind, placebo controlled multicenter study in previous treatment naïve RA patients where either 50 mg or 100 mg of AP1189 or placebo was administered in addition to methotrexate (MTX). MTX is a disease modifying anti-rheumatic drug (DMARD) that is typically used as a first line of therapy. MTX tends to work well in most patients, but it can take up to 6-8 weeks for the drug to take full effect, and up to 40% of patients will not achieve a full response to MTX therapy and will require dose escalation or the addition of additional drugs like biological therapies which can induce a higher degree of immunosuppression.

AP1189 given once daily for four weeks was safe and well tolerated in the applied patient population. 100 mg of AP1189 demonstrated a statistically significant mean reduction in the clinical disease activity index (CDAI), the primary study endpoint, from baseline to four weeks that was more than 65% higher than the effect seen in the placebo-treated control group (mean reduction in CDAI: AP1189 100 mg (n=33): 15.5 points compared with placebo (n=30): 9.3%, p = 0.0394). The 100 mg AP1189 group also demonstrated a significantly higher fraction of patients achieving ACR20 than placebo treated patients (ACR20: AP1189 (n=33) 100 mg: 60,6%; Placebo (n=30): 33.3%, P=0.0437) within the 4 weeks.

Continued development

The Company has initiated two additional Phase 2 clinical studies in RA with AP1189 in 2022.

EXPAND – A 12-week Phase 2b study of daily AP1189 in MTX-naïve patients with severe disease activity

The EXPAND study is designed to test the treatment effect of 12-weeks of AP1189 on disease activity as measured by the ACR20 response rate as well as other RA disease measures and to confirm the safety profile of the molecule. This study utilizes the newly developed solid tablet formulation of AP1189 and will dose for 12-weeks as opposed to the 4-weeks of dosing in the BEGIN trial. The Company conducts the study at clinics in Europe in a cost-efficient approach with the aim to report key data in the second half of 2023. Following approval of the CTA, recruitment to study started in September 2022.

RESOLVE – 4/12-week Phase 2a/b study of daily AP1189 in patients with an incomplete response to first-line disease modifying anti-rheumatic drugs (DMARD-IR) who are experiencing moderate to severe disease activity.

A large percentage of patients treated with DMARDs never achieve the full desired effect, have a diminishing treatment effect, or suffer from side effects that can prevent further treatment. These patients who experience an inadequate response to DMARDs are referred to as DMARD-IR (inadequate responder). The Company believes that AP1189 could be very well suited for DMARD-IR patients given the emerging profile of an efficacious, safe, and well tolerated once-daily oral therapy. The DMARD-IR patient population has high commercial attractiveness and SynAct considers further clinical development in DMARD-IR to be both relevant and necessary.

A US Investigational New Drug application was submitted in September 2022 and received clearance in November. Dosing in RESOLVE Part A started in December 2022.

Nephrotic Syndrome (NS)

Nephrotic Syndrome (NS) is a condition associated with increased loss of protein into the urine resulting in tissue swelling and eventually development of edemas. The edemas can develop in the hands, feet, ankles, and face. Edemas can even develop in the lungs where it is associated with dyspnea (shortness of breath).

Untreated or insufficiently treated NS will in many cases be associated with hypercholesterolemia, increased risk for blood clots, increased risk for infections and can develop into chronic kidney disease that is associated with increased risk of development of cardiovascular disease and risk of development of end stage kidney disease and thereby need for renal replacement therapy (dialysis or transplant).

Membranous nephropathy (MN) is one of the frequent causes of NS. MN can be primary or it can be secondary to other diseases, including systemic lupus (lupus nephritis), cancer or seen following treatment with certain drugs.

Clinical development of AP1189 in iMN

AP1189 is being tested in an exploratory, randomized, double-blind, multicentre, placebo-controlled Phase 2a study with repeated once-daily 100 mg dosing to assess the safety, tolerability, pharmacokinetics, and efficacy of AP1189. The study population consists of patients with iMN with severe proteinuria who are on an ACE inhibitor or angiotensin II receptor blocker treatment.

In July 2022, the company submitted a protocol amendment which was approved in September. This amendment introduces the new oral tablet as well as a longer 3-month dosing duration. The benefit of this redesign is that it increases the likelihood to show significant treatment effect on urinary protein excretion, the main efficacy read-out in the study, and increase patient compliance as a once-daily dosing with a tablet is much more convenient than daily intake of an oral suspension.

Virus Induced Respiratory Insufficiency (VIRI)

Virus infected patients can develop a variety of symptoms, but lung involvement is very common and in some viral infections like COVID-19 it can be the leading cause of death. Patients can develop respiratory insufficiency where they are unable to provide enough oxygen to the body and these patients require oxygen supplementation to maintain adequate levels. As respiratory insufficiency continues it can cause severe pneumonia and can also develop into acute respiratory distress syndrome (ARDS), a very serious condition where patients often require mechanical ventilation to breathe adequately.

Viral infections can cause significant respiratory issues. To prevent the inflammation-associated damage that viral infections can cause, it is important to resolve the excessive inflammation without suppressing the immune system's ability to fight the viral infection. The goal of therapy would be to arrest the excessive inflammation and prevent severe disease.

Clinical development of AP1189 in VIRI

Working within the RESOVIR collaboration, we designed and executed a 60 patient Phase 2a clinical trial in Brazil. Hospitalized COVID-19 infected patients were enrolled in the study who required supplemental oxygen (experiencing respiratory insufficiency). These patients were hospitalized, and all received steroids (dexamethasone) at an average dose of 6mg/day. After an initial open-label safety run-in of 6 patients, the blinded placebo-controlled portion of the trial dosed an additional 36 patients with 100mg of AP1189 and 18 patients with placebo, each given orally once-daily for 2 weeks.

Patients treated with 100mg AP1189 orally once-daily for 2-weeks achieved respiratory recovery (no longer requiring oxygen therapy) on average 3.5 days (35%) quicker than placebo treated patients (6.4 days and 9.9 days on average respectively). All AP1189 treated patients (including the first 6 open-label safety patients) recovered respiratory recovery on average 4.0 days (40%) quicker than placebo treated patients (5.9 days and 9.9 days on average respectively).

AP1189 patients were discharged on average 3.3 days earlier than placebo and by day 4, 41% of AP1189 patients had been discharged vs 0% for placebo.

Continued development

SynAct has explored various opportunities for further development of AP1189 for use in patients suffering from COVID-19. Omicron and subsequent COVID-19 variants appear to induce a lower incidence of severe disease resulting in fewer hospitalized patients and the indication is therefore not pursued.

Virus-induced respiratory insufficiency is also associated with common annual or seasonal viral infections such as viral pneumonia and or influenza. Thus, SynAct has initiated pre-clinical pharmacological studies in virus models with the aim of informing decisions on next steps for the program including the design of a potential next clinical study.

MARKET

Autoimmune diseases

Autoimmune disease is a collective name for various diseases where the body's immune system attacks the cells of its own tissue. About 4 percent of the world's total population suffers from one of more than 80 different autoimmune diseases, the most common of which include type 1 diabetes, multiple sclerosis, RA, lupus, Chron's disease, psoriasis and scleroderma.

Autoimmune diseases represent the third leading cause of chronic disease in the United States. Although many autoimmune diseases are rare, the National Institutes for Health (NIH) estimates that they collectively affect between 5 and 8 percent of the US population and are increasing in prevalence. The global market for the treatment of autoimmune diseases is expected to grow to USD 153 billion per year by 2025, representing a compound annual growth rate (CAGR) of approximately 4.2 percent from 2018-2025. SynAct's lead drug candidate, AP1189, works by selectively stimulating melanocortin receptors to treat inflammatory and autoimmune diseases characterized by excessive or chronic inflammation. AP1189 is currently being tested in patients with RA and NS.

The global market for RA

In 2019, 4.6 million people globally were diagnosed with RA, of which 3.9 million received treatment. The number of diagnosed patients is expected to increase to 5.1 million and the number of treated patients is expected to increase to 4.3 million in 2029. This expected growth of approximately 10 percent in the diagnosed and treated RA patient population is driven by the aging global population. RA is a growing problem in China where there are an estimated 5 million people who suffer from RA. Chinese patients may present at an earlier age and have more symptoms of poor disease prognosis than corresponding Western patients.

The global market for RA is expected to increase from USD 26.2 billion in 2019 to USD 29.1 billion in 2029 in the major markets; United States, France, Germany, Italy, Spain, Great Britain, Japan and Australia, at a compound annual growth rate (CAGR) of 1 per cent.

This represents a forecasted growth of approximately USD 2.9 billion from 2019 to 2029. This growth is driven by an aging population, the launch of new therapies, and market-constricting drivers for the approval and wider use of generic biologics.

The market for nephrotic syndrome (NS)

Nephrotic syndrome (NS) is a clinical condition that can develop as a result of a number of different kidney and systemic diseases, such as, for example, idiopathic membranous neuropathy ("iMN"). When NS develops, the body begins to leak large amounts of protein from the blood into the urine. NS is usually caused by damage to the clusters of small blood vessels in the kidneys that filter waste and excess water from the blood. The condition causes swelling, especially in the feet and ankles, and increases the risk of other health problems.

Current treatment options for iMN are limited. Treatment of iMN is aimed at preserving kidney function and achieving proteinuria remission. All patients receive supportive therapy to control their blood pressure and minimize protein loss with ACE-inhibitors and angiotensin 2-receptor blockers. A number of patients also undergo treatment to lower the blood lipid levels, so-called anticoagulation. Patients who are at high risk of disease progression will be put on immunosuppressive drugs consisting of rituximab for those patients that have stable kidney function or glucocorticoids and a cytotoxic drug for those that have decreased kidney function.

The market for NS is primarily driven by the presence of a large patient pool suffering from NS. The disorder is primarily diagnosed in middle-aged individuals and iMN has an estimated incidence of 12 per million adults in the US. According to the WHO, more than 1.4 million people worldwide undergo renal replacement therapy every year, with the rate of incidence of chronic kidney disease (CKD) rising by approximately 8 per cent annually.

The market for organ protection in cardiac surgery

Organ dysfunction and failure are common surgical complications. The three primary organs/systems involved in perioperative complications include the pulmonary, cardiac and renal systems. In-hospital mortality from surgical-admissions to the ICU was shown to increase substantially with the number of impaired organs. Cardiac Surgery in particular is associated with major postoperative complications and high rates of organ failure. SynAct is planning to develop TXP-11, a candidate drug in the late pre-clinical stage for the prevention of organ dysfunction or failure in relation to cardiac surgery.

Use of TXP-11 in on-pump cardiac surgery presents a significant opportunity with room for expansion into transplant and major abdominal surgery. There were more than 350K and 450K on-pump coronary artery bypass graft (CABG) and cardiac valve replacement (CVR) surgeries respectively in the US in 2021. In the US and EU, on-pump CABG procedures are forecasted to grow at +3% and CVR procedures at +8% in the US and +1% in the EU. Despite the possibility to conduct off-pump procedures and endovascular procedures the number of on-pump interventions will remain high.

Even at relatively low penetration rates, on-pump cardiac surgery represents a commercially viable opportunity at pricing parity with current standard treatments, but with significant expected pharmacoeconomic savings. Market research indicated a high intent to use such a MC agonist in 3 out of 4 high-risk patients. Additional organ preservation opportunities exist within transplant (on-pump surgeries - heart, lung, heart-lung, liver) and major abdominal surgery.

INTELLECTUAL PROPERTY

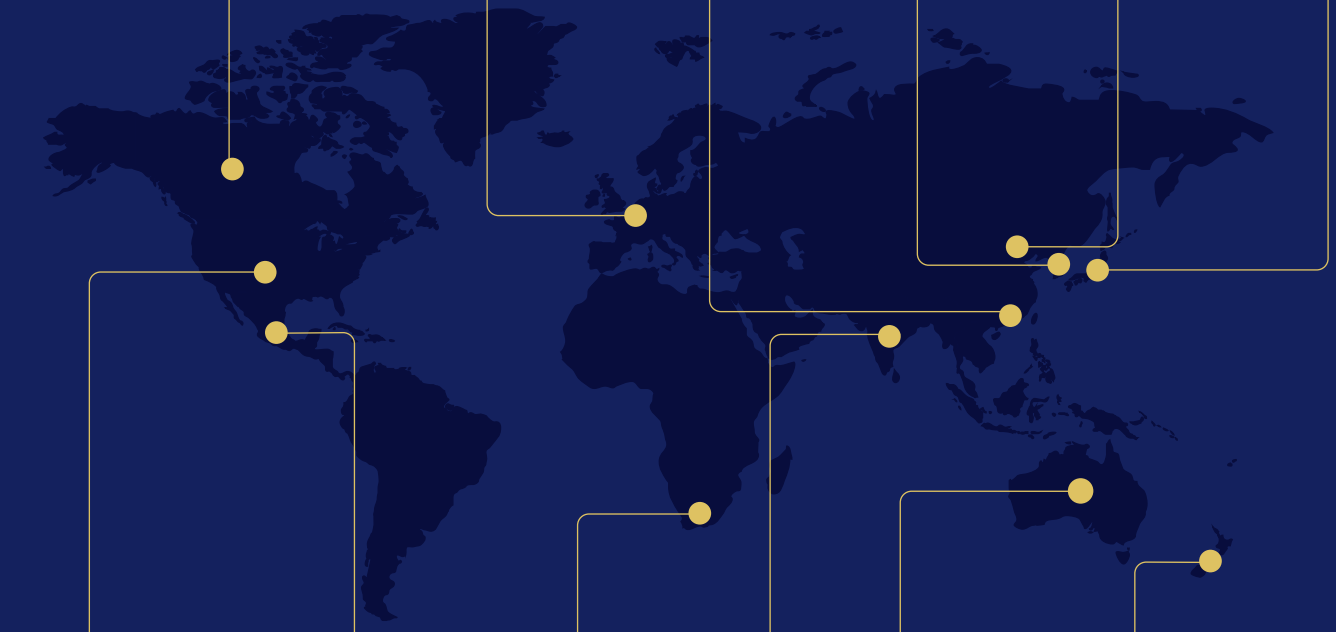
The Company strives to obtain and maintain an efficient patent protection and other types of exclusive rights to protect its clinical project portfolio. An overview of the patent situation for the Company's lead candidate, AP1189, is provided on next page whereas a corresponding overview of the patent portfolio related to the recently acquired TXP assets is described on page 13.

PATENT OVERVIEW - AP1189

The Company has patent protection within eight different patent families, and specifically, patent protection regarding the active substance in AP1189 up until 2027 in Australia, Canada, China, India, Japan, Mexico, New Zealand, South Africa, and most of the countries in Europe, and until 2028 in the USA (Patent Family 1).

Furthermore, the Company has patent protection for the use of AP1189 for treatment of arthritis diseases in combination with MTX up until 2040 in most European countries and in Hong Kong, as well as several patent applications in various countries globally (Patent Family 3), supplemented with an add-on PCT patent application which can provide protection up until 2042 (Family 7).

The Company also has patent protection regarding AP1189 for treatment of kidney disease up until 2039 in Europe, Japan, South Korea, South Africa and Hong Kong, including several global patent applications (Patent Family 2). In addition, patent applications have been filed regarding AP1189 for treatment of inflammatory viral disorders (Patent Family 4) which can provide protection up until 2041. The critical composition of matter coverage is directed toward the first patent family and more recent patent applications are directed toward the AP1189 polymorph salt forms (Patent Family 5) and formulation of AP1189 (Patent Family 6) to potentially provide extended coverage of AP1189 up until 2042 as proposed marketed product.



Canada

Patent status	Family
Applications	2,3,4
Granted	1

Europe

Patent status	Family
Applications	2,3,4
Granted	1,2,3

Hong Kong

Patent status	Family
Applications	2,3,4
Granted	1,2,3

South Korea

Patent status	Family
Applications	3,4
Granted	2

China

Patent status	Family
Applications	2,3,4
Granted	1

Japan

Patent status	Family
Applications	3,4
Granted	1,2

USA

Patent status	Family
Applications	2,3,4,5,6
Granted	1

Mexico

Patent status	Family
Applications	2,3,4
Granted	1

South Africa

Patent status	Family
Applications	3,4
Granted	1,2

India

Patent status	Family
Applications	
Granted	1

Australia

Patent status	Family
Applications	2,3,4
Granted	1

New Zealand

Patent status	Family
Applications	2,3,4
Granted	1

Other territories	PCT*	Brazil	Indonesia	Israel	Russia	Singapore
Applications	5,6,8	2,3,4	3,4	2,3,4	2,3,4	2,3,4

*) Patent Cooperation Treaty

Patent Family	Name		
1	Phenyl pyrrole aminoguanidine derivatives (including AP1189	4	AP1189 for treating inflammatory viral disorders.
2	AP1189 for treating kidney diseases	5	AP1189 Salt Polymorphs
3	AP1189 & Methotrexate combination for treating arthritis	6	AP1189 Salts and formulations
		7,8	New patent applications (unpublished)

PATENT OVERVIEW - TXP PORTFOLIO

TXP Pharma AG holds the rights to a patent portfolio to protect the proprietary peptides. This portfolio currently spreads over three patent families. The patents and patent applications cover TXP-11 and other melanocortin analogues modified by conjugation of a branched amino acid probes (BAP), as well as application of these probes to other peptides, where it has proven advantageous.

Patents pertaining to the melanocortin analogues have been granted in major jurisdictions world-wide, including the US, Europe and Japan, and will protect the lead melanocortin assets until at least end-2033 (Patent Family A).

Further broadening of the scope of protection and the application of BAP to additional therapeutic peptides is pursued with patents granted in jurisdictions, such as USA, Europe and Japan, with protection until 2035 (Patent Family B).

Patents specifically pertaining to exendin-4-analogues has been applied for, and this application has recently entered national phase (Patent Family C), which if granted, will confer protection until 2041.

Canada

Patent status	Family
Applications	B,C
Granted	A

Europe

Patent status	Family
Applications	C
Granted	A,B

Russia

Patent status	Family
Applications	C
Granted	A

Hong Kong

Patent status	Family
Applications	
Granted	A,B

China

Patent status	Family
Applications	B,C
Granted	A

Japan

Patent status	Family
Applications	C
Granted	A,B

USA

Patent status	Family
Applications	C
Granted	A,B

Brazil

Patent status	Family
Applications	A,B,C
Granted	

India

Patent status	Family
Applications	A,B,C
Granted	

Australia

Patent status	Family
Applications	C
Granted	A,B

Patent Family	Name
A	Alpha- and Gamma-MSH Analogues (including TXP-11)
B	Peptide Analogues with Branched Amino Acid Probe(s)
C	Exendin-4 peptide Analogues

THE SYNACT SHARE

THE SHARE

SynAct Pharma's share has been listed on Nasdaq Stockholm in the Mid Cap segment since July 12, 2022. The stock is traded with the ticker or short name SYNACT. From the initial public offering in 2016 until July 11, 2022, the company's stock was traded on Spotlight. The closing price of the SynAct share on the last trading day of 2022 was SEK 81.50.

LOCK-UP AGREEMENTS

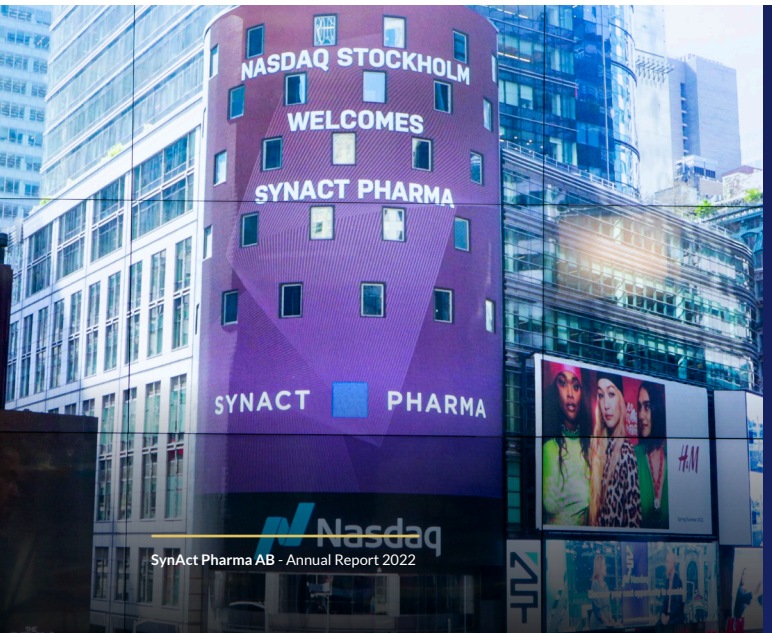
The board with Torbjørn Bjerke, Kerstin Hasselgren, Terje Kalland, Uli Hacksell, Marina Bozilenko and Thomas Jonassen and the management with Jeppe Øvlesen, Patrik Renblad, Thomas Boesen and Jim Knight have all entered into lock-up agreements, that were valid throughout most of 2022 and with certain exceptions prohibited the sale of shares. The lock-up agreements that were entered in December 2022 expired March 15, 2023.

The lock-up agreements did not affect the Group's reporting or financial position.

SHARE CAPITAL DEVELOPMENT

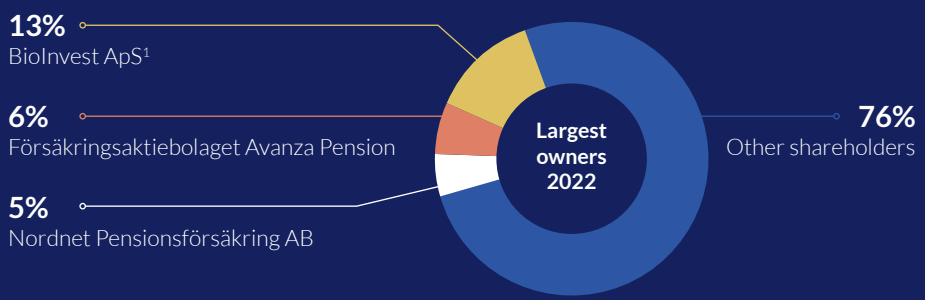
Year	Event	Quota value	Price per share (SEK)	Increase in number of shares	Increase in share capital	Total number of shares	Total share capital
2016	Establishment[1]	0.125	-	4,800,000	600,000	4,800,000	600,000
2016	Direct issue	0.125	5.25	2,410,021	301,253	7,210,021	901,253
2016	Issue	0.125	6.40	5,050,000	631,250	12,260,021	1,532,503
2017	Warrants	0.125	6.40	157,428	19,679	12,417,449	1,552,181
2018	Issue	0.125	9.90	2,257,720	282,215	14,675,167	1,834,396
2019	Issue	0.125	6.20	2,096,000	262,000	16,771,167	2,096,396
2020	Issue	0.125	6.20	2,795,268	349,409	19,566,435	2,445,804
2020	Warrants	0.125	6.70	4,839,860	604,983	24,406,295	3,050,787
2021	Issue	0.125	50.00	1,600,000	200,000	26,006,295	3,250,787
2022	Rights issue	0.125	63.00	2,364,208	295,526	28,370,503	3,546,313
2022	Directed issue	0.125	62.60	1,277,954	159,744	29,648,457	3,706,057
2023	Issue in kind	0.125	62.60	2,172,523	271,565	31,820,980	3,977,623

1. The incorporation of SynAct Pharma AB took place through an issue in kind of the shares in the Danish subsidiary SynAct Pharma ApS.



