SYNACT PHARMA

ANNUAL REPORT 2023

Research and
development
in inflammatory
diseases

www.synactpharma.com

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

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SYNACT PHARMA

Content

Technology, market and intellectual property .6

Significant events .30

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 2023-01-01 - 2023-12-31.

"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, Torbjørn Bjerke

Dear Shareholders,

Leaving a disappointing year behind, we move forward with continued determination to deliver on the promise of resomelagon and resolution therapy. Despite all the therapies available to treat rheumatoid arthritis, many patients still have ongoing disease activity and require additional efficacy. A once daily oral and well tolerated therapy like resomelagon that works by a non-immunosuppressive mode of action – inflammation resolution – could positively impact the lives of many patients dealing with the challenges of rheumatoid arthritis and other inflammatory diseases.

While the EXPAND and RESOLVE outcomes did not meet our expectations, we now know how to identify patients more likely to respond to resomelagon and better understand how to design trials to give resomelagon every chance to demonstrate maximal patient benefit. In EXPAND, while there was no benefit seen at three months in the overall patient population, we saw a 71% ACR20 response rate with resomelagon treatment versus 54% for placebo in patients who had elevated levels of an inflammation marker called C-reactive protein (CRP). When further analyzed, we saw that the response further improved in patients who entered the study within six months after receiving their diagnosis of RA where we saw an 82% ACR20 rate versus 52% in placebo. Another important lesson from both EXPAND and RESOLVE is the need to treat for at least three months, a painful but important learning.

The analyses of the RESOLVE study identified a large degree of heterogeneity in the recruited patient population. Two-thirds of patients had been on methotrexate (MTX) treatment for more than one year at the time of recruitment, with most patients being treated for over two years. Only five of the recruited patients had a history of MTX treatment being initiated within six months of RA diagnosis. In addition, medical history, as reported, did not support treatment with maximal tolerable dose of methotrexate in a fraction of the recruited patients.

As efficacy data from one site had to be excluded from the efficacy analyses, we are awaiting final efficacy assessments from the contract research organization (CRO) with the site removed from the calculations. However, the study showed a very high placebo effect with ACR20, the primary efficacy readout, greater than 50% at 1-month and with lower numbers reached in the three active groups. Normal placebo effect in this patient population is appr 25-30%.

Unfortunately, the majority of the patients in the RESOLVE Part A did not fit into current treatment guidelines, but were more chronic patients, many treated for years in non-optimal ways, which most likely explain the high placebo effect reported. We know from the EXPAND study that treatment with resomelagon should be implemented in patients with signs of systemic inflammation who are preferably early in their disease development. The EXPAND study also clearly showed that the treatment effect in the relevant patient population developed during the full 12 weeks treatment period. We believe that the lack of treatment effect of the compound in the RESOLVE study is therefore likely impacted by the heterogeneity of the population recruited and the short treatment period.

And while our belief in the potential of resomelagon remains undeterred, so does our belief in our develop to partner strategy. While momentum to partnering has obviously waned given the disappointing results, we need to stay focused on their feedback on their desire to see resomelagon activity in a commercially relevant population. With limited resources this is why we have decided to put our focus on conducting a trial in patients who are experiencing moderate to severe disease activity after up to six months of initial treatment with methotrexate, which is a commercially relevant and attractive patient segment with significant unmet needs. It is fair to say that all the Big Pharma´s we are in contact with would like to see positive data in this commercially very attractive population before engaging. This would need to be a 12-week study in carefully selected patients in established RA centers in the US and Europe. Our new members of the clinical advisory board, PhD Vibeke Strand and PhD Roy Fleishman is already helping us with that important work. Another business opportunity we are currently exploring is a combination of resomelagon and biologics already used as 2nd line treatment. Our hypothesis, including our advisory board is that combining resomelagon with a biologic might help more patients to reach remission of their disease.