MAJOR SHAREHOLDINGS

In the graph to the right, the largest owners in the Company are presented as of December 31, 2022.



1. BioInvest Aps is controlled by the Company's CEO, Jeppe Øvlesen, and board member and Chief Scientific Officer, Thomas Jonassen

THE BOARD OF DIRECTORS

Torbjørn Bjerke

Chairman

Torbjørn Bjerke, born 1962, MD PhD, is currently the portfolio manager of Arctic Aurora LifeScience. He previously served as the president and CEO of Karolinska Development AB from 2011 to 2014. Prior to that, Dr Bjerke was the president and CEO of Orexo AB, a position he held from 2007 until January 2011. Previously, he was president and CEO of Biolipox AB, Executive Vice President, R&D, ALK Pharmaceuticals, and director of pharmacology at AstraZeneca. Dr Bjerke holds a PhD in medicine from Aarhus University.

Dr Bjerke is cofounder of Action Pharma A/S and TXP Pharma AG. Action Pharma sold its lead drug development candidate to AbbVie for $110M USD and TXP Pharma sold various rights to Questcor Pharmaceuticals for $100M USD in milestone payments. In addition, Dr Bjerke has experience as a board member within life science, at organizations such as DBV Technologies, NeuroSearch AS, TopoTarget AS, Axelar AB, Aprea AB, and Pergamum AB.

Shareholding in SynAct: 840,532 shares (indirectly). Bjerke also owns 23% of Goodwind Holding GmbH, which owns 1,161,777 shares.

Marina Bozilenko

Board member

Marina Bozilenko, born 1965, has over 30 years of investment banking and other healthcare industry expertise, including raising more than $30 billion in capital and executing numerous M&A transactions. She currently is President and CEO of Biothea Pharma, a biotechnology company. Ms. Bozilenko is also a Strategic Advisor to William Blair & Company, a firm she joined in 2010 as Head of Biotech & Pharma and Managing Director. Prior to that, she worked at Bear, Stearns & Co. Inc. as a senior managing director in the healthcare group, at Banc of America Securities as a managing director and head of biotechnology, and at Vector Securities International, where she was a partner. Ms. Bozilenko is currently a Director of the biotech company AcelRx Pharmaceuticals (ACRX), as well as NeuroNetworks Fund (NNF), a non-profit organization. She also serves on the Advisory Board of Arctic Aurora Life Sciences, a Swedish healthcare-focused investment fund. She received her B.A. in molecular biology and M.A. in economic history from the University of Chicago.

Shareholding in SynAct: 3,175 shares.

Uli Hacksell

Board member

Uli Hacksell, born 1950, has more than 30 years of experience from executive positions in major pharmaceutical and biotech companies and more than 10 years of experience as the CEO of publicly listed companies. As the CEO of ACADIA Pharmaceuticals from 2000–2015, he led its development from a private start-up to a publicly listed, multibillion dollar company. In the 1990s, he held senior positions at Astra AB, prior to which he was a professor of organic chemistry at Uppsala University. He holds a PhD from Uppsala University.

Dr. Hacksell is Chairman of the board of Medivir and Annexin Pharmaceuticals, and a board member of InDex Pharmaceuticals and Active Biotech.

Shareholding in SynAct: 1,588 shares.

Kerstin Hasselgren

Board member

Kerstin Hasselgren, born 1961, is currently CFO of Xspray Pharma AB listed on Nasdaq Stockholm and has extensive experience from working in large public international companies such as VP Corporate Business Control at SSAB, CFO at Alstom Transport Nordic, VP Finance Global Operations at AstraZeneca and VP Finance Global R&D at AstraZeneca.
Kerstin Hasselgren has a degree of Master of Science in Business and Economics from the Stockholm School of Economics.

Shareholding in SynAct: 0

Thomas Jonassen

Board member and Chief Scientific Officer

Thomas Jonassen, born 1963, MD, is associate professor at cardiovascular pharmacology, University of Copenhagen, and visiting professor at William Harvey Research Institute, Barts and London School of Medicine. He has published more than 50 scientific publications and is the inventor of 6 granted patents in the US and Europe.

Dr. Jonassen is cofounder and current CSO and BoD member at SynAct Pharma AB, cofounder of ResoTher Pharma ApS, cofounder and former CSO at Action Pharma A/S, and cofounder of TXP Pharma AG. Action Pharma sold its lead drug development candidate to AbbVie for $110M USD and TXP Pharma sold various rights to Questcor Pharmaceuticals for $100M USD in milestone payments. Dr. Jonassen is coinventor of SynAct's drug candidate, AP1189.

Shareholding in SynAct: 15,355 shares (indirectly). Jonassen also owns 61% of Bioinvest ApS, which owns 3,761,644 shares. He also controls 26.67% of Goodwind Holding GmbH, which owns 1,161,777 shares.

Terje Kalland

Board member

Terje Kalland, born 1951, MD, PhD, has more than 30 years of international experience from management positions in the life science industry. Kalland has been senior vice president at Novo Nordisk A/S, head of research and development at Biovitrum AB (now SOBI AB), and has held various senior positions within Pharmacia AB., including global head of Oncology Research. He has substantial experience with financing and investment activities and as vice president at Karolinska Development AB. Dr. Kalland was professor in tumor immunology at Lund University and has experience with boards from several listed companies in Sweden and internationally.

Shareholding in SynAct: 62,855 shares.

MANAGEMENT

Jeppe Øvlesen

Chief Executive Officer

Jeppe Øvlesen, born 1962, MBA, is a experienced executive and biotech entrepreneur with a strong commercial background and a solid deal-making track record. Mr Øvlesen has more than 20 years of experience at the executive level and has been involved in a string of successful start-up companies, including Action Pharma, Perfusion Tech, CLC Bio, Cercare Medical, ChemoMetec, Cetrea, Monsenso, PNN Medical, Mindway, ResoTher Pharma, Go Pen, Neurescue and TXP Pharma.

In these companies, Mr Øvlesen has served as cofounder, CEO, CFO and/or chairman/ board member and has overseen the transition from startup, buildup, to successful exit or IPOs.

Shareholding in SynAct: 13,825 shares (indirectly). Øvlesen also owns 39% of Bioinvest ApS, which owns 3,761,644 shares. He also controls 26.67% of Goodwind Holding GmbH, which owns 1,161,777 shares.

Patrik Renblad

Chief Financial Officer

Patrik Renblad, MSc., has a broad experience from the Life Science industry. With a strong financial background and focus he has served in various roles across the pharmaceutical value chain and across geographies for LEO Pharma and AstraZeneca.

Prior to joining SynAct Pharma in August 2021, Patrik worked 10 years in LEO Pharma, most recently heading up its Research & Development Finance unit. Prior to that he was assigned to the affiliate in Shanghai, China for four years as local CFO. Patrik Renblad holds a MSc in Business Administration and Economics from Lund University.

Thomas Boesen

Chief Operating Officer

Thomas Boesen, PhD, has more than 20 years of experience in the biotech and pharma industry. He holds a PhD in bioorganic chemistry from Copenhagen University, with studies at Cambridge University, and a MA in technology management with studies at Roskilde and Edinburgh Universities.

Dr Boesen's achievements include being an inventor on 35 granted patents and holding several managing positions. Dr. Boesen has been a part of the successes of Action Pharma and Epitherapeutics, and he was cofounder of MedChem and TXP Pharma. He brings insight in drug development throughout the clinical phases, with a focus on CMC and external collaboration. Prior to joining SynAct Pharma, Dr Boesen was with Novo Nordisk for 5 years.

James Knight

Chief Business Officer

James Knight, MBA, has 25 years of experience in biotech. Previously he was the VP of Portfolio Strategy at Questcor Pharmaceuticals where he was responsible for leading the expansion of Acthar Gel from two to nine promoted indications across five specialty areas including rheumatology. Questcor's success in expanding Acthar use lead to its acquisition by Mallinckrodt for $5.6 billion.

After his time at Questcor Mr. Knight previously also served as the CBO of TXP Pharma and the SVP, Head of Corporate Development for BioTime. Prior to Questcor, James Knight held positions of increasing responsibility at Elan Pharmaceuticals, Dura Pharmaceuticals and Biogen. James has a Bachelor of Science in Biology from the University of Massachusetts, Amherst, and a Master of Business Administration in High Technology from Northeastern University in Boston.

THE DIRECTORS' REPORT

THE GROUP

The Board of Directors and the CEO of SynAct Pharma AB (publ), corporate registration number 559058-4826, hereby issue the annual report and consolidated accounts for the financial year 2022-01-01 – 2022-12-31. The company is registered in Sweden and has its registered office in Lund Municipality, Skåne County. The Annual Report is prepared using the Swedish currency (SEK), with numbers rounded to the nearest thousand, unless otherwise stated. Numbers in parenthesis refer to previous year period. SynAct Pharma AB (publ) is also referred to as "SynAct Pharma", "SynAct", alternatively the "Company", unless explicitly stated.

Group structure

During the reporting period, the Group consisted of the parent company SynAct Pharma AB (publ) with its registered office in Lund and the wholly owned subsidiary SynAct Pharma ApS with its registered office and operations in Holte, Denmark. The Group conducts research and development within inflammatory diseases. The subsidiary, SynAct Pharma ApS started operations in 2012. SynAct Pharma AB, the Group's parent company, was registered on April 12, 2016. The establishment took place through issue in kind of the shares in the Danish subsidiary SynAct Pharma ApS. In this way, at that time, a group relationship was established. Another wholly owned subsidiary, TXP Pharma AG, was added to the Group on January 16, 2023. In addition to the above, SynAct Pharma has AB no additional shareholdings in other companies.

The business

SynAct is a Swedish public clinical stage pharmaceutical company that focuses on resolving inflammation with melanocortin biology. Selective activation of the melanocortin system can help the immune system resolve excessive or chronic inflammation, so-called resolution therapy. SynAct's therapeutics are designed to selectively provide anti-inflammatory and pro-resolution effects without suppressing the immune system, so that patients can achieve immune balance.

The Company's leading drug candidate, AP1189, selectively stimulates the melanocortin receptors involved in anti-inflammatory and pro-resolution processes without causing immunosuppression, unlike most anti-inflammatory drugs that suppress the body's immune system by inhibiting key immune-signaling molecules. These traditional immunosuppressive approaches can lead to opportunistic infections and other serious side effects. AP1189 is undergoing clinical phase 2 development and is being tested in various indications, of which rheumatoid arthritis ("RA") is the primary indication on which the Company, based on the positive Phase 2a data reported in 2021, has initiated two additional Phase 2 studies in the fourth quarter 2022. Data from these studies are expected during the second half of 2023. The drug substance is also tested in patients with nephrotic syndrome ("NS") and has undergone a phase 2a study in treatment of COVID-19 patients with respiratory stress syndrome. While the Company is investigating the opportunities to enter into partnerships with larger pharmaceutical companies, it is also planning for further clinical development.

The Company's management comprises several experienced employees with detailed knowledge in pharmaceutical development, business development and financing of innovative biotechnology companies. The Company's CEO, Jeppe Øvlesen, is an experienced executive and biotech entrepreneur with a strong commercial background and a solid deal-making track record. Jeppe Øvlesen has more than 20 years of experience at the executive level and has been involved in a string of successful start-up companies, including Action Pharma, Biostrip, CLC Bio, Cercare, ChemoMetec, Monsenso, PNN Medical, Mindway, ResoTher Pharma, Go Pen, Neurescue and TXP Pharma. The Company's board is comprised of people with deep knowledge of developing early-stage research into public development companies, including extensive expertise in the negotiation of licensing and collaboration agreements as well as experience from management work in pharmaceutical companies from most of the countries within the EU and North America.

Significant events

In 2022, good progress was achieved by the important research and development organization (see more below), as well as in the management and administration of the company. The Company prepared for and completed the listing on Nasdaq Stockholm's main list and successfully completed two financing activities. Both the board and the organization were strengthened during the year. In December, SynAct concluded an agreement on the acquisition of all shares in TXP Pharma AG. The acquisition, which was subject to the approval of an extraordinary general meeting on January 12, was completed on January 16, 2023. As senior executives of SynAct's board and management were found among the sellers of TXP Pharma, the acquisition is defined as a related party transaction, which is described in more detail in Note 26 to the group's financial reports. The transaction was coordinated and decided by the board's non-executive members, in a committee set up for the transaction. Other significant events during the financial year and after the reporting period are described in more detail on page 29.

Research and Development

SynAct's research and development has made good progress during the year. The most important events include the start of the phase 2b study, EXPAND, during the end of the third quarter and the important phase 2a/b study, RESOLVE, which was initiated at the end of the year. Both in different patient segments of rheumatoid arthritis (RA). Of note is that the RESOLVE study is being conducted under a US-IND, for which the company received the go-ahead from the FDA during the third quarter. Both important RA studies are ongoing with planned recruitment and the company expects to be able to report key data in the second half of 2023 for both. In addition, it should be noted that SynAct applied for and received approval for a design adjustment for the exploratory phase 2a study in iMN, a form of severe proteinuria, during the year. In addition, a pharmacokinetic study with the new tablet formulation of AP1189 was completed and reported. Research and development is described in more detail under the section Technology, market and intellectual property.

Future prospects

The company's overall objective is to build a portfolio of clinical development projects within resolution treatment that can provide significant income to the company through licensing or divestment.

As shown in the project portfolio section on pages 9-10, SynAct's lead drug candidate, AP1189, is currently undergoing two Phase 2 studies in RA, which is the project's main indication. Data from these are expected in the second half of 2023. Assuming that the data are positive, the company is planning for the implementation of another Phase 2b study in RA and, in parallel, activities to prepare AP1189 for Phase 3. This Phase 2b development, which is estimated to be ongoing approximately two years, may be carried out and funded solely by SynAct, in collaboration with or entirely by a potential partner.

Corporate Governance Report

Based on the Annual Accounts Act, chapter 6, § 8, SynAct has decided to produce a Corporate Governance Report that is separate from the Annual Report.

Business and industry related risks

Risks related to pharmaceutical development and clinical trials

SynAct is a Phase 2 clinical company focusing on pharmaceuticals that stimulate and strengthen the body's own immune system in order to fight inflammatory diseases. The Company works exclusively with research and development and the Company's development portfolio consists of the drug candidate AP1189 which is in clinical Phase 2. AP1189 is the Company's only drug candidate in clinical development. Before a product candidate can be launched on the market, the Company or its partners must conduct pre-clinical and clinical studies to document and demonstrate that the drug candidate has a significant treatment effect and an acceptable safety profile. The clinical processes are usually extensive, costly and time consuming, and the outcome is inherently uncertain. It is not unusual for clinical processes to be affected by delays and cost overruns, which can have a negative impact on the company's drug development and financial position. The processes are also associated with significant risks of failure and/or that the results are such that further research and development is required before final results can be obtained. Positive results in previously conducted pre-clinical and clinical studies do not guarantee positive results in later development stages and subsequent clinical studies. Furthermore, preclinical, and clinical data are often sensitive to different interpretations and analyses. There is therefore a risk that the Company's studies will not indicate sufficient safety and/or efficacy for the Company's drug candidates, especially the Company's main drug candidate AP1189, to be launched on the market, which could lead to future revenue being delayed or, alternatively, completely, or partially, not being obtainable. There is also a risk that the Company is forced to interrupt its studies or needs to carry out more extensive studies than is currently deemed necessary, which can delay the development process and cause, among other things, increased costs, delayed commercialization and, by extension, reduced or non-existent cash flow. In light of the fact that AP1189 is the Company's only drug candidate in the clinical phase, the company is particularly exposed to these risks.

Risks related to recruitment of patients

SynAct is dependent on the recruitment of new patients who are willing to participate in the Company's clinical studies. The scope of the patient recruitment and the number of available patients has a significant impact on the timetable of the clinical studies. In the event the recruitment of patients to the Company's clinical studies cannot take place to the extent required or if patient recruitment becomes more time consuming than the Company has planned, the Company may have to temporarily pause its patient recruitment, which may lead to delays in the Company's clinical studies. Delays and interruptions in the company's studies could lead to SynAct's development work being more costly than planned and to expected sales revenue being delayed and pushed to the future, which could have a negative impact on the Company's operations and future prospects.

Risks related to commercialization and market acceptance

SynAct is in the clinical phase and so far, none of the company's drug candidates has been commercialized. The company is thus largely dependent on future commercialization to generate revenue. As mentioned above, the company's leading drug candidate, AP1189, requires continued research and development, which is associated with a number of risks that may complicate or prevent market approval and possible commercialization. There is also a risk that future commercialization of SynAct's drug candidates, including its lead candidate AP1189, will be more costly than SynAct anticipated, as it may be difficult to estimate future commercialization costs in advance. Even if SynAct were to obtain relevant authority approvals for marketing and sales of the company's drug candidates, there is a risk that sales, locally or globally, will not meet its expectations and that commercial success will not materialize. The market acceptance and sales of the Company's drug candidates will depend on a number of factors, such as, for example, the product's properties, competing products, the possibility of distribution, marketing, price and availability. The Company's drug candidates may be subject to unfavorable price regulations and reimbursement policies, which may adversely affect its operations and earnings. In addition, the potential market opportunities for the Company's current and future drug candidates are difficult to estimate and may depend on the ability of relevant experts to diagnose and identify patients, as well as the success of competing therapies.

SynAct's business model is based on entering into commercial agreements with one or more major pharmaceutical companies in order to manage the commercialization of the company's products in this way. Given this, the risks mentioned above could affect the company indirectly through potential future business partners' expectations of future revenues and costs, which affects the valuation of SynAct's drug candidate in connection with a transaction.

Risks related to partnerships
SynAct's business model is to drive projects into clinical development in order to secure support for clinical relevance, proof-of-concept. The Company's ambition is to carry out several Phase 2 studies, and then enter into commercial agreements with one or more major pharmaceutical companies for continued development and commercialization of the Company's drug candidates. SynAct is therefore dependent on current and future license, collaboration, supplier and other agreements with experienced partners for the development and successful commercialization of the Company's current and future drug candidates. In order to develop a successful commercialization strategy and identify and enter into agreements with relevant partners, SynAct may need to strengthen its operations through recruitment in the area of commercialization. Such a strengthening of operations may entail increased costs for the Company in the future, mainly in the form of increased administrative costs as a result of recruitment. There is no guarantee that the Company will find suitable collaboration partners or succeed in entering into collaborations with such collaboration partners for the commercialization of its drug candidates, or that such agreements can be entered into on financially acceptable terms. There is also a risk that potential negative study results may have a negative impact on SynAct's ability to attract potential collaboration partners for future commercialization of the company's drug candidates. If SynAct fails to enter into partnerships as described above, it may lead to delayed or non-existent commercialization of the company's drug candidates as well as delayed or non-existent licensing and sales revenue.

Risks related to collaborations with suppliers and manufacturers
SynAct is dependent on collaborations with suppliers and manufacturers and has, among other things, entered into agreements with suppliers who provide services and products for drug production and execution of the Company's planned clinical studies. In addition, the Company is, and will probably continue to be, dependent on collaborations with various suppliers and contract manufacturers for the production and storage of GMP, Good Manufacturing Practice , materials and the substances required for the implementation of SynAct's preclinical and clinical studies. There is a risk that current, or future, suppliers, manufacturers and collaboration partners choose to terminate their collaboration with SynAct before the Company has fully benefited from the collaboration, do not fulfill their commitments, or cannot continue the collaboration on terms favorable to SynAct. There is no guarantee that the Company's suppliers, manufacturers or partners fully meet the quality requirements set by SynAct or the relevant authorities. There is also a risk that the Company will not succeed in entering into collaborations at all or will not succeed in entering into collaborations on favorable terms for SynAct when needed. In the event that any of the above risks occur, the Company assesses that it could have a negative impact on SynAct's operations in the form of delayed or non-existent commercialization, additional costs for the Company and possibly also lead to limited or non-existent income.

Risks related to IT security and IT infrastructure
SynAct is dependent on a well-functioning IT system that the Company or one of its external suppliers uses to process, transfer and store electronic information in its daily operations. In connection with the Company's product development work, the Company may collect various types of sensitive and confidential information, including personal data and information about clinical studies. Cyber-attacks are constantly increasing in frequency and intensity and have become increasingly difficult to detect. A successful cyber-attack could result in the theft or destruction of intangible assets and data or otherwise compromise the Company's confidential or proprietary information and disrupt its operations. Errors, interruptions, or breaches in the company's IT security, including possible errors in back-up systems or errors in handling the security of the company's confidential information can also damage the Company's reputation, business relationships and trust, which can lead to the loss of business partners, increased scrutiny from regulators and a greater risk of legal action and financial liability. Although SynAct devotes resources to protecting its information systems, there is no guarantee that such measures will prevent information security breaches that could result in business, legal or financial harm, as well as damage to the Company's reputation, or that could have a material adverse effect on the Company's operating profit and financial position.

Risks related to competition and technological development
The pharmaceutical industry is an industry characterized by fierce and global competition, rapid technological progress, and extensive investment needs. The Company's competitors can be large multinational companies as well as smaller research companies active in research into inflammatory and autoimmune diseases. Furthermore, companies with global operations that currently work with neighboring areas can decide to establish themselves within SynAct's area of operation. Examples of competitors to the Company are other pharmaceutical companies that market so-called "JAK inhibitors", an oral drug that inhibits inflammation. The Company's competitiveness is dependent on several different factors, such as SynAct's ability to implement its strategies in a profitable manner, hire and retain competent and professional personnel and develop and enter collaborations with partners. If the Company fails to adapt to technological developments or regulatory expectations, there is a risk that future commercialization of the Company's products will be less successful or will not occur at all. In addition, there is a risk that competitors, including those described above, have greater financial and other resources than SynAct and its partners, which can give them advantages in, for example, research and development, contacts with licensing authorities, marketing and launching of medicines. There is therefore a risk that the Company's competitors succeed in commercializing products earlier than SynAct and its partners, or that they develop products that are more effective, have a better side effect profile and are more affordable than the company's potential products. Such competing products may limit SynAct's ability to commercialize its drug candidates, including the Company's lead drug candidate AP1189, and thus to generate revenue in the future.

Risks related to macroeconomic factors and COVID-19

Macroeconomic effects, such as the COVID-19 pandemic and other economic factors such as the current situation in Ukraine, can negatively affect the Company's earning capacity, growth opportunities and operating profit. The general demand for medicines is affected by various macroeconomic factors and trends, such as inflation, deflation, recession, trade barriers and currency fluctuations. An economic downturn can further affect healthcare payers, such as patients, hospitals, authorities, and insurance companies, and for this reason result in a reduced willingness to pay for medicines. In addition, uncertain market conditions, for example because of the spread and consequences of COVID-19 and the war in Ukraine, may have a negative impact on SynAct's ability to enter collaborations with third parties or suppliers. Furthermore, the Company conducts clinical studies in Moldova, and it is still uncertain how the situation in Ukraine may affect neighboring Moldova, including but not limited to a negative development of the conflict surrounding the breakaway republic of Transnistria. If the conflict surrounding Transnistria were to escalate, or if Moldova was otherwise drawn into the war in Ukraine, this would have a negative impact on SynAct's ability to conduct clinical studies in Moldova. Even though the COVID-19 pandemic has subsided, SynAct follows the development and evaluates appropriate measures to minimize potential delays that could occur in the company's operations and its ongoing clinical studies in the event of a possible increase in the impact of the COVID-19 pandemic. Furthermore, the situation in Ukraine has led to significant volatility in global credit markets and the global economy. Based on the above, there is a risk that the Company's clinical studies are delayed or become more expensive than the Company planned and that the results from the clinical studies are therefore delayed, which could have a negative impact on the Company's operations and prospects.

Demand for pharmaceutical products is also affected by political developments in relevant markets. Several initiatives to curb rising drug costs have been implemented or are being implemented in the US and within the EU/EEA, as well as in other relevant markets, which may affect future sales for pharmaceutical companies, including SynAct. If any of the above risks were to occur, it could result in the market acceptance and pricing of the Company's drug candidates being negatively affected in the event of a possible future market launch, which could result in the Company receiving lower compensation in the event of a successful commercialization of one or more of the Company's drug candidates. This in turn could have a negative impact on the Company's ability to generate income in the future, as well as result in poorer remuneration opportunities and lower remuneration levels in certain markets.

Risks related to key persons and employees

SynAct has established an organization with qualified employees to create the best possible conditions for research, development and commercialization of the Company's drug candidates. SynAct's key personnel and employees have high competence and extensive experience in the Company's area of operation, and the Company's future growth is highly dependent on the knowledge, experience and commitment of the Company management and other key personnel. The Company might fail to retain these key personnel or employees and to recruit new qualified personnel in the future, which could have a negative impact on the Company's opportunities to commercialize its drug candidates and thus negatively affect the Company's profitability and future earning capacity.

Legal and regulatory risks

Risks related regulatory approval and registration

For the Company to carry out clinical studies and market and/or sell drugs, the Company must obtain marketing approval and registration from relevant authorities on each market, such as the Medical Products Agency in Sweden (Sw. Läkemedelsverket), the FDA in the United States and the European Medicines Agency in the EU. The process for obtaining the relevant approvals is cost and time consuming and may delay, prevent, or make the development of the Company's drug candidates more costly. In the event SynAct, directly or through any future partners, fails to obtain the necessary permits and registrations from authorities, the Company may be adversely affected by clinical studies being delayed or, in the worst case, not initiated. Comments on the Company's proposed design of future clinical studies may also lead to delays and/or increased costs for SynAct, and the Company may have to carry out additional clinical studies, provide additional data and information and meet additional standards for regulatory approval which can be costly and time consuming. Furthermore, applicable rules and interpretations of these may change, which may affect the Company's conditions for meeting regulatory requirements in the future. In addition, permits and registrations can be revoked after SynAct, or its partners have received them. In the event that the Company alone, or via partners, does not succeed in obtaining relevant permits or registrations, or if permits or registrations are revoked, it may result in increased costs, delays in the development work, that SynAct's ability to generate income is completely or partially absent, or that the Company forced to shut down all or parts of its operations, as well as lead to the Company's market position deteriorating in relation to its competitors.

Even after market approval, if obtained, the Company and its collaborators will be required to comply with regulatory requirements, including regulatory reviews and oversight of marketing and safety reporting or policies. In addition, SynAct and its partners will be obliged to follow rules for the manufacture of medicines, including rules for testing, quality control and documentation of the Company's products. Production facilities must be approved by authority inspection and will be subject to such inspections by authorities on a recurring basis, which may lead to objections and new requirements on production. Furthermore, obtaining regulatory approval of the Company's drug candidates in one jurisdiction is no guarantee of regulatory approval in any other jurisdiction. If SynAct and its partners, including external manufacturers, do not comply with relevant regulatory requirements or the specific indications and conditions for which regulatory approval has been granted, the Company may be subject to fines, product recalls, revocation of regulatory permits or approvals, other operational restrictions, or criminal penalties.

Risks related to patents and other intellectual property rights

The Company is dependent on its ability to protect its product candidates and innovations through intellectual property rights, such as patents and trademarks, as well as through other types of protection such as data exclusivity, which restricts the use of data from clinical studies and gives temporary exclusive rights to the Company using such data to apply for market approval. Monitoring and maintaining intellectual property rights is time consuming and costly and the Company estimates that these costs may increase in the future if the Company develops its portfolio of intellectual property rights, for example through additional patents and patent applications. The Company's patent portfolio consists of in total eight patent families (please refer to the "Intellectual Property" section for more details). Patents and other intellectual property rights have a limited lifespan and there is a risk that granted patents do not provide adequate commercial protection, as objections or other invalidity claims against granted patents can be made after the patent has been granted. If SynAct were to be forced to defend its patent rights against a competitor, or have a patent declared invalid, this could entail extensive costs for the Group. In addition, the costs of a dispute, even in the event of a favorable outcome for SynAct, can be significant. There is also a risk that the scope of an approved patent is not sufficient to protect against other players developing similar drug candidates. There is also a risk that the Company's ongoing or future patent applications take longer or are not granted, or that SynAct fails to register and complete all necessary patent applications at a reasonable cost.

It may also turn out that other actors have applied for patents regarding drug candidates that are covered by SynAct's patent applications without the Company's knowledge, including in relation to AP1189, which is the Group's only drug candidate in the clinical phase. There is therefore a risk that SynAct may infringe, or be alleged to infringe, patents held by third parties. A possible infringement of third-party patents may limit the possibilities for the Company or its potential partners to use SynAct's drug candidates as planned. As a result, the Company's patent applications may have a lower priority in relation to other patent applications or limit the opportunity for SynAct to commercialize drug candidates and obtain the necessary patent protection, which would greatly affect SynAct's opportunities to further develop its drug candidates. Furthermore, there is a risk that any of the Group's current or former employees, consultants or partners will claim ownership of inventions developed by any of these persons as they regard the intellectual property as their own. If the above risks were to materialize, it would hinder or prevent continued development and successful commercialization of SynAct's drug candidates, and ultimately the Company's ability to generate licensing and sales revenue in the future.

Risks related to product liability, adverse events and insurance coverage

As SynAct is active in the pharmaceutical industry, the Company is exposed to various liability risks, such as the risk of potential product liability claims that may arise in connection with the manufacture of drugs, clinical studies or the marketing and sale of drugs if SynAct's drug candidates are commercialized. For example, patients who participate in the Company's ongoing and possible future clinical studies, or people who otherwise encounter SynAct's drug candidates, may suffer side effects or other related harm due to unwanted effects of the Company's drug candidates. Even if clinical studies were to be carried out by a collaboration partner, there is a risk that the Company could be held responsible for any incidents. Potential side effects or product liability claims could delay or stop SynAct's development work and limit or prevent the commercial use of the Group's drug candidates and thus lead to increased costs, which could have a negative impact on SynAct's opportunities to generate profitability.

There is also a risk that the Company may be sued by patients who suffer adverse events, both by experimental subjects and patients within the framework of SynAct's clinical studies, and/or by other people who may in the future use the Company's medicines, whereby SynAct may be liable for damages. Any claims against the Company may also have a negative impact on the Company's reputation and business relationships.

SynAct's insurance coverage may prove to be insufficient to cover any costs that may arise because of side effects or other product liability claims, for example if a claim is outside the insurance coverage or if the claim exceeds the insured amount. In addition, this type of insurance does not normally cover damage to reputation that may occur regardless of the outcome of a potential liability claim. There is therefore a risk that the Company's insurance cover cannot fully cover any future legal claims directed against SynAct, which may entail significant costs and have a negative impact on SynAct and its operations, both reputationally and financially.

Risks related to regulatory compliance

As a pharmaceutical company, SynAct is largely subject to compliance with various laws and regulations. The regulatory environment includes, among other things, laws and regulations that regulate clinical studies, the safety and effectiveness of drug candidates, as well as environmental laws that regulate the use, storage and disposal of harmful chemicals and similar materials as well as specified waste products. There is a risk that SynAct fails to comply with laws and regulations because its interpretation of the regulations is incorrect or because the company has not had the opportunity to adapt its operations to new laws and regulations. The cost of compliance may be significant and SynAct may lack the resources required for compliance. If SynAct fails to comply with or violates applicable laws and regulations or if its interpretation of applicable laws and regulations is incorrect, it may result in sanctions or penalties from relevant authorities, exclusion from government-funded healthcare programs, additional reporting requirements or damage to SynAct's reputation. In addition, local rules, regulations and administrative regulations may differ significantly from jurisdiction to jurisdiction, and steps taken to comply with laws in one jurisdiction may be inadequate for compliance in another jurisdiction. In addition, the laws, regulations and administrative regulations that the Company has to comply with are also subject to changes over time, and SynAct is thus exposed to risks that arise due to the regulatory uncertainty and the rapidly changing and growing regulatory environment, including the risk that the fundamental conditions

for the Group's operations and business offer may change or that the opportunities for market access may be negatively affected.

Risks related to the processing of personal data

Within the framework of the Company's operations, SynAct collects and processes personal data relating, for example, to patients who participate in the Company's clinical studies and SynAct's employees. SynAct is thus covered by Regulation (EU) 2016/679 of the European Parliament and of the Council ("GDPR"). The personal data the Company possesses may also include information about health, which among other things entails a requirement for SynAct to have an appointed data protection officer. The data protection officer must, among other things, provide advice and support to the organization regarding the processing of personal data, contribute with advice when implementing so-called impact assessments regarding data protection, and monitor the Company's compliance with the GDPR. SynAct has taken measures to ensure secure personal data handling and expects to continue to allocate resources for GDPR compliance and to evaluate the need for additional regulatory compliance measures. Such measures may prove to be both costly and time-consuming for the Company, which may have a negative impact on SynAct's results. There is a risk that the Company will not currently, or in the future, meet the requirements that GDPR entails. In addition, there is a risk that IT and system interruptions or intrusions could lead to the leakage of personal data and other sensitive information. Incorrect or insufficient processing of personal data, shortcomings in the Company's obligations towards those whose personal data is processed and other violations according to the GDPR can result in sanctions in the form of fines amounting to the higher of EUR 20 million or 4 percent of the Group's annual turnover, which can entail significant costs and have a substantial negative impact on the Company and its operations, both reputationally and financially.

Risks related to know-how, trade secrets and confidentiality

SynAct is dependent on trade secrets and know-how developed in the business, which cannot be protected by registration in the same way as patents and other intellectual property rights. This concerns, for example, information about innovations that have not yet been applied for as well as knowledge about concepts, methods, and processes. SynAct uses non-disclosure agreements with employees, consultants, advisors, and collaborators to protect trade secrets and know-how, but these agreements may prove insufficient to prevent trade secrets and know-how from being disclosed and disseminated without the Company's control, creating a risk that competitors can take part in and use trade secrets and know-how that have been developed by the company. Such uncontrolled dissemination of confidential information could negatively affect the development of SynAct's drug candidates if the information were, for example, used to develop potentially competing drug products or for other commercial use without the Company being compensated for or otherwise receiving information about this. It may also mean that it becomes less attractive for SynAct to develop and commercialize its drug candidates, which may mean that the Company's future earning capacity is limited.

Financial risks

Risks related to future capital needs

Research and development of pharmaceuticals is a capital-intensive activity. The research and development projects that SynAct conducts, combined with the fact that the company does not generate, nor has it generated, any sales revenue, entail significant costs and there is a risk that the company's projects may become more time- and cost-consuming than planned. As shown above in this section, the continued development of SynAct's drug candidates and the conditions for market launch are associated with risks and great uncertainty that may lead to commercialization being delayed or not happening at all. It may therefore take a long time before the Company's drug candidates are commercialized and ongoing cash flow can be generated from the Group's operations. Any delays in SynAct's development project may mean that positive cash flow is generated later than planned. The Company will therefore, depending on when a positive cash flow can be achieved, also need to acquire additional capital in the future. There is a risk that the company will not be able to acquire any capital when the need arises or that it cannot be acquired on terms favorable to SynAct, which could significantly negatively affect the Company's operations and financial position. If SynAct is unable to obtain sufficient funding, the Company may be forced to stop planned projects, implement restructuring of all or part of the business, or be forced to conduct business at a slower pace than planned, which may lead to delayed or non-existent commercialization of the Company's drug candidates, including its main candidate AP1189, as well as delayed or missed license and sales revenue.

Tax-related risks

SynAct is based in Sweden, but a large part of the Group's operational activities are conducted through the Danish subsidiary SynAct Pharma ApS. The tax considerations that the company makes are based on interpretations of current tax legislation, tax agreements and other tax rules as well as requirements from relevant tax authorities in Sweden and Denmark as well as other countries where SynAct may operate. There is a risk that the Company's understanding of, or interpretation of, said laws and regulations is not correct in all respects. In addition, tax authorities in relevant countries may make assessments and make decisions that differ from the Company's understanding of, or interpretation of, said laws and regulations. Especially in the case of intra-group transactions and transfer pricing involving several countries, tax authorities in one country may take a position that differs from the position taken by SynAct or tax authorities in other countries in the current interpretation of laws, agreements or other regulations. The Tax Agency has, for example, denied the company a deduction for input value added tax for taxation years up to and including 2018 with a total amount of SEK 3.7 million. SynAct has appealed the Tax Agency's decision and as of the date of the Annual Report, the matter is awaiting review by the Court of Appeal after the Tax Agency appealed the Administrative Court's approval of SynAct's appeal.

In the event that the Company's tax situation were to change due to decisions from the relevant tax authorities or due to changes in laws, agreements or other regulations, possibly with retroactive effect, it could have a significant negative impact on the Group's operating profit. Contesting such a decision may be costly and protracted and if SynAct fails to contest such a decision, it may result in increased tax costs, including fees and interest costs.

It cannot be ruled out that SynAct's consultants risk being considered employees of the Group and thus subject to applicable labor legislation, including but not limited to the right to holiday pay, notice period, sick pay, pension and parental leave. Furthermore, the relevant consultants may be protected by foreign labor legislation, even though the choice of law in the consultancy agreements specifies Swedish or Danish law. An employer is also required to withhold income tax and failure to withhold income tax may lead to fines and/or an obligation to pay the income tax that is outstanding, which may lead to increased costs for the Group. There is also a risk that SynAct will be subject to demands from tax authorities if the consulting relationships would be classified as employment relationships according to the applicable legislation. The above-mentioned risk in relation to consultants may also apply in relation to terminated consultancy relationships, such as the Company's historical consultancy agreement with the CEO, CSO and COO, who previously carried out their assignments on a consultancy basis.

Risks related to exchange rate changes

SynAct is based in Sweden and the accounting currency for the Group's accounts is SEK, which means that transactions in foreign currency are converted to SEK. A large part of the Company's operations is conducted through the operating subsidiary SynAct Pharma ApS, whose accounting currency is DKK. Currency flows in connection with the purchase and sale of goods and services in currencies other than SEK give rise to so-called transaction exposure. In many cases, the Company is dependent on international subcontractors to carry out studies and production of materials. The Company is therefore exposed to currency risk through the purchases of services and inputs for research and development that are made in different currencies. SynAct's purchases are made predominantly in the currencies SEK, DKK and EUR. Exchange rate changes may therefore negatively affect the group's cash flow, income statement and balance sheet.

FIVE-YEAR REVIEW

Development of operations, results and financial position

Five-year overview - Group (SEK thousand)	**IFRS 2022**	**IFRS 2021**	**IFRS 2020**	**IFRS 2019**	**IFRS 2018**
Net sales	–	–	–	–	–
Operating profit	-105,705	-76,699	-31,285	-25,335	-28,088
Profit after financial items	-107,065	-76,809	-31,304	-27,638	-27,941
Profit for the year	-99,205	-69,304	-26,551	-24,491	-23,142
Net assets	142,597	38,369	21,593	25,913	13,259
Equity/Assets (%)	89%	54%	73%	47%	72%
Loss per share (SEK)	-3.60	-2.68	-1.23	-1.63	-1.68
Research and development costs/ operating costs, %	66%	79%	73%	60%	78%

Five-year overview - Parent Company (SEK thousand)	**IFRS 2022**	**IFRS 2021**	**IFRS 2020**	**IFRS 2019**	**IFRS 2018**
Net sales	5,144	1,637	1,697	1,287	–
Profit after financial items	-130,970	-60,966	-72,267	-9,999	-4,390
Net assets	119,225	45,334	31,068	80,407	52,558
Equity/Assets (%)	93%	89%	87%	85%	98%

Financial development

Revenue

Net sales for the year amounted to SEK 0 (0). The Company is not expected to generate any revenue until at the earliest after the completion of the planned Phase 2 study regarding the drug candidate AP1189 at the earliest in 2024.

Research and development costs (R&D)

Total costs for R&D amounted to SEK 73,462 (60,490) thousand. The main reasons for the cost increase are increased activity in the clinical trials, investments in clinical manufacturing and control ("CMC") and pre-clinical activities supporting both the lead drug candidate, AP1189, and early projects. The Company does not capitalize expenses for the development project AP1189 because it does not consider that the activities and the project meet the requirements for capitalization in IAS 38 – Intangible assets. For further information, refer to Note 2 to the financial reports.

Administration costs

Administration costs during 2022 amounted to SEK 35,611 (16,225) thousand. The increase is driven by activities related to the preparations for and implementation of the listing of the company's share on Nasdaq Stockholm's main list as well as acquisition-related costs driven by the acquisition of TXP Pharma AG.

Net financial items

Net financial items amounted to SEK -1,360 (-110) thousand and is mainly affected by exchange rate changes on group transactions and negative interest on cash and cash equivalents in the Company's Danish bank account.

Tax on the period's results

The Group's tax was SEK 7,860 (7,505) thousand. According to Danish tax law (the tax credit scheme), the subsidiary SynAct Pharma ApS is entitled to receive a tax income for a part of the expenses categorized as R&D up to a ceiling of DKK 25 million, which with a corporate tax of 22% gives a maximum income of DKK 5.5 million. See Note 12 to the financial statements for further information.

Profit for the period

The group's result for 2022 amounted to SEK -99,205 (-69,304) thousand.

Liquidity, balance sheet and going concern

The Group's cash and cash equivalents as of 31 December 2022 amounted to SEK 108,245 (23,997) thousand. The claim on the Danish tax authorities resulting from the so-called "Tax credit scheme" (see Tax on the period's results above and Note 12 for more information) amounted to SEK 8,231 (7,564) thousand. The Company's credit under the "Tax credit scheme" for 2022 is estimated to be paid out in November 2023.

Prepaid costs amounted to SEK 17,293 (247) thousand. In 2022, SynAct has started two new Phase 2 clinical studies with AP1189 in RA. The payments for these are expensed over the active phase of the studies, which meant that SEK 17,089 thousand was booked as prepaid for EXPAND and RESOLVE.

The cash flow amounted to SEK 83,184 (9,319) thousand. In financing operations, SEK 125.4 million refers to the proceeds from the rights issue and SEK 76.3 million from the directed issue in December. The corresponding proceeds from the directed issue carried out in February 2021 amounted to SEK 74.4 million.

The board continuously evaluates the Company's financial position and has determined that its current cash and cash equivalents are sufficient to fund ongoing clinical studies, other communicated activities and operate the Company, including the recently acquired subsidiary TXP Pharma AG, until mid-2024.

VAT

SynAct Pharma has previously been denied deductions for input VAT for the years 2018 and earlier. The Company has disputed this, which is why it appealed to the Administrative Court in Malmö. During the process in the Administrative Court, the Company agreed to pay part of the disputed amount, approximately SEK 2 million, and booked the remaining amount as a liability in the balance sheet, approximately SEK 1.6 million.

In December 2021, the Administrative Court ruled in the Company's favor in the case, whereby deductions were allowed. The Tax Agency appealed the Administrative Court's judgment to the Court of Appeal, which on 6 September 2022 rejected the appeal.

On November 3, 2022, the Tax Agency appealed the Court of Appeal's judgment and applied for leave to appeal in the Supreme Administrative Court (HFD). Currently, it is unclear whether the case will be taken up for review on its merits because the HFD has not yet made a decision regarding the leave to review.

The Company has continued to reserve for the full amount of VAT and tax surcharges of SEK 3,689 (1,614) thousand as an other short-term liability in the financial reporting pending a final judgment. The change since the previous year is due to the fact that in early 2022, the Swedish Tax Agency, after a judgment in the Administrative Court, refunded the part of the dispute that the Company had previously paid.

Employees and remuneration to senior executives

At the end of the year, the number of employees amounted to 5 (3). Two (2) employees were employed in research and development and three (1) in administration. During the reporting period, there have been consulting agreements on market terms between the Company and representatives from the board and senior executives. See also Note 9 to the financial reports.

SynAct Pharma must offer market-based compensation levels and employment conditions that enable the ability to recruit and retain senior executives and key competence.

The company has entered into an employment agreement with the CEO and other senior executives with effect from and including January 2022. The agreements have been entered into in accordance with the guidelines for remuneration to senior executives (see below).

Incentive program
During 2022, SynAct has had a bonus program, approved by the board, that covers all employees. The bonus targets, which were shared by all staff, have been clearly defined milestones within the Company's research and development as well as other important projects. Target fulfillment has been reviewed by the Remuneration Committee and resolved by the Board. No other incentive programs affected the financial year.

At the extraordinary general meeting in January 2023, an employee option program was adopted, which is described in more detail in Note 26 to the financial statements.

Guidelines for remuneration to senior executives

At the 2021 annual general meeting, the following guidelines were adopted for remuneration to senior executives. The board has not proposed any changes to the guidelines ahead of the 2023 annual general meeting.

Scope and applicability of the guidelines
These guidelines comprise the persons who are part of SynAct Pharma AB's ("SynAct" or the "Company") group management (including the CEO). The guidelines also encompass any remuneration to members of the board of directors, in addition to board remuneration.

These guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the annual general meeting 2021. For senior executives who carry out their assignments on a consultancy basis, the guidelines shall be applied in applicable parts. These guidelines do not apply to any remuneration resolved by the general meeting, such as e.g. board remuneration and share-based incentive programs.

The guidelines' promotion of the Company's business strategy, long-term interests and sustainability
SynAct is a clinical Phase 2 company that conducts research and development in inflammatory diseases. The Company has a platform technology based on a new class of drug candidates aimed at acute deterioration in chronic inflammatory diseases with the primary purpose of stimulating natural healing mechanisms. In brief, SynAct's business strategy is to drive projects into clinical development in order to secure proof-of-concept, i.e. support for clinical relevance. The Company's ambition is to conduct Phase 2 clinical studies, and then sign commercial agreements with one or more major pharmaceutical companies. For more information about SynAct's business strategy, see SynAct's latest annual report.

A successful implementation of SynAct's business strategy and safeguarding of SynAct's long-term interests, including its sustainability, require that the Company is able to recruit and retain highly competent senior executives with a capacity to achieve set goals. In order to achieve this, SynAct must offer a competitive total remuneration on market terms, which these guidelines enable.

Types of remuneration, etc.
The remuneration shall be on market terms and be competitive and may consist of the following components: fixed salary, variable cash remuneration, pension benefits and other benefits. For the individual senior executive, the level of remuneration shall be based on factors such as work duties, competence, experience, position, and performance. Additionally, the general meeting may – irrespective of these guidelines – resolve on, e.g. share and share price-related remuneration.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Fixed salary
The CEO and other senior executives shall be offered a fixed annual cash salary. The fixed salary shall be determined by taking into consideration the individual's competence, area of responsibility and performance. In general, a review should be made annually. For senior executives who carry out their assignments on a consultancy basis, consultancy fees shall be paid in accordance with approved invoicing principles.

Variable cash remuneration
In addition to fixed salary, the CEO and other senior executives may, according to separate agreements, receive variable cash remuneration. Variable cash remuneration covered by these guidelines is intended to promote SynAct's business strategy and long-term interests, including its sustainability.