In parallel we seek to diversify our clinical risk with resomelagon by doing a study in virus-induced respiratory insufficiency caused by influenza similar to the COVID induced study conducted under the RESOVIR collaboration. While we will remain focused on resomelagon we will look to prepare TXP-11 to enter the clinic in 2025 and look for collaborative ways to advance additional peptides.

We have worked hard as a management team and board along with our expanded clinical key opinion leader advisors to fashion a capitally efficient plan to address partner data requests, diversify resomelagon risk and to advance the melanocortin peptides. We look forward to a more prosperous 2024 as we strive to deliver on the promise of resolution therapy. We are excited that Kirsten Harting, who brings a broad wealth of clinical development experience, has joined the team as our new CMO and will be instrumental in designing, executing, and managing our trials and development programs going forward. Kirsten was in my team at ALK-Abello and I know that she will deliver high quality in clinical development.

Our belief in resomelagon and resolution therapy remains steadfast, but we need to be capitally efficient and maximize our resources to drive resomelagon partnering and build shareholder value. We will need further financing to be to follow our strategy and achieve our objectives and goals. The current situation is of course challenging, but we are greatly encouraged by the opinions and support from our key opinion leader advisors. This taken together with our belief in resomelagon is already being leveraged to help investors see the same potential we do.

We sincerely appreciate the investment and continued support of our shareholders who we know are committed with us to unlock the potential of resolution therapy. We have excellent opportunities before us, and we remain focused on delivering patient, company and shareholder value. Lastly, I would like to thank our Board of Directors. The board of Synact Pharma comprises expert knowledge and valuable experience in drug development and capital markets, as well as the building and governance of biotech and pharma companies. With perspectives from the US to the Nordics and with a diverse composition, I believe we have a superior platform to drive the company in the right direction going forward.

”We have excellent opportunities before us, and we remain focused on delivering patient, company and shareholder value.”

Torbjørn Bjerke
Cheif 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 both oral small molecule and injectable peptide 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 resomelagon (AP1189), a novel once-daily oral small molecule is currently in Phase 2 clinical development for the treatment of rheumatoid arthritis (RA) and virus-induced respiratory insufficiency.

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 undergoing additional preclinical studies in 2024 for organ protection and function preservation in intensive care and is expected to enter a Phase 1 clinical trial in H1-2025.

VISION

SynAct's vision is to lead the development of inflammation resolution therapeutics, a new approach to treating inflammatory diseases that does not suppress the immune system and that enables patients to achieve immune balance and live beyond their inflammation.

MISSION

SynAct seeks to develop AP1189 and its peptide melanocortin agonists through proof-of-concept Phase 2 clinical studies. SynAct will seek to establish partnerships and collaborations with like-minded parties for Phase 3 studies and beyond.

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 BEGIN with AP1189 in patients with active RA 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.
- The Company announces top line data from the 12-week EXPAND Phase 2b clinical trial in severely active newly diagnosed rheumatoid arthritis patients.
- The Company carries out a directed issue of shares and warrants raising initial gross proceeds of SEK 60.5 million.
- The Company announces evaluation of the 4-week RESOLVE Phase 2a clinical trial in moderate to severely active rheumatoid arthritis patients with an incomplete response to methotrexate.

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 autoimmune or chronic inflammatory diseases, like RA, where the inflammatory response is not resolved and becomes chronic. 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 in infections with COVID-19 associated respiratory insufficiency as an example of such hyperinflammatory responses. Traditionally, these inflammatory diseases are treated with drugs that target the onset of and magnitude of the inflammatory response.