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one or several years. Variable cash remuneration may, for the CEO, amount to a maximum of 50 percent of the fixed annual salary, and for other senior executives, a maximum of 50 percent of the fixed annual salary. Variable cash remuneration shall not qualify for pension benefits, save as required by mandatory collective bargaining agreements.

The variable cash remuneration shall be linked to one or several predetermined and measurable criteria, which can be financial, such as milestone payments, revenue targets and budget adherence, or non-financial, such as achievement of clinical milestones. By linking the goals in a clear and measurable way to the remuneration of the senior executives to SynAct's financial and operational development, they contribute to the implementation of the Company's business strategy, long-term interests, and sustainability.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated and determined when the measurement period has ended. The Remuneration Committee is responsible for such evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the Company. The board of directors shall have the possibility to, in whole or in part, reclaim variable cash remuneration paid on incorrect grounds.

Additional variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are only made on an individual basis, either for the purpose of recruiting or retaining senior executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 50 percent of the fixed annual salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the board of directors based on a proposal from the Remuneration Committee.

Pension benefits
Pension benefits, including health insurance, shall be defined contribution, to the extent that the senior executive is not covered by defined benefit pension under mandatory collective bargaining agreements. Premiums for defined contribution pensions, including health insurance, may amount to a maximum of 30 percent of the fixed annual salary.

Other benefits
Other benefits may include life insurance, medical insurance and a company car. Premiums and other costs relating to such benefits may amount to a total of not more than 15 percent of the fixed annual salary.

Termination of employment and severance payment
Upon termination of an employment by SynAct, the notice period may not exceed twelve months. Severance pay, in addition to fixed salary and other remuneration during the notice period, may not exceed an amount corresponding to the fixed annual cash salary for twelve months. Upon termination by the senior executive, the notice period may not exceed six months.

Additional remuneration may be paid for non-compete undertakings in order to compensate for loss of income. Such remuneration shall only be paid in so far as the previously employed senior executive is not entitled to severance pay. The remuneration shall be based on the fixed annual salary at the time of termination of employment and amount to not more than 60 percent of the fixed annual salary at the time of termination of employment, subject to mandatory collective bargaining agreements, and shall be paid during the time as the non-compete undertaking applies, however not for more than twelve months following termination of employment.

Salary and employment conditions for employees
In the preparation of the board of directors' proposal for these remuneration guidelines, salary and employment conditions for employees of SynAct have been taken into consideration by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the board of directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

Consultancy fees to the members of the board of directors
To the extent a member of the board of directors renders services for the Company, in addition to his or her assignment as a member of the board of directors, an additional consultancy fee on market terms may be paid to the member of the board of directors, or to a company controlled by such member of the board of directors, provided that such services contribute to the implementation of SynAct's business strategy and the safeguarding of SynAct's long-term interests, including its sustainability

Preparation and decision-making progress
The Remuneration Committee's duties include i.a. preparing the board of directors' resolution to propose guidelines for remuneration to senior executives. The board of directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines have been adopted by the general meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for the senior executives as well as the current remuneration structures and compensation levels in the Company. The members of the Remuneration Committee shall be independent in relation to the company and its senior management. The CEO and other members of the senior management do not participate in the board of directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Deviation from these guidelines
The board of directors may temporarily resolve to deviate from these guidelines, in whole or in part, if in a specific case there is special cause for the deviation and a deviation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the board of directors' resolutions in remuneration-related matters, which include any resolutions to deviate from these guidelines.

The guidelines above were adopted by the 2021 Annual General Meeting and apply for four years, provided that the Board does not propose an amendment. The Board does not intend to change the guidelines for the 2023 Annual General Meeting.

PARENT COMPANY

Revenues, profit, and financial position

The parent company SynAct Pharma AB (publ) owns and manages the shares in SynAct Pharma ApS and TXP Pharma AG (as of January 16, 2023). SynAct Pharma AB was registered on 12 April 2016 in connection with the preparations for the initial stock market introduction.

During 2022, management fees were charged within the group. In the parent company, SEK 5,144 (1,637) thousand have been reported as net sales and SEK 3,615 (-) thousand as administrative costs. The parent company's operating expenses amount to SEK 25,815 (12,598) thousand.

During the year, unconditional shareholder contributions have been provided to SynAct Pharma ApS with SEK 109,220 (50,000) thousand. The year's profit amounted to SEK -130,970 (-60,966) thousand.

Cash and cash equivalents at the end of the year amounted to SEK 88,250 (19,849) thousand and equity has increased to SEK 111,127 (40,404) thousand.

Financial risks

The parent company's financial risks essentially coincide with those of the group.

The share

As of 31 December 2022, the total number of shares outstanding amounted to 29,648,457 (26,006,295). All shares are ordinary shares and have equal rights to the company's profits, and each share entitles to one vote at the annual general meeting. At the annual general meeting, each person entitled to vote may vote for the full number of owned or represented shares without limitation in the number of votes.

The quota value of the shares is SEK 0.125 per share. According to the articles of association, the number of shares must be a minimum of 14,400,000 and a maximum of 57,600,000.

On July 12, 2022, the share was introduced for trading on Nasdaq Stockholm under the ticker SYNACT. Since the IPO in 2016 and until the listing on Nasdaq, the share was listed on the Spotlight Stock Market.

Ownership on December 31, 2022

The ten largest owners at the end of the year were: Bioinvest ApS 12.7%, Avanza Pension 6.4%, Nordnet Pensionsförsäkring 5.0%, Thomas von Koch 3.8%, Torbjørn Bjerke 2.8%, Handelsbanken fonder 1.1 %, Robert Sahlin 1.0%, Henrik Stage 0.9%, Swedbank Försäkring 0.9% and Per Granath 0.8%.

Own shares

SynAct Pharma AB does not own any shares of the Company.

Authorization

At the annual general meeting in May 2022, the board was authorized to, until the next annual general meeting, on one or more occasions, with or without deviation from the shareholders' pre-emptive rights and with or without conditions regarding in-kind, set-off or other conditions, decide on new issue of shares, issue of convertibles and/ or issue of warrants. The reason for deviating from the shareholders' pre-emptive right is to enable the Company to acquire working capital, to carry out business acquisitions or acquisitions of operating assets and to enable issues to industrial partners within the framework of collaborations and alliances.

The total number of shares that can be issued (alternatively added through the conversion of convertibles and/or the exercise of warrants) may amount to a maximum of 7,092,625, which corresponds to a dilution of approximately 20 percent calculated on the number of outstanding shares in the Company after the completion of the rights issue decided by the board on March 28, 2022.

To the extent that the issue takes place with a deviation from the shareholders' pre-emptive rights, the issue must take place on market terms.

A similar authorization had previously been given by the shareholders at the previous year's annual general meeting in May 2021.

Share issue

Rights issue

With the support of the authorization from the annual general meeting on May 21, 2021, SynAct Pharma AB's board decided on March 28, 2022, on a new share issue with preferential rights for existing shareholders at a subscription price of SEK 63 per share, which brought the Company approximately SEK 150 million before issue costs.

Through the rights issue, the number of shares and votes in the company increased by 2,364,208 to 28,370,503 and the share capital increased by SEK 295,526 to SEK 3,546,313.

Directed issue

With the support of the authorization from the annual general meeting on May 20, 2022, SynAct Pharma AB's board decided on December 12, 2022, to carry out a directed share issue of 1,277,954 shares at a subscription price of SEK 62.60 per share to companies controlled by Thomas von Koch and Christian Kinch. The directed new issue brought the Company a total of SEK 80 million before deductions for costs related to the issue.

Through the directed new issue, the number of shares and votes in the Company increased by 1,277,954 from 28,370,503 to 29,648,457 and the share capital increased by SEK 159,744.25 from SEK 3,546,312.875 to SEK 3,706,057.125.

Dividend policy

The Company has so far not paid any dividends and there are no guarantees that a dividend will be proposed or decided on in the Company for a given year. The Company does not plan to pay any dividends soon. Proposals for possible future dividends will be decided by the board of SynAct and then presented for decision at the annual general meeting. The Company has not adopted a dividend policy.

Proposed appropriation of profits

The annual general meeting has the following funds at its disposal:

Unrestricted equity of the parent company	SEK (thousand)
Other paid-in capital	371,624
Retained earnings	-133,233
Profit for the period	-130. 970
Total unrestricted equity of the parent company	**107,421**

The board proposes that no dividend be paid for the financial year 2022 and that available funds are carried forward.

Significant events during the year and after the reporting period

Quarter 1 (January – March)

- In January, Patrik Renblad was appointed Chief Financial Officer. The predecessor, Henrik Stage, remained associated with the company as senior advisor to the CEO until end of June.
- The Board of Directors (BoD) was strengthened through the election of Kerstin Hasselgren as a new member of the board at an Extraordinary General Meeting in March.
- Also in March, the Company announced a rights issue of 150 MSEK before issuing expenses to fund the future development to the lead compound, AP1189.

Quarter 2 (April – June)

- In May, SynAct completed clinical pharmacokinetic testing of the tablet formulation of AP1189, enabling it to be used in the subsequent clinical development of the candidate. The Annual General Meeting resolved, in accordance with the Nomination Committee's proposal on the re-election of Torbjørn Bjerke, Thomas Jonassen, Terje Kalland, Uli Hacksell, Marina Bozilenko and Kerstin Hasselgren. John Haurum did not stand for re-election. Torbjørn Bjerke was re-elected as chairman of the BoD.
- In June, the Clinical Trial Application (CTA) for the Phase 2b study in treatment naïve RA patients (EXPAND) was submitted and feedback from the US Food and Drug Administration (FDA) on the Company's pre-IND process for AP1189 was received. The Company's application for listing of the shares at Nasdaq Main Market in Stockholm was approved.

Quarter 3 (July – September)

- The CTA for EXPAND was approved in August and the first patient was enrolled into the study in September. Resomelagon was proposed as the international non-proprietary name of the AP1189 molecule.
- The amended protocol for the Phase 2a study in idiopathic Membranous Nephropathy (iMN) was submitted in July and approved in September.
- In September, the Investigational New Drug (IND) Application for AP1189 was submitted to the US FDA.

Quarter 4 (October – December)

- SynAct received clearance from the FDA on the IND for AP1189 in November and initiated dosing in the Phase 2a/b study on a subgroup of RA patients with inadequate response to treatment with disease modifying anti-rheumatic drugs (DMARD-IR) with AP1189 in December.
- In December, SynAct carried out a directed issue of 80 MSEK to Thomas von Koch and Christian Kinch. The Company also announced the proposed acquisition of the private Swiss biotechnology company, TXP Pharma AG.

Quarter 1 - 2023 (January – March)

- On January 12, an extraordinary general meeting was held at Medicon Village in Lund. The acquisition of TXP Pharma AG and the related issue of new shares was unanimously approved by the meeting. In addition, an employee stock option program was approved.
- In February, SynActs announced that the current CFO, Patrik Renblad, has resigned and will leave the company. Recruitment of a new CFO has begun.
- During the month of March, the company's patent portfolio was further strengthened by the granting of one of the TXP patents in Canada and by another TXP patent family entering the national phase. In the same month, SynAct announced the date and place (May 5 and Stockholm) for the announced capital market day. Resomelagon became the recommended non-proprietary generic name (INN) for the lead drug candidate, AP1189.

Quarter 2 - 2023 (April – June)

- On April 3, the current chairman of the board, Torbjørn Bjerke, was appointed as the new CEO with effect from the annual general meeting on May 25, 2023. He succeeds Jeppe Øvlesen, who has been CEO since 2015. In addition, it was announced that the nomination committee proposes that the current board member Uli Hacksell be elected as the new chairman and Thomas von Koch as a new board member in SynAct at the annual general meeting in May.

CONSOLIDATED INCOME STATEMENT

SEK (thousand)	Note	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31
Net sales		–	–
Gross profit		–	–
Research and development costs	9	-70,067	-60,490
General and administration costs	6,8,9	-35,611	-16,225
Other operating income	5	105	157
Other operating expenses	5	-133	-141
Operating income	**7**	**-105,705**	**-76,699**
Financial income	10	58	–
Financial expenses	11	-1,418	-110
Profit after financial items		**-107,065**	**-76,809**
Tax on profit/loss for the year	12	7,860	7,505
Profit for the period attributable to the shareholders of Synact Pharma AB		**-99,205**	**-69,304**
Earnings per share, basic and diluted (SEK)	13	-3.60	-2.68

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK (thousand)	Note	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31
Profit for the year		**-99,205**	**-69,304**
Other comprehensive income			
Items reclassifiable to profit or loss			
Exchange rate difference from conversion of foreign operations	21	3,164	-94
Other comprehensive income after tax for the year		**3,164**	**-94**
Comprehensive income attributable to the shareholders of Synact Pharma AB		**-96,041**	**-69,398**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	2022-12-31	2021-12-31
NON-CURRENT ASSETS			
Right-of-use assets	4,8	2,095	3,179
Financial non-current assets	14,15, 25	270	274
Total non-current assets		**2,365**	**3,454**
CURRENT ASSETS			
Tax credit		8,231	7,564
Other current receivables	17	6,464	3,107
Prepaid expenses	18	17,293	247
Cash and cash equivalents	19	108,245	23,997
Total current assets		**140,232**	**34,916**
TOTAL ASSETS		**142,597**	**38,369**

EQUITY AND LIABILITIES	Note	2022-12-31	2021-12-31
EQUITY	21		
Share capital		3,706	3,251
Other paid-in capital		394,839	193,602
Reserves		2,765	-399
Retained earnings/losses including net profit		-274,790	-175,585
Total quity attributable to shareholders of Synact Pharma AB		**126,520**	**20,869**
NON-CURRENT LIABILITIES			
Lease liabilities	8	1,064	2,110
Total non-current liabilities		**1,064**	**2,110**
CURRENT LIABILITIES			
Accounts payable	15,16	4,723	4,254
Lease liabilities	8	1,000	979
Other current liabilities	22	4,381	2,267
Accured expenses	23	4,909	7,889
Total current liabilities		**15,013**	**15,390**
TOTAL EQUITY AND LIABILITIES		**142,597**	**38,369**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK (thousand)	Note	Share capital	Other paid-in capital	Reserves	Retained earnings/losses including net profit	Total
Opening equity 2021-01-01		**3,051**	**119,401**	**-304**	**-106,281**	**15,868**
Profit for the year		–	–	–	-69,304	-69,304
Other comprehensive income		–	–	-94	–	-94
Comprehensive income for the year		**–**	**–**	**-94**	**-69,304**	**-69,398**
Transactions with owners:						
New share issue		200	79,800	–	–	80,000
Issue costs		–	-5,600	–	–	-5,600
Total transactions with owners		**200**	**74,200**	**–**	**–**	**74,400**
Closing equity 2021-12-31	**21**	**3,251**	**193,602**	**-399**	**-175,585**	**20,869**
Opening equity 2022-01-01		**3,251**	**193,602**	**-399**	**-175,585**	**20,869**
Profit for the year		–	–	–	-99,205	-99,205
Other comprehensive income		–	–	3,164	–	3,164
Comprehensive income for the year		**–**	**–**	**3,164**	**-99,205**	**-96,041**
Transactions with owners:						
New share issue		455	228,490	–	–	228,945
Issue costs		–	-27,252	–	–	-27,252
Total transactions with owners		**455**	**201,238**	**–**	**–**	**201,693**
Closing equity 2022-12-31	**21**	**3,706**	**394,839**	**2,765**	**-274,790**	**126,520**

Equity as a whole is attributable to the shareholders of the parent company.

CONSOLIDATED STATEMENT OF CASH FLOW

SEK (thousand)	Note	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31
Cash flow from operations			
Operating income		-105,705	-76,699
Adjustments for non-cash items	19	712	88
Interest received		47	–
Interest paid		-119	-110
Corporate income tax received		7,860	4,625
Cash flow from operations before change in working capital		**-97,206**	**-72,096**
Cash flow from change in working capital			
Change in operating receivables	17,18	-19,313	-1,210
Change in accounts payable		182	1,436
Change in operating liabilities	22,23	-1,218	6,872
Cash flow from operating activities		**-117,555**	**-64,997**
Investment activities			
Investments in financial non-current assets	14	27	-6
Cash flow from investment activities		**27**	**-6**
Financing activities			
New share issue		228,945	80,000
Issue costs		-27,252	-5,600
Amortization of lease liabilities	19	-981	-77
Cash flow from financing activities		**200,712**	**74,323**
Cash flow for the year		**83,184**	**9,319**
Cash and cash equivalents at the beginning of the year		**23,997**	**14,548**
Exchange rate differences in cash and cash equivalents		1,063	130
Cash and cash equivalents at the end of the year	**19**	**108,245**	**23,997**

NOTES - GROUP

NOTE 1 – GENERAL INFORMATION

This annual report and consolidated financial statements include the Swedish parent company SynAct Pharma AB (publ) ("SynAct" or the "Parent Company"), corporate registration number 559058-4826 and its subsidiaries (collectively, the "Group"). The Group's main business is to conduct the development of pharmaceuticals. The Parent Company is listed on Nasdaq Stockholm, with ticker SYNACT, since July 2022.

The Parent Company is a limited liability company registered with its registered office in Lund, Sweden. The address of the head office is Scheelevägen 2, 223 81 Lund, Sweden.

The financial statements for SynAct Pharma, for the financial year ending 31 December 2022, have been approved by the board and the CEO on April 12, 2023, and will be submitted to the Annual General Meeting on May 25, 2023, for approval.

NOTE 2 - SUMMARY OF KEY ACCOUNTING POLICIES FOR THE GROUP

Applied regulations
The consolidated financial statements have been prepared in accordance with international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB) as established by the European Union (EU). In addition, the consolidated financial statements follow the recommendation of the Swedish Financial Reporting Council RFR 1, "Supplementary accounting rules for groups".

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the Group's financial statements. The Group's accounting policies have been applied consistently by the Group's companies.

New or changed accounting standards during the financial year
None of the changes published are deemed to have a material effect on the Group's or the Parent Company's financial statements.

Other new or amended standards or interpretations published by the IASB are not expected to have a material impact on the Group's or the parent's financial statements.

Functional currency and reporting currency
The functional currency of the Parent Company is SEK, which also constitutes the reporting currency for the Parent Company and for the Group. This means that the financial statements are presented in SEK. All amounts are, unless otherwise stated, rounded to the nearest thousands of SEK.

Valuation basis and classification
The consolidated financial statements have been prepared in accordance with the cost method.

Fixed assets and long-term liabilities consist essentially of amounts expected to be recovered or paid after more than 12 months from the balance sheet date. Current assets and current liabilities consist essentially of amounts expected to be recovered or paid within 12 months of the balance sheet date.

Consolidation
The consolidated financial statements include the Parent Company and all companies that are under control from the Parent Company. Controlling influence means that the parent company has influence over the investee, that the parent company is exposed to, or is entitled to, variable returns from its involvement in the investee and can use its influence over the investee to influence its return, which normally means that the parent company owns more than half of the voting rights for all shares and participation right. Subsidiaries' financial statements are included in the consolidated financial statements from the acquisition date until the date on which control ceases.

Intra-group transactions, balance sheet items, income, costs and unrealized gains and losses on transactions between group companies are eliminated.

Business combinations
Business combinations are recognized according to the acquisition method. The method implies that the acquisition of a business is considered a transaction in which the Group indirectly acquires the assets of an operating group and assumes its liabilities. The acquisition analysis determines the fair value on the acquisition date of acquired identifiable assets and liabilities and any non-controlling interests. Transaction expenses, except for transaction expenses attributable to the issuance of equity instruments or debt instruments, attributable to the acquisition are recognized as an expense in profit or loss for the year. In the case of business combinations where transferred remuneration exceeds the fair value of the acquired company's net assets, the difference is recognized as goodwill.

Foreign currency
Transactions in foreign currency
Transactions in foreign currency are converted into the functional currency at the exchange rate available on the day of the transaction. Monetary assets and liabilities denominated in foreign currency are converted into the functional currency at the exchange rate at the balance sheet date. Exchange differences arising from the translation are recognized in profit or loss for the year. Exchange gains and losses on operating receivables and operating liabilities are recognized in operating profit, while exchange gains and losses on financial receivables and liabilities are recognized as financial items.

Currency translation of foreign operations
Assets and liabilities in foreign operations are converted from the functional currency of the foreign operation to the Group's reporting currency, SEK, at the exchange rate prevailing on the balance sheet date. Revenues and costs in a foreign operation are converted into SEK at an average rate that constitutes an approximation of the exchange rates that existed at the respective transaction time. Translation differences arising

from foreign exchange translation of foreign operations are recognized in other comprehensive income and accumulated in a separate component of equity, called translation reserve. On divestment the accumulated translation differences attributable to the business are realised by a foreign operation, reclassifying them from comprehensive income to profit or loss for the year.

Revenue from contracts with customers
The Group does not currently report any revenue from the sale of goods as market approval has not yet been obtained for the Group's products.

Financial income
Financial income consists of interest income and foreign exchange gains. Interest income is recognized in accordance with the effective interest method. The effective interest rate is the interest rate that discounts the estimated future deposits and disbursements over the expected maturity of a financial instrument to the net carrying amount of the financial asset or liability. The calculation includes all fees paid or received by the contracting parties that are part of the effective interest rate, transaction costs and all and sub courses. Dividends received are recognized when the right to receive dividends is established. Foreign exchange gains and losses are recognized net.

Research and development expenses
Research and development expenses mainly consist of costs for the Group's development projects, including the development of the Group's drug candidates. The Group reports external development expenses based on an evaluation of determination rates using information provided by the Group's suppliers. For clinical studies, which make up a large part of the Group's development expenses, the phase-out rate is calculated based on an assessment of how many subjects (patients) are active or have completed the current study. Payments to contract suppliers for these activities are based on the terms of the individual agreements, and may differ from when the cost occurred, which is reflected in the Group's financial statements as a prepaid expense or an accrued expense.

General and administration expenses
General and administrative expenses consist of salaries and other related expenses for employees in the Group's management function as well as functions for finance, corporate governance, business development and other administrative functions. General and administrative expenses also include fees for services related to legal issues, accounting, auditing, tax and advice, travel expenses as well as costs for rent and other operating expenses.

Remuneration to employees
Short-term benefits
Short-term employee benefits such as salary, social security contributions, holiday pay and bonuses are expensed in the period when employees perform the services. A provision for estimated bonus payments is recognized when the Group has a legal or constructive obligation to make such payments as a result of the services in question having been received from the employees and provision can be calculated reliably.

Pension
Within the Group, there are only defined contribution pension plans. Defined contribution pension plans mean that the Group pays contributions to a separate legal entity and the value change risks until the funds are paid fall on the employee. Thus, the Group has no further obligations after the fees have been paid. The pension costs for defined contribution pension plans are charged to earnings as employees perform their services. The obligations are calculated without discounting as payments for all plans are due within 12 months.

Compensation in the event of termination
A severance cost in connection with dismissals of personnel are reported only if the company is demonstrably obliged, without realistic possibility of withdrawal, of a formal detailed plan to terminate an employment for the normal time. When benefits are provided as one offer to encourage voluntary retirement, a cost is recognized if it is likely that the offer will be accepted and the number of employees who will accept the offer can be reliably appreciated.

Share-based payments
At the Extraordinary General Meeting of SynAct Pharma AB on January 12, 2023, it was resolved in accordance with the Board's proposal to implement an employee option program for two senior executives and one other employee of the company. See Note 26, Events after the end of the period.

Financial expenses
Financial costs consist mainly of interest expense on loans and foreign exchange losses. Interest expense on loans is recognized according to the effective interest method. Foreign exchange gains and losses are recognized net.

Taxes
Income taxes consist of current tax and deferred tax. Income taxes are recognized in profit or loss for the year, except where the underlying transaction has been recognized in other comprehensive income or in equity, whereby the associated tax effect is recognized in other comprehensive income and in equity, respectively.

Current tax is tax to be paid or received in respect of the current year, applying the rates that are decided or effectively decided at the balance sheet date. Current tax also includes adjustment of current tax attributable to previous periods.

Deferred tax is recognized on all temporary differences arising between the tax base of assets and liabilities and their carrying amounts. Temporary differences attributable to shares in subsidiaries that are not expected to be returned in the foreseeable future are not taken into account.

The valuation of deferred tax is based on how underlying assets or liabilities are expected to be realized or settled. Deferred tax is calculated using the tax rates and tax rules decided or announced at the balance sheet date and expected to apply when the relevant deferred tax asset is realized, or the deferred tax liability is settled. Deferred tax liabilities and tax assets are set off as far as possible within the framework of local laws and regulations for taxation.

Deferred tax assets relating to deductible temporary differences and loss losses are recognized only to the extent that they are likely to be recoverable. The value of deferred tax assets is reduced when it is no longer considered likely that they can be used.

Lease agreements
At the conclusion of the agreement, the Group assesses whether it is a lease, that is, whether the agreement contains the right to control the use of an identified asset for a specified period of time in exchange for compensation. Except for short-term leases and low-value leases, the Group reports lease liabilities for future remaining lease payments and right-of-use assets that represent the right to use underlying assets.

The Group's leases ultimately consist of leases for premises.

Right-of-use assets
The Group reports right-of-use assets at the start date of the lease, at the time the underlying asset is available for use. Rights-of-use assets are measured at cost less accumulated depreciation and any impairment losses and are adjusted for any revaluation of lease liabilities. The cost of beneficial assets includes the amount of carrying lease liabilities, initial direct expenses and lease payments paid at or before the commencement date, less any benefits received in connection with the subscription of the lease.

Rights of use assets are depreciated on a straight-line basis over the estimated lease term of the asset, which is currently three years for the Group.

Lease liabilities
The Group recognizes lease liabilities calculated at the present value of all remaining lease payments over the estimated useful life at the commencement date. Lease payments consist of fixed fees less any leasing incentives that may be obtained and variable lease payments that are dependent on an index or interest rate. When calculating the present value of all remaining lease payments, the Group uses its marginal loan interest rate at the commencement date, since the interest rate implicit in the lease cannot be easily determined. After the commencement date, the lease liability is increased to reflect the interest rate and reduced for the lease payments paid. The carrying amount of lease liabilities is revalued in the event of any changes in the lease term or lease payments (including indexation).

Intangible assets
Intangible assets acquired separately are carried at cost less accumulated depreciation and any impairment losses. Intangible assets are depreciated systematically over the estimated useful life of the asset. The useful life is reviewed at each financial statement and adjusted as necessary. When determining the depreciable amount of the assets, the residual value of the asset is taken into account, where appropriate.

Capitalized expenditure on development work
Development expenditure is capitalized when it meets the criteria for capitalization, according to IAS 38, p.57:

- it is technically possible to complete the product so that it can be used,
- the intention is to complete the product and to use or sell it,
- there are conditions for using or selling the product,
- it can be shown how the product generates likely future economic benefits,
- adequate technical, financial and other resources to complete the development and to use or sell the product are available, and
- expenses attributable to the product during its development can be reliably calculated.

The most important criteria for activation is that the final product of the development work has a demonstrable future earnings or cost savings and that there are technical and financial conditions to complete the development work. Otherwise, development expenses and research expenses are recognized as operating expenses.

Impairment of non-financial assets
Assets that have an indeterminate useful life are examined at least annually for any need for impairment and when there is an indication of impairment. Assets that are depreciated are assessed for decline in value whenever events or changes in conditions indicate that the carrying amount is not recoverable.

An impairment loss is made in the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the asset less the cost of sales and its value in use. When assessing impairment requirements, assets are grouped at the lowest levels where there are separate identifiable cash flows (cash-generating units).

Previously reported impairment losses are reversed if the recoverable amount is deemed to exceed the carrying amount. However, reversals do not take place in an amount greater than the carrying amount of what it would have been if impairment had not been recognized in previous periods. However, impairment of any goodwill is never reversed.

Financial assets and liabilities
Financial instruments are any form of agreement that gives rise to a financial asset in one entity and a financial liability or equity instrument of another entity. Financial instruments are classified at initial recognition, including based on the purpose for which the asset was acquired and managed. This classification determines the valuation of the instruments.

Classification and valuation of financial assets
The Group's financial assets consist of long-term receivables, other current receivables and cash and cash equivalents, all of which are classified at amortized cost.

Classification and valuation of financial liabilities
Financial liabilities are classified at amortized cost. Financial liabilities carried at amortized cost are initially measured at fair value, net of transaction costs. After the initial recognition, they are measured at amortized cost using the effective interest rate method. All of the Group's financial liabilities (accounts payable and other current liabilities) are classified at amortized cost.

During the financial year or comparison year, the Group has not held any financial instruments measured at fair value, either by earnings or other comprehensive income.

Accounting and write-off
A financial asset or financial liability is included in the balance sheet when the company becomes a party under the contractual terms of the instrument. Liability is recognised when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not yet been received.

A financial asset is removed from the balance sheet when the rights in the agreement are realized, mature, or the group of companies loses control over them. The same applies to part of a financial asset. A financial liability is removed from the balance sheet when the obligation in the contract is fulfilled or otherwise extinguished. The same applies to part of a financial liability.

Gains and losses from removal from the balance sheet are recognized in the profit and loss.

A financial asset and financial liability are offset and recognized with a net amount in the balance sheet only when there is a legal right to set off the amounts and that there is an intention to settle the items with a net amount or to simultaneously realize the asset and settle the liability.

Impairment of financial assets
The Group's impairment model is based on expected credit losses and takes forward-looking information into account. A loss provision is made when there is an exposure to credit risk. Expected credit losses have been deemed to be immaterial, as the company's financial assets consist in all material respects of bank balances with banks with high credit ratings.

Cash and cash equivalents
Cash and cash equivalents consist of cash and cash equivalents and immediately available balances with banks and equivalent institutions.

Equity
Ordinary shares, other contributed capital and balanced income are classified as equity. Financial instruments that are deemed to meet the criteria for classification as equity are recognised as equity even if the financial instrument is legally designed as a liability. Transaction costs directly attributable to the issue of new shares are recognized net of tax in equity as a deduction from the issue proceeds. Exchange rate differences arising from the translation of financial statements from foreign operations are classified as reserves in equity.

Warrants
The Group has only issued warrants that have been transferred at fair value. Received premiums for issued warrants to acquire shares in companies within the group are recognized as a contribution to equity, based on the option premium, at the date the warrant is transferred to the counterparty. The Group has not had any outstanding warrants during 2022.

Provisions
A provision differs from other liabilities in that there is uncertainty about the time of payment or the amount of the amount to settle the provision. A provision is recognised in the balance sheet when there is an existing legal or informal obligation because of an event occurring, and it is likely that a flow of financial resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are made with the amount that is the best estimate of what is required to settle the existing obligation at the balance sheet date. Where the effect of when payment is made is material, provisions are calculated by discounting the expected future cash flow.

Contingent liabilities
A contingent liability is recognized when there is a possible commitment arising from events that have occurred and whose occurrence is confirmed by one or more uncertain future events or when there is an obligation that is not recognized as a liability or provision because it is unlikely that an outflow of resources will occur.

Earnings per share
The calculation of earnings per share is based on profit for the period in the Group attributable to the parent company's shareholders and on the weighted average number of ordinary shares outstanding during the year. When calculating diluted earnings per share, earnings and the average number of shares are adjusted to consider the effects of diluting potential ordinary shares. To the extent that dilution would result in diluted earnings per share being higher than earnings per share before dilution, or the loss per share being lower than the loss per share before dilution, earnings are not adjusted.

Cash flow
The cash flow statement is prepared according to the indirect method. The cash flow recognized includes only transactions that have resulted in cash or cash payments, broken down by operating, investment and financing activities. Cash flows from receipts and payments are recognised gross, with the exception of transactions consisting of large amounts of deposits and payments relating to items that are traded rapidly and have a short maturity.

NOTE 3 - ASSESSMENTS AND ESTIMATES

The essential assumptions regarding future and essential sources of uncertainty in assessments and estimates at the time of reporting have a substantial risk of implying essential adjustments to valuation of assets and liability in the coming financial year. The Group has based its assumptions and estimates on available parameters when the consolidated accounts were established.

Preparing the financial statements in accordance with IFRS requires management to make assessments and estimates and make assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, income and expenses. Actual outcome may differ from these estimates.

The estimates and assumptions are evaluated on an ongoing basis. Changes in estimates are recognized in the period in which the change is made if the change only affected that period, or in the period in which the change is made and future periods if the change affects both current and future periods.

Time of activation of intangible assets
The Group's leading pharmaceutical project, AP1189, is in the development phase called Phase 2. This means that it has passed the first stage of clinical development, Phase 1, where the safety of the drug candidate is evaluated. AP1189 has been tested in a number of Phase 2 studies and was actively tested in three Phase 2 studies at the end of the financial year. Phase 2 means that the preparation is tested in patients to evaluate safety and efficacy. Phase 3 studies are the last, with most often, pivotal studies of the drug in a large number of patients.

Activation of drug development expenses usually takes place at a late stage of Phase 3, or in connection with the submission of the registration application, depending on when the criteria are deemed met. The reason for this is that it is too uncertain before that whether it is technically possible to complete a commercializable product.

Overall, the risk in the AP1189 project is high. The risk consists of, among other things, safety and efficacy-related risks that may arise in clinical studies, regulatory risks related to applications for approval of clinical studies and market approval, as well as IP risks related to the approval of patent applications and the maintenance of patents.

All development work is therefore considered from an accounting point of view to be research because the work does not meet the criteria listed above. As of December 31, 2022, no development expenses have been recognized as intangible assets in the balance sheet as all the above criteria for activation have not been deemed to be met.

Clinical studies
Clinical studies constitute a significant part of the Group's costs. The phase-setting rate of an individual study is an essential assessment. As support, the Group uses a model that, based on a number of parameters, such as the time of the first and last subject's first and last treatment, respectively, distributes the study's total estimated cost per month.

Losses carried forward
The Company's losses carried forward have not been valued and are not recognized as deferred tax assets. These losses carried forward are only reported when the Group has established a level of earnings that management deem is likely to lead to taxable profits. See also Note 12 - Tax on profit for the year.

The principle of going concern
Through the directed share issue in December 2022, the Company received approximately SEK 76.3 million after deduction of issue costs. It is the Board's assessment that this capital injection, together with existing working capital and tax credits received in Denmark, is sufficient to finance the planned studies with AP1189, other research and development activities and the operation of the company until mid-2024.

NOTE 4 - OPERATING SEGMENT

An operating segment is a part of the Group that conducts operations from which it can generate revenue and incur costs and for which independent financial information is available. Identification of reportable segments is based on internal reporting to the chief executive decision-maker, which for the Group is the CEO. In this reporting, the Group is a segment.

Of the Group's fixed assets in the form of right-of-use assets, SEK 1,770 thousand belong to Denmark and SEK 325 thousand to Sweden.

NOTE 5 - OTHER OPERATING INCOME AND OPERATING EXPENSES

	Group 2022	Group 2021
Other operating income		
Re-invoicing of rental costs	–	157
Other compensation and income	105	–
Total	**105**	**157**

	Group 2022	Group 2021
Other operating expenses		
Exchange rate differences	-133	-141
Total	**-133**	**-141**

NOTE 6 - FEES TO AUDITORS

	Group 2022	Group 2021
KPMG		
Audit fees	596	–
Other audit activities	70	–
Other services	–	–
Total	**666**	**-**
Mazars AB		
Audit fees	86	514
Other audit activities	200	149
Tax services	83	-
Total	**369**	**663**
Total	**1,035**	**663**

Audit assignments refer to statutory audits of the annual accounts and accounts, as well as the management of the Board of Directors and the CEO, as well as audits carried out in accordance with contract or agreement. This includes other duties that it is up to the company's auditor to perform as well as advice or other assistance arising from observations during such review or the performance of such other duties.

Other audit activities are those services under specific agreement on financial statements.

NOTE 7 - COSTS PER COST TYPE

	Group 2022	Group 2021
External expenses	89,058	70,260
Employee expenses	16,619	6,455
Other operating expenses	133	141
Total	**105,810**	**76,856**

NOTE 8 - LEASES

The Group's lease agreements, consisting of right-of-use assets, relate to office premises. Right-of-use are amortized on a straight-line basis over the asset's estimated leasing period, which is currently three years for the Group.

The leases are short-term leases between 3-6 months and can be extended unless one of the parties terminates the lease with 1-3 months' notice. SynAct Pharma intends to extend the lease period during the estimated period of three years, thus the agreements are deemed to be right-of-use assets.

Future leasing fees are linked to the development in the index, however, there is a minimum level with a 2% increase per year.

	Group 2022-12-31	Group 2021-12-31
Right-of-use assets		
Opening balance	3,267	–
Additional agreements	261	–
Termination of agreements	-711	–
Re-evaluation of agreements	–	3,267
Exchange differences	277	–
Closing balance accumulated aquisition values	**3,094**	**3,267**
Opening balance depriciation	-88	–
Depriciation	-1,064	-88
Termination of agreements	160	–
Exchange differences	-8	–
Closing balance accumulated depreciation	**-1,000**	**-88**
Closing balance booked value	**2,094**	**3,179**

Depreciation of right-of-use assets is included in the income statement in the sub-item General and administration costs of SEK 1,064 thousand.

	Group 2022-12-31	Group 2021-12-31
Lease liabilities		
Non-current lease liabilities	1,064	2,110
Current lease liabilities	1,000	979
Maturity analysis, non discounted future lease liabilities		
<12 months	1,095	1,134
1-2 years	1,119	1,157
>2years	93	1,180
Total	**2,307**	**3,471**

	Group 2022	Group 2021
Interest expenses attributable to lease liabilities	151	15
Costs attributable to short-term lease agreements	–	879
Costs attributable to lease agreements for which the underlying asset is of low value	–	–
Costs attributable to variable lease payments that are not included in lease liabilities	4	19
This year's lease payments in the Group	1,183	856

NOTE 9 - STAFF AND EMPLOYEE EXPENSES

	2022		2021	
Average number of employees	**Number of employees**	**Men**	**Number of employees**	**Men**
Parent company				
Sweden	1	1	1	1
	1	**1**	**1**	**1**
Subsidiaries				
Denmark	3	3	2	1
	3	**3**	**2**	**1**

Salaries and other remuneration, pension costs and social costs to the Board of Directors and senior executives and other employees.

Salaries and other allowances	**2022**	**2021**
Parent company		
The Board of Directors and senior executives	3,569	1,450
Other employees	334	622
Subsidiaries		
Senior executives	8,777	2,903
Other employees	-	485
Total	**12,680**	**5,460**

Social security costs and Pension costs	**2022**	**2021**
Parent company		
Pension costs for the Board and senior executives	152	–
Pension costs for other employees	35	–
Social security costs	644	550
Subsidiaries		
Pension costs for senior executives	824	–
Social security costs	11	3
Total	**1,665**	**553**

Senior executives include the Board of Directors and the CEO and other senior executives.

Gender distribution among the Board and senior executives	**2022**	**2021**
Share of women on the Board of Directors	33%	17%
Share of men on the Board of Directors	67%	83%
Share of women among other senior executives	0%	0%
Share of men among other senior executives	100%	100%

Disclosures regarding remuneration to the Board of Directors and senior executives

2022	Basic salary, board fees	Pension	Variable compensation	Remuneration for position	Other compensation	Total
Chairman						
Torbjørn Bjerke[1]	419	–	–	–	525	944
Board members						
Kerstin Hasselgren	300	–	–	–	–	300
Terje Kalland	225	–	–	–	–	225
Uli Hacksell	250	–	–	–	–	250
Marina Bozilenko	250	–	–	–	–	250
Senior executives						
CEO	3,327	329	-	–	–	3,655
Other senior executives (4)[2]	6,782	648	794	2,825	–	11,048
of which in subsidiary	*8,340*	*824*	*437*	*2,825*	–	
Total	**11,552**	**976**	**794**	**2,825**	**525**	**16,673**

2021	Basic salary, board fees	Pension	Variable compensation	Remuneration for position	Other compensation	Total
Chairman						
Torbjørn Bjerke[1]	425	-	-	–	654	1,079
Board members						
John Haurum	300	-	-	–	167	467
Terje Kalland	225	-	-	–	-	225
Thomas Jonassen[2]	–	-	-	1,940	-	1,940
Uli Hacksell	250	-	-	–	-	250
Marina Bozilenko	250	-	-	-	-	250
Senior executives						
CEO[2]	–	–	–	1,942	-	1,942
Other senior executives (4)[2]	955	–	–	2,704	2,167	5,826
of which in subsidiary	–	–	–	*3,554*	-	-
Total	**2,405**	**–**	**–**	**6,586**	**2,988**	**11,978**

Remuneration of senior executives
Remuneration to the CEO and other senior executives consists of basic salary and in 2021 remuneration such as consulting fees and basic salary. Other senior executives refer to the 4 (4) persons who, together with the CEO, constituted Group management. Other senior executives refer to Chief Financial Officer, Chief Scientific Officer, Chief Business Officer and Chief Operating Officer.

1) Other compensation
Purchased services from Torbjørn Bjerke via UST Leadership AB amounting to SEK 525 (654) thousand. In 2021, purchased services from John Haurum via the company JSH BioTECH ApS amounting to SEK 167 thousand and severance pay for CMO.

2) Fees invoiced through own company for senior executives i SynAct Pharma
Fee for CBO via the company James Knight Consulting Inc amounts to SEK 2,825 (573) thousand. In 2021, CEO Jeppe Øvlesen invoiced via the company Corporate Culture ApS and CSO Thomas Jonassen via the company TJ Biotech ApS. In addition, CFO through the company Next Stage Ventures ApS amounts to SEK 1,550 thousand, of which SEK 655 thousand is invoiced to the subsidiary and SEK 895 thousand invoiced to the parent company, of which SEK 212 thousand is other remuneration. Fees for COO via the company Boesen Consult ApS amounting to SEK 799 thousand, of which SEK 7 thousand is other remuneration.

NOTE 10 - FINANCIAL INCOME

	Group 2022	Group 2021
Other interest income	47	–
Exchange rate differences	11	–
Total	**58**	**–**

All financial income is attributable to financial assets valued at amortized cost.

NOTE 11 - FINANCIAL EXPENSES

	Group 2022	Group 2021
Other interest expense	-294	-105
Exchange rate differences	-1,124	-5
Total	**-1,418**	**-110**

All financial expenses are attributable to financial liabilities measured at amortized cost.

NOTE 12 - TAX ON PROFIT FOR THE YEAR

	Group 2022	Group 2021
Current tax[1]	7,860	7,505
Reported tax	**7,860**	**7,505**
Reconciliation of effetive tax rate		
Profit before tax	-107,065	-76,809
Tax at the current tax rate for the Parent Company 20,6% (20,6%)	22,055	15,823
Tax effect of:		
- other tax rates for foreign subsidiaries	1,113	922
- deductible costs reported in equity	5,614	1,154
- tax deduction for research and development costs	4,404	3,515
- non-deductible costs	-847	-39
- non-deductible income	10	-
- temporary differences for which deferred tax is not reported	-340	-413
- increase in loss deduction without corresponding activation of deferred tax	-24,148	-13,456
Reported tax	**7,860**	**7,505**
Effective tax rate	0%	0%

1) According to Danish tax law (the tax credit scheme), the subsidiary SynAct Pharma ApS can receive a current tax revenue for part of the expenses that are directly attributable to the company's research and development. Offset research and development expenses that entail received tax revenue, reduce the company's tax deficit deduction by the corresponding amount. SynAct Pharma ApS can deduct a maximum of tax deficits attributable to research and development up to DKK 25 million per year. This corresponds to DKK 5.5 million as possible tax revenue, as the tax rate in Denmark is 22%.

The Group has tax deductions for issue costs totaling SEK 27,252 (5,600) thousand that are reported directly in equity. No deferred tax has been recognized for these.

There are tax loss deductions for which deferred tax assets have not been recognized in the balance sheet amounting to SEK 100,588 (51,544) thousand in Sweden and tax loss deductions in Denmark amounting to SEK 138,269 (70,962) thousand and they have no time limit. Deferred tax assets have not been recognized for these items, as it is unlikely that the Group will use them for offsetting future taxable profits.

NOTE 13 - EARNINGS PER SHARE

	Group 2022	Group 2021
Basic and diluted earnings per share		
Profit for the year attributable to shareholders of the Parent Company	-99,205	-69,304
Average number of ordinary shares outstanding	27,585,001	25,848,487
Basic and diluted earnings per share (SEK)	-3.60	-2.68

For the calculation of earnings per share, the weighted average number of ordinary shares outstanding is adjusted.

NOTE 14 - FINANCIAL NON-CURRENT ASSETS

	Group 2022	Group 2021
Opening balance acquisition cost	274	264
Deposit paid	–	128
Deposits refunded	-29	-121
Exchange rate difference	24	3
Reported non-current financial assets	**270**	**274**

Non-current financial assets consists of deposits of DKK 180 thousand.

NOTE 15 - FINANCIAL ASSETS AND LIABILITIES

Financial assets measured at amortized cost	Group 2022-12-31	Group 2021-12-31
Financial assets		
Financial non-current assets	270	274
Other current receivables	1,560	–
Cash and cash equivalents	108,245	23,997
Total	**110,075**	**24,271**

Financial liabilities measured at amortized cost	Group 2022-12-31	Group 2021-12-31
Financial liabilities		
Accounts payable	4,723	4,254
Accrued expenses	4,909	7,889
Total	**9,632**	**12,143**

SynAct Pharma has, in addition to present value calculated lease-related debt of SEK 2.1 million, see Note 8, no financial instruments that are valued and reported at fair value. Financial assets and liabilities valued at accrued acquisition value correspond in substance to fair value.

NOTE 16 - FINANCIAL RISKS

Through its operations, the Group is exposed to different types of financial risks; credit risk, market risks (currency risk, interest rate risk and other price risk) and liquidity risk. The Group's overall risk management focuses on the unpredictability of the financial markets and strives to minimize potential adverse effects on the Group's financial results.

The Group's financial operations and risks are handled centrally by the Parent Company through the Group's CFO and CEO. The overall objective of financial risks is to provide cost-effective financing and settlement management and to ensure that all payment commitments are managed in a timely manner.

The Board of Directors prepares written principles for both overall risk management and for specific areas such as credit risks, currency risks, interest rate risks, refinancing risks, liquidity risks and the use of derivatives and the placement of over-liquidity.

Credit risk

Credit risk is the risk that the Group's counterparty in a financial instrument is unable to fulfil its obligation and thereby cause the Group a financial loss. The Group's exposure to credit risk is related to the credit risk in bank balances in banks with credit rating AA.

Market risks

Market risk is that the risk of fair value or future cash flows from a financial instrument varies due to changes in market prices. The market risk affecting the Group consists of currency risk. At present, the Group does not have any loans or holdings that expose the Group to interest rate risk or other price risk.