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. Often the effect of NSAID treatment is not sufficient to control the disease meaning that more potent treatment approaches are introduced. In moderate and severe RA and as well as other autoimmune diseases a treatment concept often referred to as treat to target is therefore applied. As early and effective intervention is known to be predictive for long term outcome of the disease, the treat to target approach should be initiated as fast as possible after diagnosis of the disease. First line treatment in this treatment approach is treatment with a and so-called systemic Disease Modifying Anti Rheumatic Drugs ("sDMARD"), which inhibit the inflammatory process so that pain, swelling, and joint stiffness are relieved or disappear. The most common compound to be used in this first line treatment is Methotrexate, originally developed as a chemotherapy agent. When given according to treatment recommendations, often in combination with glucocorticoids (GCs) (given orally or in as joint injections) has the possibility ability to induce clinical meaningful reduction within 3 to 6 months of treatment and avoid the use of GCs to induce disease control defined as low disease activity of remission. However, in up to 10 % of the patient's treatment must be discontinued due to lack of tolerance and patients cannot be dosed of maximal effective dose due to adverse events. Moreover, the use of GCs even though intended to be temporary often results in more chronic use, which is unwanted due to the side effects profile of the compounds. Together this means that up to 50 % of the patients don't response adequately to first line treatment.

To reach the treatment target of disease remission, second line treatment is therefore often applied. Either by adding a second sDMARD or a biologic DMARD (bDMARD).

The bDMARD are a class potent compounds targeting specific pathways in the immune system thereby inducing anti-inflammation with the risk of inducing not only inhibition, but suppression of the immune system with the risk for development of unwanted infections. Typically, a TNF-blocker is introduced as an add on to the first line treatment. As for the first line treatment, the aim is to get disease control through the treatment to target approach. The compound has without any doubt made a revolutionary impact on today's treatment of RA and other autoimmune and inflammatory diseases. However, often a try and error approach are applied meaning the patients shifted for one bDMARD to another bDMARD due to lack effect of loss of effect and often the patients need to be kept of GCs treatment for symptom control.

Another class of the drugs are the Januse Kinase inhibitors. When introduced the compounds that compared to the bDMARDs are given orally seemed to make yet another step in optimizing modern treatment of RA and other autoimmune diseases. However, as the bDMARD they are associated with risk of immunosuppression and even malignancy. Recently, restriction to the use the compounds have been identified due to cardiovascular side effects, meaning that even though widely used, the use should be restricted to third line, i.e. patients that don't reach disease control following treatment with bDMARD.

The treatment goal is to gain disease control defined as remission or low disease activity. No current treatments are curative and as mentioned most treatments are associated with the risk of immunosuppression and thereby risk of serious infections and other significant side effects and safety concerns.

SynAct's goal is to develop drugs that both slows down the development of the 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 autoimmune and inflammatory diseases.

THE MELANOCORTIN SYSTEM

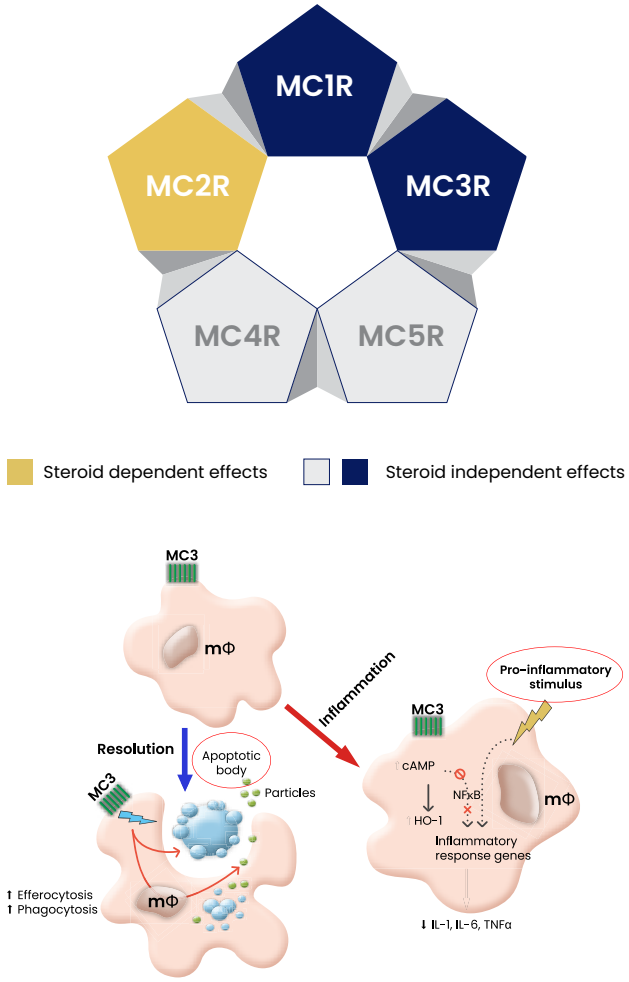
The melanocortin system is an ancient modulatory system comprising a family of 5 melanocortin receptors and a set of naturally occurring melanocortin peptides that bind to and activate these receptors. The melanocortin receptors (MC1R-MC5R) are located on many cell types and are spread throughout most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