Currency risk

Currency risk is the risk that fair value or future cash flows from a financial instrument will vary due to changes in foreign exchange rates. The main exposure stems from the Group's purchases in foreign currencies. This exposure is referred to as transaction exposure. Currency risks are also found in the translation of foreign operations' assets and liabilities into the parent company's functional currency, so-called translation exposure.

Transaction exposure

Transaction exposure from contracted payment flows in foreign currency is limited in the Group. See the table below for exposure in each currency.

Currency exposure 2022 (%)	Operating income	Operating expenses
EUR	-	33%
DKK	-	30%
SEK	-	26%
Other currencies	-	11%

Currency exposure 2021 (%)	Operating income	Operating expenses
EUR	-	26%
DKK	-	50%
SEK	-	18%
Other currencies	-	7%

As can be seen from the table above, the Group's main transaction exposure consists of EUR and DKK. A 10% stronger EUR against SEK would have a negative impact on profit after tax and equity of approximately SEK -4,909 (-1,778) thousand. A 10% stronger DKK against SEK would have a negative impact on profit after tax and equity of approximately SEK -4,449 (-3,459) thousand.

Translation exposure

The Group has a translation exposure that arises from the translation of foreign subsidiaries' earnings and net assets into SEK. The translation exposure is to DKK, where the exposure on the balance sheet date amounts to SEK 50,873 (9,144) thousand. 10% stronger SEK against DKK would have a negative impact on equity of approximately SEK -5,087 (-914) thousand.

The Group also has a translation exposure that arises from the translation of foreign accounts payable into SEK. As of the balance sheet date, this exposure amounts to SEK 1,490 (2,527) thousand in DKK and SEK 2,441 (474) thousand in EUR. A 10% stronger DKK against SEK would have a negative impact on profit after tax and equity of approximately SEK -149 (-253) thousand. A 10% stronger EUR against SEK would have a negative impact on profit after tax and equity of approximately SEK -244 (-47) thousand.

Refinancing risk
Refinancing risk refers to the risk that cash and cash equivalents are not available, and that financing can only be partially or not obtained at all or at an increased cost. The Group is currently financed with new issues, i.e. ownership financing and is thus not exposed to risks related to external loan financing. The main risks therefore relate to the risk of not receiving additional contributions and investments from owners.

Liquidity risk
Liquidity risk is the risk that the Group will have difficulties in fulfilling its obligations related to financial liabilities. The Board manages liquidity risks by continuously monitoring cash flow to reduce liquidity risk and ensure solvency. Given that the Company does not currently have its own earning capacity, the Board conducts long-term work with owners and independent investors to ensure that liquidity is available to the Company when the need arises.

The Group's contractual and undiscounted interest payments and repayments of financial liabilities are shown in the table below. Amounts in foreign currency have been translated into SEK at the closing date's rate. Liabilities have been included in the period when repayment can be required at the earliest.

			2022-12-31
Maturity analysis	**<6 months**	**6-12 months**	**>12 months**
Accounts payable	4,723	–	–
Accrued expenses	2,185	2,724	–

			2021-12-31
Maturity analysis	**<6 months**	**6-12 months**	**>12 months**
Accounts payable	4,254	–	–
Accrued expenses	5,079	2,810	–

Capital management
The Group's goal regarding the capital structure is to secure the Group's ability to continue its operations, so that it can generate returns to shareholders and benefits for other stakeholders and keep the cost of capital down. The company's ability to return depends on the quality and value of generated research results, which is evaluated on an ongoing basis by company management and the Board of Directors.

NOTE 17 - OTHER CURRENT RECEIVABLES

	Group 2022-12-31	Group 2021-12-31
VAT receivables	4,903	2,971
Other receivables	1,560	136
Total	**6,464**	**3,107**

NOTE 18 - PREPAID EXPENSES

	Group 2022-12-31	Group 2021-12-31
Prepaid expenses for R&D	17,069	–
Other prepaid expenses	224	247
Total	**17,293**	**247**

Prepaid costs for research and development refer to initial payments to the CRO that has the main responsibility for the two ongoing studies RESOLVE and EXPAND. Payments are expensed during the course of the studies.

NOTE 19 - CASH AND CASH EQUIVALENTS

	Group 2022-12-31	Group 2021-12-31
Cash		
Available balance	108,245	23,997
Total	**108,245**	**23,997**

Cash relates to bank balance, predominantly in SEK.

	Group 2022-12-31	Group 2021-12-31
Non-cash items in cash flow report:		
Depreciations	1,018	88
Capital gain	-14	–
Unrealized exchange rate differences	-292	–
Total	**712**	**88**

Reconciliation of liabilities from financing activities

	2022-01-01	Cash-Flow	Non-Cash items	2022-12-31
Lease liabilities	3,089	-981	-44	2,065
Total	**3,089**	**-981**	**-44**	**2,065**

Reconciliation of liabilities from financing activities

	2021-01-01	Cash-Flow	Non-Cash items	2021-12-31
Lease liabilities	–	-77	3,166	3,089
Total	**–**	**-77**	**3,166**	**3,089**

NOTE 20 - GROUP COMPANIES

	Main activity	Country	Share 2022	Share 2021
SynAct Pharma AB	Research, development and commercializaiton of pharmaceuticals	Sweden	Parent company	
SynAct Pharma ApS	Research and development of pharma-ceuticals	Denmark	100%	100%,

NOTE 21 - EQUITY

Share capital and other capital contributed

	Number of shares	Share capital	Other capital contributed
By December 31, 2020	**24,406,295**	**3,051**	**119,401**
New share issue resolved Feb 2021	1,600,000	200	74,200
By December 31, 2021	**26,006,295**	**3,251**	**193,601**
New share issue resolved Mar 2022	2,364,208	296	125,124
Directed issue resolved Dec 2022	1,277,954	160	76,114
Per den 31 december 2022	**29,648,457**	**3,706**	**394,839**

Share capital

All shares are fully paid and no shares are reserved for transfer. All shares are ordinary shares, give equal rights to capital and carry one vote. The quota value amounts to SEK 0.125. No shares are held by the company itself or its subsidiaries.

Other capital contributed

Other contributed capital consists of capital contributed by the company's owners, a premium on subscription of shares and other financing that is recognized as equity.

Translation reserve

Reserves refer in full to conversion reserves. The translation reserve includes all exchange rate differences that arise when translating financial statements from foreign operations.

Translation reserve	2022-12-31	2021-12-31
Opening carrying amount	-399	-304
Change of the year	3,164	-94
Closing carrying amount	**2,765**	**-399**

NOTE 22 - OTHER CURRENT LIABILITIES

	Group 2022-12-31	Group 2021-12-31
VAT liability[1]	3,689	1,614
Other current liabilties	691	654
Total	**4,381**	**2,267**

1) SynAct Pharma has previously been denied a deduction for input VAT for the years 2018 and earlier. The Company disputed the Swedish Tax Agency's decision and appealed to the first instance, the Administrative Court. During the process SynAct agreed to pay part of the disputed amount to the Swedish Tax Agency, approximately SEK 2 million, and accrued for the remaining amount of approximately SEK 1.6 million.

In December 2021, the Administrative Court ruled in the Company's favor in the case, whereby deductions were allowed. The Tax Agency appealed the Administrative Court's judgment to the Court of Appeal, which on 6 September 2022 rejected the appeal.

On November 3, 2022, the Tax Agency appealed the Court of Appeal's judgment and applied for leave to appeal in the Supreme Administrative Court (HFD). At the moment, it is unclear whether the case will be taken up for review on its merits because the HFD has not yet made a decision regarding the leave to review.

The company has continued to reserve for the full amount of VAT and tax surcharges of SEK 3,689 (1,614) thousand as another short-term liability in the financial reporting pending a final judgment. The change since the previous year is due to the fact that at the beginning of 2022, after the judgment in the Administrative Court, the Tax Agency refunded the part of the dispute that the Company had previously paid.

NOTE 23 - ACCRUED COSTS AND DEFERRED INCOME

	Group 2022-12-31	Group 2021-12-31
Accrued salary and fees	2,724	2,810
Accrued expenses related to R&D	636	3,933
Other accrued expenses	1,549	1,146
Total	**4,909**	**7,889**

The change in accrued R&D costs since the comparison period is mainly due to lower provisions for R&D personnel costs (severance pay).

NOTE 24 - RELATED PARTY TRANSACTIONS

For information on remuneration to senior executives, see Note 9 - Staff and employee expenses.

The Board of Directors decided on October 7, 2022 to approve and enter into an agreement with UST Leadership AB (Torbjørn Bjerke, Chairman of the Board) for a defined consulting assignment.

The company has entered into an agreement with Boesen Biotech ApS regarding the transfer of intellectual property rights. The agreement has not involved any financial transactions in reported periods. See Note 25 - Pledges, contingent liabilities and other commitments for more information.

On December 12, SynAct Pharma AB entered into a conditional acquisition agreement with the owners of TXP Pharma AG. Among the sellers are, directly and indirectly, Torbjørn Bjerke, Chairman of the Board of SynAct, Jeppe Øvlesen, CEO of SynAct, Thomas Jonassen, Board Member and CSO of SynAct, Thomas Boesen, COO of SynAct and Jim Knight, CBO of SynAct. Therefore, the transaction and the agreement have been defined as a related party transaction. See Note 26 for more information about the transaction.

In addition, there are no further agreements or transactions with related parties, other than those described in Note 9.

NOTE 25 - PLEDGES, CONTINGENT LIABILTIES AND OTHER COMMITMENTS

Pledges
In the Group, collateral pledges amount to SEK 270 (274) thousand, which consists of deposits.

Contingent liabilities
In March 2021, the subsidiary SynAct Pharma ApS acquired the rights regarding a number of innovative chemical molecules from Boesen Biotech ApS, a company controlled by COO Thomas Boesen. The transfer took place free of charge, but Boesen Biotech ApS is entitled under the agreement to receive milestone payments and royalties in the future related to any progress in the Company's development and commercialization of products based on these rights. Upon completion of defined milestones, Boesen Biotech ApS may receive up to a maximum of DKK 4.5 million in payment. In the event of a future commercialization of the product where these IP rights are used, Boesen Biotech ApS is entitled to royalties amounting to 3% of net sales for 10 years from launch and with a maximum amount of DKK 500 million. As the compensation that may be paid to Boesen Biotech is not considered safe or likely commitments for SynAct, they are not recognized as a liability (accrued or provision). Based on current plans, a first milestone payment that will not be charged to the income statement and balance sheet in 2023 at the earliest and have a cash flow effect no earlier than 2025.

Other commitments
There are no other commitments in the Group.

NOTE 26 - EVENTS AFTER THE END OF THE PERIOD

12 January 2023 – Extraordinary General Meeting - Employee Option Program
At the Extraordinary General Meeting of SynAct Pharma AB on January 12, 2023, it was resolved in accordance with the Board's proposal to implement an employee option program for two senior executives and one other employee of the company.

The employee option program shall comprise a maximum of 195,000 employee options. The allotted employee options will vest at a rate of 1/3 from the date 12, 24 and 36 months after the date of allotment. Allotted and vested options may be exercised for 30 days from the day following the publication of the company's quarterly reports, the first time after the publication of the quarterly report for the fourth quarter of 2025 and the last time after the publication of the quarterly report for the fourth quarter of 2026. Each employee option entitles the holders a right to acquire one new share in the company against cash consideration. The exercise price amounts to SEK 138.93, corresponding to 175 percent of the volume-weighted average share price of the company's share on Nasdaq Stockholm during 30 trading days immediately prior to the Extraordinary General Meeting on 12 January 2023. The employee options shall be allotted without consideration and shall not constitute securities and shall not be possible to transfer or pledge.

In order to enable the company's delivery of shares under the employee option program, the AGM also resolved on a directed issue of a maximum of 195,000 warrants to the company or a subsidiary in the Group. In addition, the AGM also resolved to approve that the company or other company in the Group may transfer warrants to the participants without consideration in connection with the exercise of the employee options. If all warrants issued in relation to the employee option program are exercised for subscription of shares, a total of 195,000 shares will be issued, representing to a dilution of approximately 0.61% after the increase in shares following the issue of new shares to fund the acquisition of TXP Pharma AG.

The employee option program 2023 is expected to entail costs for the Company partly from an accounting perspective in accordance with IFRS 2 and partly in the form of social security contributions for Swedish participants. Personnel costs according to IFRS 2 do not affect the company's cash flow. For participants in Sweden, social security contributions will be expensed in the income statement during the vesting period.

The costs for the program are estimated at SEK 4,104 thousand and refer to both the estimated cost of the value of employees' services throughout the vesting period, valued at market value at the date of allocation, and the estimated social security fees.

January 16, 2023 – Acquisition of TPX Pharma AG was completed and the shares were taken over
On December 12, 2022, SynAct Pharma AB entered into a conditional agreement to acquire 100% of the shares in the privately owned Swiss biotech TXP Pharma AG (TXP).

The purchase price consisted of a fixed purchase price corresponding to SEK 136 million and a possible additional purchase price of SEK 55 million, where the fixed purchase price is to be paid through 2,172,523 newly issued shares in SynAct.

Among the sellers of TXP included, directly and indirectly, Torbjørn Bjerke, Chairman of the Board, Jeppe Øvlesen, CEO, Thomas Jonassen, Board member and CSO, Thomas Boesen, COO and James Knight, CBO of SynAct, hence it follows that the acquisition is considered a related party transaction. The acquisition process was therefore handled by a committee consisting of the four independent directors, chaired by Uli Hacksell.

TXP researches and develops drugs that are intended to be used for the treatment of autoimmune and inflammatory diseases through stimulation (agonist) of melanocortin receptors. TXP has created a platform of more than 70 unique analogues to the naturally occurring melanocyte-stimulating hormone (MSH) in the body with different selectivity in binding to the melanocortin receptors. Using a proprietary platform, TXP has developed peptides that are both stable and selective in stimulation of the various receptors.

The acquisition of TXP strengthens SynAct's position as a leader in resolution therapy therapies through melanocortin biology. The acquisition of TXP gives SynAct two platforms that complement each other and create a versatility for developing therapies to address the full range of inflammatory and autoimmune diseases.

The completion of the acquisition of TXP was conditional on the acquisition and issue of the consideration shares being approved at the Extraordinary General Meeting of SynAct on January 12, 2023. At the meeting, the shareholders voted unanimously in favour of the proposal. The acquisition was completed on January 16, 2023.

The purchase price of the acquisition is as follows:	Fair value (SEK thousand)
Cash and cash equivalents	-
Ordinary shares issued	189,879
Provision for earnout	7,077
Total purchase consideration	**196,956**

The initial purchase price was paid by SynAct issuing 2,172,523 consideration shares, which corresponded to SEK 136 million at the conclusion of the contract and was based on a share price of SEK 62.60. However, in accordance with IFRS 3, the acquirer must recognize the fair value of these shares at the time of acquisition. The fair value was determined based on a share price of SEK 87.40 to a total of SEK 189,879 thousand. The acquisition was carried out on a debt- and cash-free basis.

The provision for earnout is based on a number of events and can amount to a maximum of SEK 55 million. (i) positive results of a Phase 2a study (leading to the start of Phase 2b or Phase 3), (ii) divesting or out-licensing of one or more TXP projects, or (iii) the sale of TXP.

The fair value of the earnout consideration has been calculated by discounting to present value and a probability estimate at SEK 7,077 thousand.

Preliminary acquisition analysis of the acquisition of TXP Pharma AG

Assets and Liabilities	Fair value (SEK thousand)
Intangible assets	142,805
Property, plant and equipment	0
Current receivables excl cash and bank	100
Cash and cash equivalents	2,134
Non-current liabilities	-
Deferred tax liability	-16,908
Current liabilities	-1,950
Total net assets acquired excluding goodwill	**126,180**
Goodwill	70,776
Total net assets acquired	**196,956**
Less	
Ordinary shares issued	-189,879
Provision for earnout	-7,077
Received cash and cash equivalents	2,134
Net cash outflow/effect on cash and cash equivalents on acquisition of business	**2,134**

The acquisition analysis is based on assumptions about, among other things, fair value of assets and liabilities and conditional earnout at the time of acquisition, which are updated as necessary within twelve months of the date of acquisition. The reported intangible asset consists of the company's lead candidate, TXP-11. The goodwill recognized in the acquisition is attributable to intellectual property rights that cannot qualify as intangible assets, such as TXP's other pharmaceutical projects and patent portfolio. Reported goodwill is not expected to be deductible.

The acquisition-related expenses related to valuation, tax and legal advisors, etc., which for 2022 amount to approximately SEK 4 million, have been expensed in the Group, but are capitalized in the Parent Company. Total acquisition-related expenses are expected to amount to approximately SEK 12 million.

April 3, 2023 – SynAct Pharma appoints Torbjørn Bjerke as new CEO

On April 3, 2023, SynAct Pharma's Board of Directors appointed the company's current Chairman Torbjørn Bjerke MD, as its new Chief Executive Officer (CEO), effective as from the Annual General Meeting to be held on May 25, 2023. Dr. Bjerke succeeds Jeppe Øvlesen, who has been CEO since 2015. The Nomination Committee will propose to the Annual General Meeting that the current board member Uli Hacksell should be appointed as new Chairman of the Board.

PARENT COMPANY INCOME STATEMENT

SEK (thousand)	Note	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31
Net sales	19	5,144	1,637
Gross profit		**5,144**	**1,637**
General and administration costs	2,3,4,19	-25,726	-12,571
Other operating expenses		-90	-27
Operating profit		**-20,671**	**-10,962**
Results from shares in group companies	5	-109,220	-50,000
Other interest income and similar profit items	6	47	–
Interest expense and similar profit and loss items	7	-1,125	-5
Profit from financial items		**-110,299**	**-50,005**
Profit after financial items		**-130,970**	**-60,966**
Tax on profit for the year	8	–	–
Profit for the year		**-130,970**	**-60,966**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK (thousand)	Note	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31
Profit for the year		-130,970	-60,966
Other comprehensive income		–	–
Comprehensive income for the year		**-130,970**	**-60,966**

PARENT COMPANY BALANCE SHEET

ASSETS	Note	2022-12-31	2021-12-31
NON-CURRENT ASSETS			
Financial non-current assets			
Shares in group companies	9	24,419	24,419
Total		**24,419**	**24,419**
Total non-current assets		**24,419**	**24,419**
CURRENT ASSETS			
Short-term receivables			
Receivables from group companies	19	–	1
Other current receivables	12	2,231	863
Prepaid expenses	13	4,325	202
Total		**6,557**	**1,066**
Cash and cash equivalents	14	88,250	19,849
Total current assets		**94,806**	**20,915**
Total assets		**119,225**	**45,334**

EQUITY AND LIABILITIES	Note	2022-12-31	2021-12-31
EQUITY	15		
Restricted equity			
Share capital		3,706	3,251
Total restricted equity		**3,706**	**3,251**
Unrestricted equity			
Share premium reserve		371,624	170,387
Retained earnings		-133,233	-72,267
Net loss for the year		-130,970	-60,966
Total unrestricted equity		**107,421**	**37,154**
Total equity		**111,127**	**40,404**
CURRENT LIABILITIES			
Accounts payable	10,11	1,072	1,136
Other current liabilities	16	4,044	2,163
Accrued expenses	17	2,981	1,630
Total current liabilities		**8,098**	**4,930**
Total liabilities		**8,098**	**4,930**
TOTAL EQUITY AND LIABILITIES		**119,225**	**45,334**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	NOTE	RESTRICTED EQUITY	UNRESTRICTED EQUITY			
		Share capital	Share premium reserve	Retained earnings	Net loss for the year	Total
Opening equity 2021-01-01		**3,051**	**96,187**	**–**	**-72,267**	**26,971**
Reversal results previous year				-72,267	72,267	-
Profit for the year					-60,966	-60,966
Other comprehensive income		-	-	-	-	-
Comprehensive income for the year		**-**	**-**	**–**	**-60,966**	**-60,966**
Transactions with owners:						
New share issue		200	79,800	–		80,000
Issue costs		–	-5,600	–		-5,600
Total transactions with owners		**200**	**74,200**	**–**		**74,400**
Closing equity 2020-12-31	**15**	**3,251**	**170,387**	**-72,267**	**-60,966**	**40,404**

	NOTE	RESTRICTED EQUITY	UNRESTRICTED EQUITY			
		Share capital	Share premium reserve	Retained earnings	Net loss for the year	Total
Opening equity 2022-01-01		**3,251**	**170,387**	**-72,267**	**-60,966**	**40,404**
Reversal results previous year				-60,966	60,966	-
Profit for the year					-130,970	-130,970
Other comprehensive income		-	-	-	-	-
Comprehensive income for the year		**-**	**-**	**-**	**-130,970**	**-130,970**
Transactions with owners:						
New share issue		296	148,650	-		148,945
Directed issue		160	79,840	-		80,000
Issue costs			-27,252	-		-27,252
Total transactions with owners		**455**	**201,238**	**-**	**-**	**201,693**
Closing equity 2022-12-31	**15**	**3,706**	**371,624**	**-133,233**	**-130,970**	**111,127**

PARENT COMPANY STATEMENT OF CASH FLOWS

SEK (thousand)	Note	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Operating activities			
Operating income		-20,671	-10,962
Adjustments for non-cash items		-1,298	–
Interest received		47	–
Interest paid		173	-5
Cash flow from operating activities before changes in working capital		**-21,749**	**-10,966**
Changes in working capital			
Change in operating receivables		-5,490	-310
Change in accounts payable		-65	-61
Change in operating liabilities		3,233	893
Cash flow from operating activities		**-24,072**	**-10,445**
Investing activities			
Contributions and loans made to subsidiaries		-109,220	-50,000
Removal of non-current financial assets		–	50
Cash flow from investing activities		**-109,220**	**-49,950**
Financing activities			
New share issue		228,945	80,000
Issuing costs		-27,252	-5,600
Cash flow from financing activities		**201,693**	**74,400**
Cash flow for the year		**68,401**	**14,005**
Cash at the beginning of the year		**19,849**	**5,843**
Exchange rate difference		–	–
Cash and cash equivalents at year-end	**14**	**88,250**	**19,849**

NOTES - PARENT COMPANY

NOTE 1 - ACCOUNTING POLICIES

The Parent Company has prepared its annual report in accordance with the Annual Accounts Act (1995:1554) and the Swedish Council for Financial Reporting Recommendation RFR 2 "Accounting for Legal Persons".

The differences between the Group's and the Parent Company's accounting policies are set out below. The accounting policies set out below for the Parent Company have been applied consistently to all periods presented in the Parent Company's financial statements, unless otherwise stated.

Subsidiaries
Shares in subsidiaries are recognized in the Parent Company according to the cost method. Implying that they are recognized at cost less any impairment losses. Transaction expenses are included in the carrying amount of investments in subsidiaries.

Financial assets and liabilities
Due to the link between accounting and taxation, the rules on financial instruments under IFRS 9 are not applied for Parent company as a legal entity, but the Parent company applies, in accordance with Swedish law (ÅRL), the cost method. In the Parent company, financial non-current assets are thus valued at cost less any impairment loss and financial current assets according to the principle of the lowest value.

Financial risks
Financial risks for the Parent Company correspond in all material respects to what is stated for the Group, see the Group's Note 16 - Financial risks.

Leases
The parent applies the exemption contained in RFR 2 to legal entities and recognises all leases as cost on a straight-line basis over the lease term.