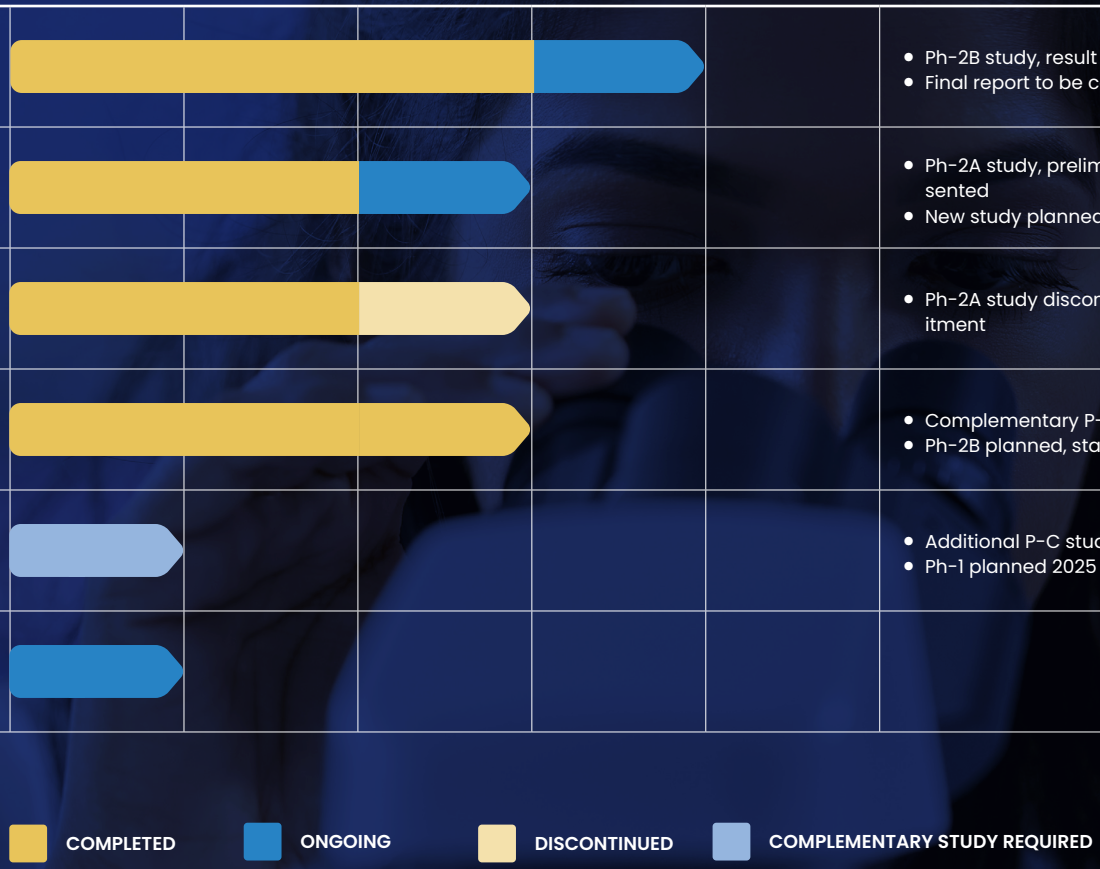
SYNACT'S TECHNOLOGY

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

The lead peptide agonist is TXP-11. Like resomelagon, this peptide shows high potency at MC1R and MC3R. While resomelagon is designed for once-daily oral administration, TXP-11 is designed for intravenous administration in complicated conditions where patients are hospitalized with risk for development of organ/life threatening hyperinflammation. The development potential of the compound is to prevent organ dysfunction and failure following major surgery, traumas, and infections.