Group contributions and shareholder contributions
The Group does not report any proprietary intangible assets because the criteria under IAS 38 are not met. In order to be able to continue its development activities in Denmark, the Swedish parent company provides capital contributions on an ongoing basis to the subsidiary, which conducts development operations. Under normal circumstances, the parent company would activate the contribution as shares in subsidiaries but since no part of these funds is capitalized on the balance sheet, the parent company costs the contribution and this expense is recognized as a financial expense in the income statement. The carrying amount remains unchanged as the company's assessment is that there is no need for impairment.

Presentation form for income statement and balance sheet
Income statement and balance sheet follows ÅRL's form of presentation.

None of the changes published in RFR 2 are considered to have any material effect on the Parent Company's financial statements.

NOTE 2 - FEES TO AUDITORS

	Parent 2022	Parent 2021
KPMG		
Audit fees	290	–
Other audit activities	70	–
Tax services	–	–
Other services	–	–
Total	**360**	**-**
Mazars		
Audit fees	86	464
Other audit activities	200	149
Tax services	83	–
Other services	–	–
Total	**369**	**613**
Total	**729**	**613**

Audit assignments refer to statutory audits of the annual accounts and accounts, as well as the management of the Board of Directors and the CEO, as well as audits carried out in accordance with contract or agreement. This includes other duties that it is up to the company's auditor to perform as well as advice or other assistance arising from observations during such review or the performance of such other duties.

Other audit activities are those services under specific agreement on financial statements.

Other services refer to advice on accounting issues as well as advice on processes and internal control.

NOTE 3 - LEASES

Leasing costs for leases for the year amount to SEK 66 (36) thousand. Future payment commitments as of December 31 for leases will be distributed as follows:

Future minimum lease fees	Parent 2022	Parent 2021
Within 1 year	129	18
1-5 years	226	–
More than 5 years	-	–
Total	**355**	**18**

NOTE 4 - STAFF AND EMPLOYEE EXPENSES

For salaries and remuneration to employees and senior executives and information on the number of employees, see Note 9 – Staff and employee expenses for the Group.

NOTE 5 - RESULTS FROM SHARES IN GROUP COMPANIES

	Parent 2022	Parent 2021
Write-off of shares in group companies	-109,220	-50,000
Total	**-109,220**	**-50,000**

Write-off of shareholder contributions made to subsidiaries intended to cover the subsidiary's research costs in accordance with the accounting principle for shareholder contributions.

NOTE 6 - OTHER INTEREST INCOME AND SIMILAR PROFIT ITEMS

	Parent 2022	Parent 2021
Other interest income	47	–
Total	**47**	**–**

All financial income is attributable to financial assets valued at amortized cost.

NOTE 7 - INTEREST EXPENSE AND SIMILAR PROFIT AND LOSS ITEMS

	Parent 2022	Parent 2021
Interest expenses	-1	–
Exchange rate differences	-1,123	-5
Total	**-1,125**	**-5**

Exchange differences refer to lending from the parent company to the subsidiary during the year. All financial expenses are attributable to financial liabilities measured at amortized cost.

NOTE 8 - TAX ON PROFIT FOR THE YEAR

	Parent 2022	Parent 2021
Current tax	–	–
Reported tax	**–**	**–**
Reconciliation of effective tax rate		
Profit before tax	-130,970	-60,966
Tax at the current tax rate for the Parent company 20,6% (20,6%)	26,980	12,559
Tax effect of:		
- deductible costs reported in equity	5,614	1,154
- non-deductible costs	-22,500	-10,313
- non-deductible income	10	–
- increase in loss deduction without corresponding activation of deferred tax	-10,103	-3,399
Reported tax	**–**	**–**
Effective tax rate	0%	0%

The Parent company has tax deductions for issue costs totalling SEK 27,252 (5,600) thousand that are recognized directly in equity. No deferred tax has been recognised for these.

There is tax loss carry forward for which deferred tax assets have not been recognized in the balance sheet amounting to SEK 100,588 (51,544) thousand without time limit. Deferred tax assets have not been recognised for these items, as it is unlikely that the company will use them for offsetting future taxable profits in the near-term.

NOTE 9 - SHARES IN GROUP COMPANIES

	Parent 2022-12-31	Parent 2021-12-31
Opening acquisition value	140,578	90,578
Shareholder contribution	109,220	50,000
Closing accumulated acquisition values	**249,798**	**140,578**
Opening write-offs	-116,159	-66,159
Write-offs for the year	-109,220	-50,000
Closing accumulated write-offs	**-225,379**	**-116,159**
Closing carrying amount	**24,419**	**24,419**

Company / corporate registration number / registered office SynAct Pharma ApS, 344 599 75, Holte in Danmark	Parent 2022-12-31	Parent 2021-12-31
Equity share	100%	100%
Voting share	100%	100%
Number of participation rights	1,000,000	1,000,000
Carrying amount	24,419	24,419

NOTE 10 - FINANCIAL ASSETS AND LIABILITIES

Financial assets measured at amortized cost	Parent 2022-12-31	Parent 2021-12-31
Other current receivables	1,560	-
Cash and cash equivalents	88,250	19,849
Total	**89,810**	**19,849**

Financial liabilities measured at amortized cost	Parent 2022-12-31	Parent 2021-12-31
Accounts payable	1,072	1,136
Accrued expenses	2,981	1,630
Total	**4,053**	**2,767**

NOTE 11 - FINANCIAL RISKS

The parent company is exposed through its activities to various kinds of financial risks; credit risk, market risks (currency risk, interest rate risk and other price risk) and liquidity risk. For an overview of financial risks, please refer to the Group's Note 16 - Financial risks as the Parent Company's financial risks are in all material respects consistent with those of the Group.

			2022-12-31
Maturity analysis	**<6 months**	**6-12 months**	**>12 months**
Leverantörsskulder	1,072	-	-
Upplupna kostnader	1,400	1,582	-

			2021-12-31
Maturity analysis	**<6 months**	**6-12 months**	**>12 months**
Leverantörsskulder	1,136	-	-
Upplupna kostnader	784	847	-

NOTE 12 - OTHER CURRENT RECEIVABLES

	Parent 2022-12-31	Parent 2021-12-31
VAT claims	671	727
Other receivables	1,560	136
Total	**2,231**	**863**

NOTE 13 - PREPAID EXPENSES

	Parent 2022-12-31	Parent 2021-12-31
Prepaid aquisitions costs	4,056	–
Prepaid rental costs	32	9
Other prepaid expenses	237	192
Total	**4,325**	**202**

Prepaid acquisition costs refer to the acquisition of TXP Pharma AG, which is activated when the acquisition is completed.

NOTE 14 - CASH AND CASH EQUIVALENTS

	Parent 2022-12-31	Parent 2021-12-31
Cash at Banks	88,250	19,849
Total	**88,250**	**19,849**

NOTE 15 - EQUITY

Per December 31, 2022

The share capital consists of 29,648,457 (26,006,295) shares with a quota value of SEK 0.125 (SEK 0.125). All shares have an equal right to the company's profit. See also information in the Group's Note 21 - Equity.

The share premium reserve refers to capital from new issues that have been issued at a price that exceeds the quota value and less new share issue costs.

Proposed appropriation of earnings	**2022-12-31**
At the disposal of the Annual General Meeting are the following earnings,	
Share premium reserve	371,624
Retained earnings	-133,233
Net loss for the year	-130,970
Unrestricted equity in the parent company	**107,421**

The Board of Directors proposes that the share premium reserve, retained earnings and loss for the year be carried forward. The proposal will be presented to the Annual General Meeting on May 25, 2023.

NOTE 16 - OTHER CURRENT LIABILITIES

	Parent 2022-12-31	Parent 2021-12-31
VAT liability	3,689	1,614
Other current liabilties	355	549
Total	**4,044**	**2,163**

VAT liability, see Note 22 – Other current liabilities for the Group.

NOTE 17 - ACCRUED EXPENSES AND PREPAID INCOME

	Parent 2022-12-31	Parent 2021-12-31
Accrued salaries and board fees	1,582	847
Other accrued expenses	1,400	784
Total	**2,981**	**1,630**

NOTE 18 - COLLATERAL AND CONTINGENT LIABILITIES

For information about collateral and contingent liabilities in the Parent company, please refer to the Group's Note 25 - Pledged securities, contingent liabilities and other commitments. In the Parent company there are no pledged securities.

NOTE 19 - RELATED PARTIES TRANSACTIONS

	Sale of goods/ services	Purchase of goods/ services	Other	Recivables on Closing Balance	Liabilities on Closing Balance
SynAct Pharma ApS					
2022	5,144	3,615	–	–	–
2021	1,637	–	–	1	–

For information on remuneration to senior executives, see the Group's Note 9 - Staff and employee expenses.

For information on agreements or transactions with related parties, see the Group's Note 24 - Related Party Transactions.

NOTE 20 - EVENTS AFTER THE END OF THE PERIOD

For information on events after end of the period in the Parent Company, please refer to the Group's Note 26.

ALTERNATIVE PERFORMANCE MEASURES

SynAct Pharma uses Alternative Performance Measures (APM) to enhance understandability of the information in the financial reports, both for external analysis, comparison, and internal performance assessment.

Alternative Performance Measures are key figures not defined in financial reports prepared according to IFRS. The following key figures are used:

EQUITY/ASSET RATIO

The equity ratio is a financial ratio indicating the relative proportion of equity used to finance a company's assets. The two components are derived from the SynAct Pharma's balance sheet or statement of financial position. The formula is Equity divided by Total assets.

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

SEK (Thousands)	2022-12-31	2021-12-31
ASSETS		
Total non-current assets	2,365	3,454
Total current assets	140,232	34,916
Total assets	**142,597**	**38,369**
EQUITY AND LIABILITIES		
Total equity	**126,520**	**20,869**
Total non-current liabilities	1,064	2,110
Total current liabilities	15,012	15,390
Total liabilities	**16,077**	**17,500**
Total equity and liabilities	**142,597**	**38,369**
Soliditet (%)	**89%**	**54%**

RESEARCH AND DEVELOPMENT COST/OPERATING EXPENSES

Total cost of Research and Development as a percentage of total operating expenses. Indicates the share of total investment allocated to R&D. Subsequently, the residual (1 - R&D/Operating Expenses), indicates share of total invested into General and administration activities.

SEK (Thousands)	Group 2022	Group 2021
Research and development costs	-70,067	-60,490
General and administration costs	-35,611	-16,225
Other operating income/expenses	-28	16
Total operating expenses	**-105,705**	**-76,699**
Research and development cost/operating expenses (%)	66%	79%

SIGNATURES OF THE BOARD OF DIRECTORS

The signatories declare that the annual accounts have been prepared in accordance with GAAP in Sweden and the consolidated accounts have been prepared in accordance with international accounting standards IFRS, as adopted by the EU. The annual accounts and consolidated accounts give a true and fair view of the parent company's and the Group's position and results. The management report for the Parent Company and the Group gives a true and fair view of the development of the parent company's and the Group's operations, position and results and describes significant risks and uncertainties faced by the Parent Company and the companies that are part of the Group.

Lund, April 12, 2023

Torbjørn Bjerke
Chairman

Terje Kalland
Board member

Thomas Jonassen
Board member

Uli Hacksell
Board member

Marina Bozilenko
Board member

Kerstin Hasselgren
Board member

Jeppe Øvlesen
Chief Executive Officer

Our audit report was submitted on April 12, 2023

KPMG AB

Linda Bengtsson
Authorized Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of SynAct Pharma AB (publ), corp. id 559058-4826.

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of SynAct Pharma AB (publ) for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 18-63 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the income statement and statement of financial position for the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section.

We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Matter

The audit of the annual accounts for year 2021 was performed by another auditor who submitted an auditor´s report dated 28 April 2022, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Financing

See disclosure 3 and the description of Financial risks and Cash flow, financial position and going concern in the Directors' report on pages 22 and 24 respectively in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The business of the group is focused on developing the company's leading drug candidate AP1189 in development programs within Rheumatoid Arthritis (RA). The company's ambition is to conduct Phase 2 clinical studies, and then to sign commercial agreements with one or more major pharmaceutical companies. Two phase 2-studies are currently ongoing within this development program.

The group's ability to continue as a going concern depends on the availability of sufficient liquid funds and/or assets that can be converted into liquid funds to carry on its business until any of its projects generates revenue.

As per 31 December 2022, the liquid funds were 108.2 SEK millions. Through a directed new share issue in December 2022, the company was provided with approximately 76.3 SEK millions after issue expenses. It is the Board's assessment that this capital injection, together with available operating capital and tax credits received in Denmark, is sufficient to fund the planned studies with AP1189, other research- and development activities and the operation of the company until mid-2024.

Response in the audit

We have considered the decision of the Board to apply the going concern principle when preparing the annual accounts and consolidated accounts. We have obtained a documented assessment of the basis for applying the going concern principle. We have evaluated the latest available cash forecast and assessed the reasonableness and support for the judgments underpinning the forecasts. We have discussed with group management how they determined the assumptions and considered these in our assessment.

The key areas that we have focused on in the cash forecast are:

- Available cash
- Expected cash flows from the remaining operating activities;

We have assessed if the group is contractually committed to the estimated cash flows and if they are depending on certain actions or results, and, where applicable, evaluated the documentation available to support the assumptions that the expected result was achievable and to determine that the assumptions made were reasonable.

We discussed the plans and the potential sources of funding with group management and evaluated these in relation to the available evidence and past experience.

We have also assessed whether the disclosures regarding financing is sufficient to present fairly, in all material respects, the company's situation.

Accounting of research and development costs
See note 3 and the description of accounting principles on page 35 of the annual report and consolidated accounts for detailed information and description of the area.

Description of the area
Currently, the group is running two phase 2 studies. These are operated with the help of external suppliers, with whom the group has agreements.

The group reports the external costs in the income statement based on an assessment of the degree of completion in the clinical studies, where consideration is given to how long each patient has been treated in relation to the total treatment time. The degree of completion for the processing time is based on several milestones determined by the company, and the calculation of the degree of completion is based on information provided by the group's suppliers. As part of the model for calculating the cost, a certain percentage of the study's cost is assumed to occur at the start and a part in connection with the end of the study. The remaining cost is spread over the treatment period.

Payments for activities in the clinical trials are based on the terms of the individual agreements and the timing of payment may differ from when the cost was incurred. This is reflected in the group's financial statements as a prepaid cost or an accrued cost.

How the area has been considered in the audit
In connection with the preparation of the financial reports, we have taken part in the management's assessment of the degree of completion of the clinical studies and the resulting calculation of the period's external development costs.

We have discussed the development and status of the studies with the company management and evaluated the information in relation to available documents and previous experiences.

We have assessed the Company's estimate of the degree of completion by evaluating the external information from the group's suppliers in relation to the milestones established by the company which are the basis for the accruals and randomly matched the calculation against agreements, invoices and project documentation from the clinical studies.

We have also checked the completeness of the disclosures in the Annual report and assessed whether they give a fair view of the accounting principles applied and reflects the assumptions made by Management in their valuation.

Other Information than the annual accounts and consolidated accounts
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2-17 and 74-77 respectively. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility
Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Auditor's audit of the administration and the proposed appropriations of profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of SynAct Pharma AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for SynAct Pharma AB (publ) for year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 *Examination of the Esef report*. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of SynAct Pharma AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.
Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHMTL format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

KPMG AB, Box 227, 201 22 , Malmö, was appointed auditor of SynAct Pharma AB (publ) by the general meeting of the shareholders on May 20, 2022. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2022.

Malmö, April 12, 2023

KPMG AB

Linda Bengtsson
Authorized Public Accountant

CORPORATE GOVERNANCE REPORT

SynAct Pharma AB (publ) ("SynAct") is a Swedish public limited company based in Lund whose shares have been traded on Nasdaq Stockholm since July 12, 2022. Before that, the Company's shares were listed on Spotlight since 2016. Since the listing on Nasdaq Stockholm, SynAct applies the Swedish Code for Corporate Governance (the "Code").

This corporate governance report has been prepared in accordance with the provisions of the Annual Accounts Act and the Code. The corporate governance report has been reviewed by the Company's auditor in accordance with the provisions of the Annual Accounts Act. The auditor's statement is attached to the report.

PRINCIPLES OF CORPORATE GOVERNANCE

Corporate governance refers to the systems through which the shareholders, directly or indirectly, control SynAct. Good corporate governance is an essential component in the work to create value for SynAct's shareholders. Corporate governance in SynAct is based on Swedish law, Nasdaq Stockholm's regulations for issuers and the Code. The Code applies to all Swedish companies whose shares are listed on a regulated market in Sweden. The company has not deviated from any of the rules laid down in the Code during the year.

In addition to the external regulations, there are also several internal regulations to support SynAct's corporate governance, such as the Articles of Association, Rules of Procedures for the Board and its committees, Chief Executive Officer (CEO) instructions and instructions for financial reporting. Furthermore, SynAct also has several policy documents and manuals that contain rules and recommendations, which contain principles and provide guidance in the Company's operations and for its employees.

SHAREHOLDERS

On December 31, 2022, SynAct had 14,286 shareholders. One shareholder, Bioinvest ApS, has a holding that amounts to 10 percent or more of the number of votes for all shares in SynAct. Further information on the ownership structure is presented on page 28.

GENERAL MEETINGS

The Annual General Meeting (AGM), or where applicable an Extraordinary General Meeting, is the ultimate decision-making body in SynAct where all shareholders are entitled to participate. The Articles of Association contain no restrictions on the number of votes each shareholder can cast at a general meeting and no special provisions on amending the Articles of Association.

The AGM addresses the Company's progress and resolves on several key issues, such as the adoption of the income statement and balance sheet, allocation of result, discharge from liability for the Board of Directors and the CEO, and the election of Board of Directors until the next AGM. In addition, the annual general meeting elects an auditor for the Company and decides on his remuneration.

Annual General Meeting 2022

The 2022 AGM, which was held on May 20, resolved to approve the income statement and balance sheet as well as the group income statement and group balance sheet. The AGM also resolved to dispose of the Company's results in accordance with the Board's proposal, grant discharge of liability to the Board and the CEO for the financial year 2021, re-election of Torbjørn Bjerke, Thomas Jonassen, Terje Kalland, Uli Hacksell, Marina Bozilenko and Kerstin Hasselgren as regular members and determined remuneration to the Board and auditor. KPMG AB was chosen as the new auditor, with authorized auditor Linda Bengtsson as responsible auditor. The AGM decided to approve the Board's remuneration report for the financial year 2021.

At the 2022 AGM, the Board was also authorized to decide on the issue of shares, convertibles and/or warrants on one or more occasions and no later than the next Annual General Meeting. The total number of shares that can be issued (alternatively added through the conversion of convertibles and/or the exercise of warrants) must not entail a dilution effect of more than 20 percent of the registered share capital after the issue has been completed. The minutes of this meeting are available on the SynAct website.

Extraordinary General Meeting 2022

An Extraordinary General Meeting was held on March 28, 2022, where Kerstin Hasselgren was elected as a new regular member of the Board and these minutes are also available on SynAct's website.

Annual General Meeting 2023

The 2023 Annual General Meeting will be held in Malmö on Thursday, May 25, at 1 p.m. Notice of the annual general meeting is published no earlier than six and no later than four weeks before the meeting. Proposals for the general meeting should be addressed to: SynAct Pharma AB, att: Legal, Scheelevägen 2, 223 63 Lund or via e-mail to legal@synactpharma.com and sent in well before the notice of the general meeting is issued, no later than seven weeks before the general meeting.

NOMINATON COMMITTEE

According to the resolution of the Annual General Meeting, the Nomination Committee (NC) shall consist of the Chairman of the Board as convener, as well as a representative for each of the Company's three largest shareholders per September 30 of the respective calendar year.

The Nomination Committee must prepare all elections and fee proposals that become relevant from the time a NC has been appointed until a new NC has been appointed. The Nomination Committee's task shall be to submit proposals before the upcoming Annual General Meeting regarding the election of the Chairman of the meeting, election of the Chairman of the Board and other Board members, decision on Board remuneration, divided between the Chairman, other members and potential remuneration for committee work, election of auditor and remuneration of auditors, as well as principles for the appointment of the Nomination Committee (if the NC considers that the applicable principles and instructions should be updated). The NC for the 2022 AGM consisted of Pernille Singer, appointed by Bioinvest ApS, Jens Bager, appointed by GLCapital AB, Chairman of the Nomination Committee, Steen Christensen, appointed by Next Stage Ventures ApS, and Torbjørn Bjerke, Chairman of the Board. The NC prepared

proposals regarding the Chairman at the meeting, Board composition and Board remuneration. The NC had four meetings, all of which were via video link. There were also further telephone contacts between the members of the Nomination Committee. No compensation was paid to the NC.

From the Nomination Committee's reasoned statement before the 2022 AGM, it appears that the Nomination Committee has applied rule 4.1 of the Code as a diversity policy when developing its proposal for the Board. The aim of the policy is for the Board to have a composition that is appropriate with respect to the Company's operations, stage of development and conditions in general, characterized by versatility and breadth in terms of competence, experience, and background, and that an even gender distribution should be striven for. The 2022 AGM resolved to appoint Board members in accordance with the NC's proposal, which resulted in the current Board. However, the Nomination Committee noted when developing its proposal that the Board composition consists of four men and two women, which, according to the NC, does not comply with the requirement for an even gender distribution. The Nomination Committee noted that the two most recent additions to the Board were women and that its ambition is for the gender distribution to improve over time.

The Code stipulates that the Company must provide information about the names of the members of the Nomination Committee and, where applicable, which shareholder the member represents, no later than six months before the annual general meeting. The composition of the Nomination Committee for the 2023 Annual General Meeting was presented on SynAct's website on October 21, 2022. On December 22, 2022, the composition of the Nomination Committee was adjusted due to a major change in the ownership structure following the directed share issue that was carried out. The Nomination Committee for the 2023 annual general meeting consists of Niels Ankerstjerne Sloth, appointed by Bioinvest ApS, Per Colleen, appointed by Tom Enterprise Public Capital AB, Jens Bager, appointed by GLCapital AB, Chairman of the Nomination Committee and Torbjørn Bjerke, Chairman of the Board. No compensation has been paid to the Nomination Committee.

THE BOARD AND ITS WORK

SynAct's Board of Directors is elected annually at the Annual General Meeting for the period until the end of the next AGM, according to the Articles of Association, must consist of a minimum of four and a maximum of eight members. The Articles of Association lack special provisions on the appointment or dismissal of board members.

At the Extraordinary General Meeting held on March 28, 2022, Kerstin Hasselgren was elected as a new Board member.

The 2022 AGM granted the Board members and the CEO discharge from liability and decided on the re-election of Board members Torbjørn Bjerke, Thomas Jonassen, Terje Kalland, Uli Hacksell, Marina Bozilenko and Kerstin Hasselgren. Torbjørn Bjerke was elected Chairman of the Board. John Haurum declined re-election and left the Board in connection with the 2022 AGM.

			Independent in relation to		
Name	Role	Elected	Company and Management	Major Shareholders	Attendance (total[1])
Torbjørn Bjerke	Chairman	2016	No	Yes	11(13)
Thomas Jonassen	Board member	2016	No	Yes	11(13)
Terje Kalland	Board member	2019	Yes	Yes	13(13)
John Haurum	Board member[2]	2019	Yes	Yes	5(5)
Uli Hacksell	Board member	2020	Yes	Yes	10(13)
Marina Bozilenko	Board member	2021	Yes	Yes	13(13)
Kerstin Hasselgren	Board member[3]	2022	Yes	Yes	10(10)

[1] Total refers to the number of meetings convened during the members term of office.
[2] Declined re-election and left the Board in connection with the AGM on May 20, 2022.
[3] Elected in connection with the EGM on March 28, 2022.