PIPELINE OVERVIEW

ASSET	INDICATION	STATUS AND NEXT MILESTONE
Resomelagon (AP1189)	Rheumatoid arthritis (RA) - 1st line treatment	• Ph-2B study, result presented • Final report to be completed
	Rheumatoid arthritis (RA) - DMARD-IR	• Ph-2A study, preliminary result presented • New study planned
	Nephrotic syndrome (iMN)	• Ph-2A study discontinued – low recruitment
	Virus-induced respiratory insufficiency	• Complementary P-C study required • Ph-2B planned, start 2024-H2
TXP-11	Prevent organ failure in surgery	• Additional P-C study required • Ph-1 planned 2025
Next generation molecules	Auto-immune and inflammatory diseases	



PROJECT PORTFOLIO

Our lead program: resomelagon (AP1189)

SynAct's drug candidate, resomelagon, is a once-daily oral selective melanocortin agonist. Resomelagon selectively stimulates the MC1R and MC3R on target cells in the immune system that are directly involved in inflammation and its resolution. As the compound don't stimulate the MC2R the anti-inflammatory and immune resolution effects are induced in a steroid-free manner without the significant safety, tolerability, and side effect issues associated with adrenocorticotropic hormone (ACTH) based therapies. Further as resomelagon is a biased agonist it does not stimulate melanocortin pathways that are responsible for off-target activity as skin hyperpigmentation.

The Company initiated development of the compound in patients in 2020. Since then, the company has evaluated the compound 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 (DMARD-IR patients). The development program in DMARD-IR is conducted under an US-IND (investigational new drug). 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.

In 2023 the company completed two Phase 2 studies in RA. The EXPAND study in treatment naïve and the part A of the RESOLVE study in DMARD-IR patients. The outcome of the EXPAND study could not identify a treatment effect of resomelagon over placebo treatment. However, post-hoc analyses focusing on the patients with signs of systemic inflammation, i.e. the more severe affected patients, indicate a potential treatment effect of the compound relative to placebo that clearly support continued development of the compound in RA. The outcome of the RESOLVE- part A is still pending as the company decided to perform a study audit due to findings that suggested irregularities in the study that need to be clarified before any conclusions can be drawn. The recruitment to the nephrology study was continued in 2023. Due to lower-than-expected recruitment rate due to lack of eligible patients, the company has announced that recruitment would not be completed in 2023. No clinical development in virus-induced hyperinflammation was made in 2023.

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 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 resomelagon in RA

BEGIN - A 4-week Phase 2a study of daily resomelagon in newly diagnosed and previously untreated RA patients with severe disease activity

In November 2021, SynAct announced results from the BEGIN, Phase 2a study of AP1189 in newly diagnosed and previously untreated RA patients presenting with severe disease activity. The study, 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 treatment in associated with slow unset of action , meaning that it can take up 4-6 weeks before signs of reduction in disease activity is observed and the full effect of the compounds if active should be present within 6 months from initiation of treatment. More than 40% of patients will not achieve a full response to MTX therapy (DMARD-IR patients) and will require treatment of an additional drug as a bDMARD to generate disease control. Often GCs are co-administered in parallel with MTX treatment in order to facilitate symptom relief. The BEGIN study was conducted without co-administration of GCs.

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 points, p = 0.0394). The 100 mg AP1189 group also demonstrated a significantly higher fraction of patients achieving ACR20 (the American College of Rheumatology composite scoring system where 20% or higher reduction in the scoring is considered clinical meaningful in clinical trials) than placebo treated patients (ACR20: AP1189 (n=33) 100 mg: 60,6%; Placebo (n=30): 33.3%, P=0.0437) within the 4 weeks.