A more detailed description of the Board is presented on pages 15-16.

The 2022 Annual General Meeting decided that remuneration to the Board shall be paid with SEK 400,000 to the Chairman of the Board and SEK 200,000 to each of the other Board members who are not employed by the Company. In addition, fees of (i) SEK 100,000 to the Chairman of the Audit Committee and SEK 50,000 to other members of the Audit Committee and (ii) SEK 50,000 to the Chairman of the Remuneration Committee and SEK 25,000 to other members of the Remuneration Committee were decided.

The Board's work is governed by Rules of Procedures (RoP) that are adopted at least once a year. The RoPs regulate, among other things, the Board's working methods, duties, decision-making order within the Company, the Board's meeting schedule, the Chairman's duties and the division of labor between the Board and the Chief Executive Officer. Instructions regarding financial reporting and instructions to the CEO are also established at least once a year.
The Board meets according to an annually established schedule that includes six regular meetings.

In addition to these Board meetings, additional Board meetings can be convened to deal with issues that cannot be scheduled for a regular Board meeting. The CEO and CFO attend most of the Board meetings.

During 2022, the Board has held six regular meetings and seven extra meetings. Extra meetings have in most cases been prompted by larger projects, such as financing and acquisitions. The Board has met with the Company's auditors on four occasions, of which on two occasions without the presence of the managing director or other persons from the company's management. Lawyer Ola Grahn, Setterwalls Advokatbyrå AB, has during the year served as the Board's secretary. Fixed agenda items at the Board meetings have been the follow-up of the operations against the budget and strategic plan. In addition, the Board has dealt with and decided on issues relating to research and development, financing, intellectual property rights, strategic direction and planning, budget, material agreements, auditing, financial reporting, and compensation issues.

The Board conducts an annual structured evaluation of the Board and the CEO and the results of this are shared with the Nomination Committee. The evaluation is carried out with the aim of developing the Board's working methods and efficiency. The evaluation consists of a questionnaire that is answered by the members, after which the answers are compiled and presented to the Board and then to the Nomination Committee through the Chairman of the Board.

The Remuneration Committee

Within the Board, a Remuneration Committee (RC) has been appointed, consisting of Uli Hacksell (Chairman) and Terje Kalland. All members are independent in relation to the Company and Company Management. During the period from the 2022 AGM up to and including October 7, Torbjørn Bjerke was also included as a member of the RC. The work is regulated in the Rules of Procedure for the Remuneration Committee and includes processing and deciding on matters relating to compensation and benefits for senior executives. The work also includes preparing other compensation issues that are of great importance, for example incentive programs. This also includes the task of following and evaluating ongoing and during-the-year programs for variable remuneration to company management and to follow and evaluate the application of guidelines for remuneration to senior executives during the year as well as current remuneration structures and remuneration levels in the company. The RC reports to the Board. The RC has had four meetings in 2022.

Name	Role	Attendance (total[1])
Uli Hacksell	Chairman	4(4)
Terje Kalland	Member	4(4)
Torbjørn Bjerke	Member	2(2)

[1]Total refers to the number of meetings the member serve in the committee. Bjerke left the RC in October 2022.

The Audit Committee

The composition of the Board's Audit Committee (AC) has varied during the year as members have joined and left the Board. John Haurum acted as the chairman of the committee until the EGM on March 28, 2022, and participated as a member until the AGM. Kerstin Hasselgren joined as a new member and Chairman in connection with the EGM on March 28. Marina Bozilenko has been a member throughout the financial year. The members of the AC have the required accounting and financial reporting skills. The AC, whose work is regulated in accordance with the Rules of Procedure for the Audit Committee, is tasked with preparing resolutions for the Board regarding audit procurement and fees, following up on the auditors' work and the company's internal control system, following up on the current risk situation, following up on external audit and the company's financial information, reviewing and endorsing interim reports as well as the Company's Annual Report, prepare and follow up on matters relating to financing, prepare the determination and revision of financial policy as well as other matters that the Board instructs the AC to prepare. The CFO participates as presenter and the CEO also participates in the committee's meetings. The Audit Committee reports to the Board. The AC has had seven meetings in 2022, the Company's auditors have attended five of these.

Name	Role	Attendance (total[1])
John Haurum	Chairman/member	4(4)
Marina Bozilenko	Member	7(7)
Kerstin Hasselgren	Chairman	5(5)

[1] Total refers to the number of meetings held during the respective members term of office.

The R&D Committee

In August 2022, the Board established an R&D Committee, as a preparatory organ with the main tasks of (a) reviewing and approving decisions relating to matters relating to research and development, proposed by management, to be adopted by the board; and (b) act as a scientific advisor to the Management. The committee's work is regulated by the committee's Rules of Procedure. The committee is composed of Terje Kalland (Chairman), Uli Hacksell and Torbjørn Bjerke. The committee has had three meetings in 2022.

Name	Role	Attendance (Total[1])
Terje Kalland	Chairman	3(3)
Uli Hacksell	Member	3(3)
Torbjørn Bjerke	Member	3(3)

[1] Total refers to the number of meetings held during the respective members term of office.

AUDITORS

According to the Articles of Association, SynAct must appoint one or two auditors, with or without deputies, or a registered audit firm. At at least one board meeting per year, the auditor participates without the presence of the CEO or other persons from the Company's Management. Mazars AB with Bengt Ekenberg as lead auditor was the Company's auditor until the 2022 AGM. At the 2022 AGM, KPMG AB was elected as auditors with Linda Bengtsson as lead auditor.

MANAGEMENT

The Chief Executive Officer is responsible for the day-to-day management of the Company. The CEO, and under his leadership the other members of the management team, are responsible for the overall business operations and day-to-day management. The CEO regularly reports to the Board on the Company's business operations, financial results, and other issues relevant to the Company. At a Board meeting per year, the Board evaluates the CEO, whereby no one from the Company's Management is present. The CEO and the Management are presented on page 17.

REMUNERATION TO SENIOR EXECUTIVES

The guidelines for remuneration to senior executives were not subject for adoption of the 2022 AGM decision but are unchanged since the 2021 AGM. The principles mainly mean that market and competitive wages and other terms of employment must be applied to Company Management. In addition to the fixed annual salary, Management can also receive variable salary, which shall be limited to 50% of the fixed salary and based mainly on technical and commercial milestones within the own pharmaceutical projects. In addition to fixed and variable salary, the Company must be able to offer pension benefits. Compensation in the form of options or other share-related incentive programs decided by the general meeting is not covered by the guidelines. The complete principles can be seen in the management report on pages 25-27. Salary and other remuneration for the financial year 2022 was paid to the CEO and other senior executives in accordance with what is stated in note 9.

THE COMPANY'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM REGARDING THE FINANCIAL REPORTING FOR THE 2022 FINANCIAL YEAR

According to the Swedish Companies Act and the Code, the Board is responsible for internal control. This description has been prepared in accordance with the Annual Accounts Act Ch. 6. § 6, and thereby describes the Company's system and routines for internal control in connection with financial reporting. Internal control and risk management regarding financial reporting is a process designed by the Board with the aim of providing the Board, Management, and other stakeholders within the organization with reasonable assurance regarding the reliability of the external financial reporting and whether the financial reports are prepared in accordance with good accounting practice, applicable laws and regulations and other requirements for listed companies.

The overall purpose of internal control is to reasonably ensure that the Company's operational strategies and goals are followed up and that the owners' investment is protected. The internal control must further ensure that the external financial reporting is reliable with reasonable certainty and prepared in accordance with good accounting practice, that applicable laws and regulations are followed and that requirements for listed companies are complied with.

The control environment forms the basis for the internal control, which also includes risk assessment, control activities, information and communication and follow-up. Said components are described in more detail below.

Control Environment

The Company's overall control environment follows Nasdaq's guidance for internal control and the principles for internal control defined in the so-called COSO[1] framework. The Board has the overall responsibility for the internal control regarding the financial reporting. To create and maintain a functioning control environment, the board has adopted several policies and governing documents that regulate the financial reporting. These mainly consist of the Board's Rules of Procedure, Instructions for the CEO, Rules of Procedures for committees established by the Board and Instructions for financial reporting. The board has also adopted a special policy for internal control, delegation of authority and a financial policy. The company also has a financial handbook that contains principles, guidelines, and process descriptions for accounting and financial reporting. The Board has also established an Audit Committee whose main task is to monitor the Company's financial reporting, to monitor the effectiveness of the Company's internal control, internal audit (to the extent that such a function is established) and risk management, as well as to review and monitor the auditor's impartiality and independence. Responsibility for the day-to-day work of maintaining the control environment rests primarily with the Company's CFO, who reports continuously to the Board in accordance with established instructions.

In addition to the internal follow-up and reporting, SynAct's external auditors report during the financial year to the CEO and to the Board. The auditors' reporting gives the Board a good idea and a reliable basis for the financial reporting in the annual report.

Risk assessment and control activities

The risk assessment includes identifying and evaluating the risk of significant errors in the company's business processes, which includes accounting and reporting at group and subsidiary level, employee- and payroll management, and more. Risk assessment is carried out continuously and according to established guidelines with a focus on the Company's essential business processes. Within the Board, the Audit Committee is primarily responsible for continuously evaluating the Company's risk situation, after which the Board conducts an annual review of the risk situation.

Control activities have been designed to manage the risks that the Board and Company Management consider to be significant for operational activities, compliance with laws and regulations and for financial reporting. Defined decision

1. Committee of Sponsoring Organizations (COSO) Internal Control Integrated Framework (May 2013).

procedures, including attestation instructions are established for, for example, investments and signing of agreements. Where appropriate, automatic controls especially related to financial reporting have been established. Most control activities are integrated into SynAct's key processes, such as investments, supplier contracts and purchasing. Special controls exist in IT systems related to the processes that affect financial reporting.

Information and communication

The most important governing documents regarding the financial reporting are continuously updated and communicated to the organization. Information channels are established to communicate to affected employees as effectively as possible. SynAct also has an information policy regarding both internal and external communication.

Compliance

The compliance and effectiveness of the internal controls are continuously followed up through self-evaluation. The CEO ensures that the Board regularly receives reporting on the development of SynAct's operations, including the development of the Company's results and position, as well as information on important events, such as the development of individual projects. The CEO also reports on these issues at each Board meeting.

The Board and the Audit Committee review the Annual Report and interim quarterly reports and carry out financial evaluations in accordance with the established plan. The AC follows up the financial reporting and other related issues and regularly discusses these issues with the external auditors. The self-evaluation of the internal controls is reported to the AC and the board.

Internal audit

SynAct has developed steering and internal control systems whose compliance is followed up regularly at various levels within the company. Against this background, the Board has assessed that there is currently no need to establish an internal audit. This assessment is reviewed annually by the board.

Lund, April 12, 2023

The Board of Directors

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the general meeting of the shareholders in SynAct Pharma AB (publ), corporate identity number 559058-4826

Engagement and responsibility

It is the Board of directors who is responsible for the corporate governance statement for the year 2022 on pages 69-73 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's recommendation RevR 16 *The auditor's examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Malmö, April 12, 2023

KPMG AB

Linda Bengtsson
Authorized Public Accountant

GLOSSARY

ACE inhibitor
A group of drugs that lower blood pressure by inhibiting the angiotensin-converting enzyme (ACE).

Agonist
An agonist is a chemical that activates a receptor to produce a biological response. Receptors are cellular proteins whose activation causes the cell to modify what it is currently doing. In contrast, an antagonist blocks the action of the agonist, while an inverse agonist causes an action opposite to that of the agonist.

Angiotensin
Angiotensin is a peptide hormone important for the regulation of blood pressure.

ACTH
Adrenocorticotropic hormone, ACTH (adrenocorticotropic hormone) or corticotropin is a peptide hormone produced in the anterior lobe of the pituitary gland. The regulation is stimulated by ACTH-RH (also called corticotropin-releasing hormone, CRH). The hormone stimulates the secretion of the hormones of the adrenal cortex, i.e. aldosterone, cortisol and androgens.

AP1189
The mechanism of action of SynAct Pharma's lead drug candidate AP1189 is the promotion of inflammation resolution through the selective activation of melanocortin receptors 1 and 3. These receptors are found on all immune cells, including macrophages and neutrophils. Activation of these receptors leads to two direct anti-inflammatory effects: it influences these cells to produce fewer inflammation-driving molecules and also alters them to initiate clearance of the inflammation, also known as efferocytosis (J Immun 2015, 194:3381-3388) . This process has been shown to be effective in models of inflammatory and auto-immune diseases and the clinical potential is being tested in clinical programs in patients with rheumatoid arthritis (RA), nephrotic syndrome (NS) and COVID-19. The safety and efficacy of AP1189 have not been reviewed by any regulatory authority globally.

APM
Alternative performance measure refers to a financial measure of historical or future profit development, financial position, financial result, or cash flows. It is not such a financial measure as defined or stated in applicable financial reporting rules.

Autoimmune disease
An autoimmune disease is a condition arising from an abnormal immune response to a functioning body part.

BAP
Branched Amino Acid Probes (BAP) is a proprietary technology improving the properties of peptides, developed by TXP Pharma for the modification of therapeutic peptides.

BEGIN
The BEGIN trial was a multi-center, double-blind, placebo-controlled trial in which two doses of AP1189 (50 mg and 100 mg orally administered once daily) were evaluated against placebo as add-on therapy to methotrexate in patients newly initiated with acute, active RA. The study's primary efficacy objective was reduction of disease activity from high (defined as clinical disease activity >22) to moderate or low activity during the four-week treatment period. Key data from the study were presented on November 30, 2021.

cAMP
cAMP, or cyclic adenosine monophosphate, is an adenine-based (nitrogen-based), cyclic nucleotide (molecular building block) that participates in the formation of DNA and RNA, by acting as a secondary messenger for several signaling substances and hormones and their receptors, inside the cells.

Cardiac surgery
Cardiac surgery, or cardiovascular surgery, is surgery on the heart or great vessels performed by cardiac surgeons. It is often used to treat complications of ischemic heart disease (for example, with coronary artery bypass grafting); to correct congenital heart disease; or to treat valvular heart disease from various causes, including endocarditis, rheumatic heart disease, and atherosclerosis. It also includes heart transplantation.

Clinical study
Clinical studies are conducted to test the efficacy and safety of new drugs, diagnostic tests, products, or treatments. Before human studies begin tests have already been done in several different ways in laboratory experiments and in animal studies. Clinical studies or trials are carried out both with healthy volunteers and individuals with the disease being studied.

CMC
CMC is an acronym for Chemistry, Manufacturing and Controls which are critical activities in the development of new drug products. In addition to the processes themselves, CMC also refers to practices and specifications that must be followed and met to ensure product safety and batch-to-batch consistency.

CPB
Cardiopulmonary bypass (CPB) is a technique in which a machine temporarily takes over the function of the heart and lungs during surgery, maintaining the circulation of blood and oxygen to the body. The CPB pump itself is often referred to as a heart–lung machine or "the pump".

CRO
Within the life science industry, a contract research organization (CRO) is a company that provides support to the pharmaceutical, biotechnology and medical technology industry in the form of research services outsourced on contract. A CRO can provide such services as biopharmaceutical development, development of biological assays, commercialization, clinical development, management of clinical studies, safety monitoring, outcome research and so-called real world evidence studies.

DMARD
Disease-modifying anti-rheumatic drugs (DMARD) are a category of otherwise unrelated drugs defined by their use in rheumatoid arthritis and other rheumatic diseases. The term often finds its meaning in contrast to non-steroidal anti-inflammatory drugs and steroids (NSAIDs). The term overlaps with antirheumatics, but the two terms are not synonymous.

Edema
Edema, also spelled oedema, also known as fluid retention, dropsy, hydropsy and swelling, is the build-up of fluid in the body's tissue.

ESMA
European Securities and Markets Authority.

EXPAND
The EXPAND (SynAct-CS007) study is a multicenter, randomized, double-blind, placebo-controlled, 12-week study in newly diagnosed, treatment naïve patients with highly active RA (Clinical Disease Activity Score (CDAI) > 22) who are to start treatment with methotrexate (MTX). In EXPAND, 120 RA patients with high disease activity (CDAI > 22) will be randomized 1:1 for treatment with either the newly developed 100 mg AP1189 tablets or placebo tablets for a once daily dose for 12 weeks, concurrently with the prescribed dosing with MTX. The primary efficacy read-out in the EXPAND is proportion of patients achieving 20% improvement in ACR (ACR20) at week 12 relative to placebo.

FDA
The United States Food and Drug Administration (FDA or USFDA) is the US food and drug authority responsible for food (for humans and animals), dietary supplements, drugs (for humans and animals), cosmetics, medical devices (for humans and animals) , radioactive equipment and blood products.

Hypercholesterolemia
Hypercholesterolemia, also called high cholesterol, is the presence of high levels of cholesterol in the blood.

ICU
An intensive care unit (ICU) is a special department of a hospital or health care facility that provides intensive care medicine. Intensive care units cater to patients with severe or life-threatening illnesses and injuries, which require constant care, close supervision from life support equipment and medication to ensure normal bodily functions.

iMN
Idiopathic membranous nephropathy is an autoimmune disease in which the membranes of the glomerulus are attacked by generated autoantibodies, resulting in progressive deterioration of kidney function.

IND
An Investigational New Drug application that must be submitted to and approved by the US FDA before a drug can be tested on humans, in other territories than the US this is refered to as clinical trial application.

Intravenous therapy
Intravenous therapy (abbreviated as IV therapy) is a medical technique that administers fluids, medications and nutrients directly into a person's vein.

MRI
Magnetic resonance imaging (MRI) is a medical imaging technique used in radiology to form images of the body's anatomy and physiological processes. MRI scanners use strong magnetic fields, magnetic field gradients and radio waves to generate images of the organs in the body. MRI does not involve X-rays or the use of ionizing radiation, which distinguishes it from CT and PET scans.

Melanocortin
Melanocortin is a body hormone that acts by activating specific melanocortin receptors on the cell surface of certain white blood cells.

Melanocortin receptors
When these receptors are activated, processes start in the body that lead to reduced release of pro-inflammatory mediators (slowed down inflammation) and stimulation of healing processes (dead cells and cell debris are cleaned away and the tissue heals).

MTX
Methotrexate (MTX) is a folic acid antagonist that belongs to the group of cytostatics. Today it is used in rheumatoid arthritis, psoriasis and Crohn's disease as a disease-modifying drug but can also be used as a cancer treatment.

NS
Nephrotic syndrome (NS) is a syndrome (a collection of symptoms) resulting from a change in the kidneys.

Organ dysfunction/Organ failure
Organ dysfunction is a condition where an organ does not perform its expected function. Organ failure is organ dysfunction to such a degree that normal homeostasis cannot be maintained without external clinical intervention.

Peptide
A peptide is a molecule that consists of a chain of amino acids (also called monopeptides) joined together by peptide bonds to form a short chain. Peptides differ from proteins only in that they are smaller; the boundary between peptide and protein is usually drawn at 50 amino acids.

pERK pathway
The pERK signaling pathway, also called the MAPK/ERK signaling pathway, is a chain of proteins in the cell that communicates a signal from a receptor on the cell's surface to the DNA found in the cell's nucleus.

Pharmacokinetics
Pharmacokinetics (PK) is the study of drug metabolism in the body, i.e. how the levels of a drug in the body change through absorption, distribution (distribution), metabolism and excretion.

Proteinuria
Proteinuria is the presence of excess proteins in the urine. In healthy persons, urine contains very little protein; an excess is suggestive of illness. Severe proteinuria can cause nephrotic syndrome.

RA
Rheumatoid arthritis is an autoimmune disease characterized by chronic inflammation (arthritis) and pain (arthralgia) in the body's joints. The inflammation has a strong ability to break down cartilage, adjacent bones, tendons and arteries.

RESOLVE
The RESOLVE study (SynAct-CS006) is a two-part, randomized, double-blind, multi-center, placebo-controlled study of the safety, dose-range finding confirmation, and efficacy of 4 (Part A) and 12 weeks (Part B) of treatment with AP1189 in adult RA patients with an inadequate response to MTX alone. The objectives of the two-part study are to evaluate the efficacy and safety of multiple doses of AP1189 when combined with MTX in DMARD-IR patients.

RESOVIR
(Resolution Therapy for Viral Inflammation Research) collaboration. RESOVIR is a scientific and clinical collaboration between Professor Mauro Teixeira, MD, PhD, Universidade Federal de Minas, Belo Horizonte, Brazil, Professor Mauro Perretti, PhD William Heavy Research Institute, Barts and London School of Medicine, Queen Mary University, London, UK, and SynAct Pharma AB. The purpose of the RESOVIR collaboration is to investigate the utility of resolution therapy to resolve the cytokine storm inflammation associated with significant viral infections.

Respiratory insufficiency
Means that breathing does not work as it should, which leads to a lack of oxygen.

Synovial joint
A synovial joint, also known as diarthrosis, joins bones or cartilage with a fibrous joint capsule that is continuous with the periosteum of the joined bones, constitutes the outer boundary of a synovial cavity, and surrounds the bones' articulating surfaces. This joint unites long bones and permits free bone movement and greater mobility. The synovial cavity/joint is filled with synovial fluid. The joint capsule is made up of an outer layer of fibrous membrane, which keeps the bones together structurally, and an inner layer, the synovial membrane, which seals in the synovial fluid.

FINANCIAL CALENDAR AND COMPANY INFORMATION

COMPANY INFORMATION

SYNACT PHARMA AB – PARENT COMPANY	
Company name	SynAct Pharma AB
Trade name/Ticker	SynAct Pharma/SYNACT. The shares are traded on Nasdaq Stockholm.
ISIN code	SE0008241491
LEI code	549300RRYIEFEQ72N546
Registered office and domicile	Skåne county, Lund municipality, Sweden
Company registration number	559058-4826
Date of establishment	2016-04-12
Date when the company started operations	2016-04-12
Country of establishment	Sverige
Legal form	Public limited liability company
Legislation	Swedish law and the Swedish Companies Act
Address	Scheelevägen 2, SE-223 63 Lund, Sweden
Telephone	+45 28 44 75 67
Web page	www.synactpharma.com
Auditor	KPMG AB (Box 227, 201 22 Malmö), lead auditor Linda Bengtsson.

SYNACT PHARMA APS – SUBSIDIARY	
Country of establishment and operation	Denmark
CVR-nummer (Company registration number)	34459975
Registered office and domicile	Holte, Rudersdals kommun, Danmark
Percentage of shares held by Parent	100 percent

TXP PHARMA AG – SUBSIDIARY	
Country of establishment and operation	Switzerland
Firmen-nummer (Company registration number)	CHE-271.053.235
Registered office and domicile	Baar, Zug kanton, Switzerland
Percentage of shares held by Parent	100 percent

FINANCIAL CALENDAR

Interim Report Q1, 2023	2023-05-05
AGM 2023	2023-05-25
Interim Report Q2, 2023	2023-08-04
Interim Report Q3, 2023	2023-11-03

Questions regarding the Annual Report can be directed to CFO, Patrik Renblad, via e-mail par@synactpharma.com.

2022

SYNACT PHARMA

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