Based on the results in the BEGIN study the company decided to continue development in RA is two separate studies the EXPAND study to be considered a continuation of the BEGIN study and the RESOLVE study aimed to evaluate the treatment potential of the drug in DMARD-IR patient, i.e. patients that did not response adequately to first line treatment.

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

The EXPAND study was designed to test the treatment effect of 12-weeks of resomelagon on disease activity as measured by the ACR20 response rate as well as other RA disease measures and to evaluate the safety profile of the compound when dosed beyond the 4 weeks applied in the BEGIN study. This study utilized the newly

developed solid tablet formulation of resomelagon with once day dosing for 12-weeks as opposed to the 4-weeks of dosing in the BEGIN trial. The study was conducted at sites in Eastern Europe with randomization of a total of 127 patients treated with either 100 mg resomelagon or placebo in combination with MTX treatment. As in the BEGIN study the MTX dosing regimen was to the investigator's discretion and co-administration of GCs, except as rescue medicine in the case of a severe increase in disease activity, was not allowed.

The outcome of the full dataset did not identify any superior treatment effect of resomelagon in the applied dose regimen when compared to placebo with ACR20 response rates of 54.7% in the resomelagon group and 55.7% in the placebo group. Resomelagon continued to demonstrate a favorable safety profile, The overall rate of treatment emergent serious adverse events (SAEs) was 1.6% (n=2), with 1 SAE in each group. None of the episodes was considered related to the study medicine. The overall rate of patients experiencing treatment emergent adverse events (AEs) was 44.4% and 42.2% for resomelagon and placebo treated patients respectively. There were no observed signs of immunosuppression seen in the resomelagon group over that associated with background methotrexate therapy.

Around 40% of the patients equally distributed between the two treatment groups had no signs of systemic inflammation as evaluated by circulating levels of C-reactive protein (CRP). When evaluating the ACR20 response rate as well as the secondary efficacy readouts data, even not reaching statistical significance, indicate a treatment effect of resomelagon when compared to placebo treatment. In the subset of patients, the calculations showed the following: ACR20: resomelagon (n=34) 70.6%; Placebo (n=35); 54.3%; data based on per protocol population, i.e. patients that completed the study according to protocol. A comparable pattern was seen on the secondary reads including reduction in CDAI, and reduction in Health Assessment Questionnaire (HAQ) disability index evaluating the patient's ability to handle normal daily living.

In addition, a number of patients were enrolled in the study and considered newly diagnosed RA patients even though they had a medical history of RA with no treatment for years before entering the study.

Together data support that in patients with high disease activity including signs of systemic inflammation (CRP outside normal range) resomelagon could have the potential to facilitate disease control if applied early in the treat to target treatment algorithm, i.e. either as first line in combination with MTX or as an add-on in patients with no treatment effects early in the treatment process and continued signs of systemic inflammation (DMARD-IR). The intention is therefore to continue development of resomelagon in early active RA (DMARD-IR).

RESOLVE – 4/12-week Phase 2a/b study of daily resomelagon 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 response). The RESOLVE study was set up to evaluate the treatment potential in these patients as the Company believes that resomelagon 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.

Part A of the study, a 4-week double-blind placebo controlled multicenter dose range study was conducted with active recruitment from December 2022 to July 2023. The primary purpose of the study was to identify doses of resomelagon to be applied in part B of the trial, a 12-week phase 2b study with up to 3 doses of resomelagon vs placebo, and to evaluate initial safety and tolerability in patients with moderate to severely active rheumatoid arthritis with an incomplete response to MTX. The study conducted under an US-IND at sites in the US, Moldova and Bulgaria tested three doses of resomelagon vs placebo; a total of 125 patients were randomized. Following preliminary reporting of the data from the study, where irregularities were suspected, the company decided to initiate a third-party investigation into the conduct and quality of the trial including a full study audit. The audit showed that the quality of the study was affected by partially unclear patient inclusion criteria overall, and deviations from the study protocol at one of the trial sites. Data from the other sites seems usable for analysis, which preliminary findings indicate quite high placebo effect, being the key factor that the primary endpoint will not be met. Positively, safety data from all sites can and should be used for safety reporting, and the preliminary safety data indicates a benign safety profile.

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. Edema 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).

Idiopathic membranous nephropathy (iMN), despite being a relatively rare disease, is one of the most common/primary causes of NS.

Clinical development of resomelagon in iMN

Resomelagon is being tested in an exploratory, randomized, double-blind, multicenter, placebo-controlled Phase 2a study with repeated once-daily 100 mg dosing to assess the safety, tolerability, pharmacokinetics, and efficacy. 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.

Due to an unexpected low number of feasible patients referred to the 7 clinical sites in Denmark, Sweden and Norway participating in the study, the company reported during the summer 2023, that recruitment to the study would continue into 2024. If the number of eligible patients continues to be much lower than what could be foreseen from historical data, continuation of development of the compound in the patient population in mind should be reconsidered. The company has in Q1 2024 decided to discontinue the clinical study in iMN due to low recruitment of patients.

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 excessive inflammation and prevent severe disease.

Clinical development of resomelagon 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 resomelagon and 18 patients with placebo, each given orally once-daily for 2 weeks.

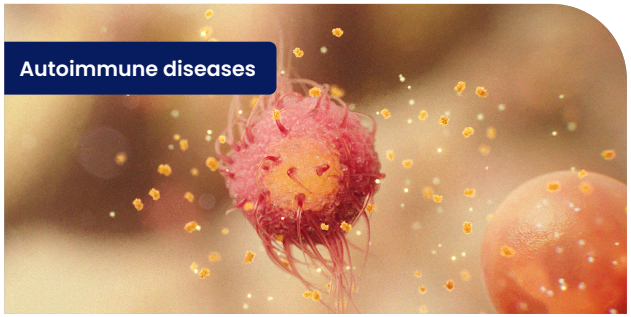
Patients treated with 100mg resomelagon orally once-daily for 2-weeks achieved respiratory recovery (no longer requiring oxygen therapy) on average 3.5 days (35%) quicker than placebo treated patients (6.4 days and 9.9 days on average respectively). All resomelagon treated patients (including the first 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). Resomelagon patients were discharged on average 3.3 days earlier than placebo and by day 4,41% of resomelagon patients had been discharged vs 0% for placebo.

Continued development

SynAct has explored various opportunities for further development of resomelagon 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 preclinical pharmacological studies in virus models with the aim to inform decisions on next steps for the program including the design of a potential next clinical study. An update of these data can be expected in H1 2024.

MARKET



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, resomelagon, works by selectively stimulating melanocortin receptors to treat inflammatory and autoimmune diseases characterized by excessive or chronic inflammation. Resomelagon is currently being tested in patients with RA and NS.

The global market for RA

The World Health Organization estimates that there are over 18 million people worldwide afflicted with RA with about 13 million having moderate to severe disease[1]. The market for RA therapeutics is expected to be approximately USD 29 billion in 2024 in the 7 major pharmaceutical markets (United States, France, Germany, Italy, Spain, UK, and Japan), with the US representing USD 21.5 billion or 74% of the total. Despite the advent of biosimilar agents, a combination of a growing population and new product launches is expected to result in an annual compounded growth rate of 1%[2].

The RA treatment algorithm consists of first-line agents known as DMARDs or disease-modifying anti-arthritic drugs which are older medicines like methotrexate that were repurposed from other uses to be used to treat RA. These medicines have a long history of use, can work reasonably well at least over the short term in about 50% of patients and are relatively inexpensive with manufacturers selling an average annual supply of oral MTX for about USD 1,000 in the US and about USD 100 in Europe. DMARDs can be used in combination and can also be used with steroids.

After DMARDs patients can be eligible for the newer advanced therapies of the biologics like anti-TNF therapies or the newer class of JAK inhibitors. In the US, patients who fail DMARDs are typically started on biologics and most often an anti-TNF agent. This is generally the same in Europe with the exception that JAK inhibitors cannot be used in second line in the US while they can be in Europe. The biologics and JAK inhibitors are higher priced with annual manufactures sales prices of USD 13,000-75,000 including generics and biosimilars in the US and USD 8,000-24,000 thousand on average in Europe.

Patients who are refractory to one advanced therapy MoA can be switched to a new agent with the same MoA or to a new therapy with a different MoA. Despite the advances made with the biologic and JAK inhibitors that have been approved for RA, many patients still deal with significant disease activity and are not able to achieve disease remission. With safety and cost concerns, advanced therapies are not likely to be combined so there is a significant need for new therapies with novel mechanisms that can be safely combined with the advanced therapies to provide additional disease relief.

The Vi-Ri (viral-induced respiratory insufficiency) market

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 in order to breathe adequately.

While respiratory insufficiency rates have decreased from COVID, influenza and respiratory syncytial (RSV) cause significant societal issues each year. The US Center for Disease Control (CDC) estimates that each year influenza causes approximately 500,000 hospitalizations and 50,000 deaths and was estimated to have a total annual economic burden of over USD 11 billion[2,3]. In the US, RSV accounts for up to 160,000 hospitalizations and 10,000 deaths with an estimated economic burden of USD 400 million[4,5].

The critical care organ dysfunction market

Each year in the US, over 5 million patients are admitted into an intensive care unit or ICU. Cardiac, respiratory and neurologic dysfunction are the biggest reasons for admission and the most common intervention provided is mechanical ventilation which is required in 20-40% of US ICU admissions[6]. Single and multiple organ dysfunction and failure is common in the ICU and is correlated with higher mortality. An ICU admission with no organ dysfunction or failure has an approximate 5% mortality, while the mortality rate for 1, 2 or 3 dysfunctional or failed organs is approximately 10%, 25% and 40% respectively.

From an ICU registry it was estimated that 85% of ICU admitted patients have some degree of respiratory dysfunction and 45% and 35% have some degree of cardiac or renal dysfunction respectively. This projects to approximately 4.25 million ICU admissions with respiratory, 2.25 million with cardiac and 1.75 million with renal dysfunction in the US annually. In hospital cost is also higher for patients in the ICU with organ dysfunction and failure versus those without. Patients in US admitted to ICU requiring mechanical ventilation had an average ICU stay of 14 days and an average cost of USD 32,000 while patients without respiratory failure had an average ICU stay of 13 days and an average cost of USD 9,000[7].

1. https://www.who.int/news-room/fact-sheets/detail/rheumatoid-arthritis
2. https://www.cdc.gov/flu/about/burden/index.html
3. Putri et al. Vaccine 2018:36:3960-6
4. https://www.cdc.gov/rsv/research/index.html
5. Paramore et al., Pharmacoeconomics, 2004; 22:275-84
6. https://www.sccm.org/Communications/Critical-Care-Statistics
7. https://pubmed.ncbi.nlm.nih.gov/15942342

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, resomelagon, is provided here whereas a corresponding overview of the patent portfolio related to the recently acquired TXP assets is described on page 14.

PATENT OVERVIEW

RESOMELAGON (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	2,3,4,5,6
Granted	1

Europe

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

Hong Kong

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

South Korea

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

China

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

Japan

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

USA

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

Mexico

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

South Africa

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

India

Patent status	Family
Applications	5,6
Granted	1

Australia

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

New Zealand

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

Other territories	PCT*	Brazil	Euroasia	Indonesia	Israel	Russia	Singapore
Applications	7,8,9	2,3,4,5,6	5,6	3,4,5,6	2,3,4,5,6	3,4	3,4,5,6
Approved						2	2

*Patent Cooperation Treaty

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

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.

Patent family and 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 2023 was SEK 8.83.

SHAREHOLDERS

As of December 31, 2023, Synact Pharma had 16,271 shareholders. The 15 largest shareholders controlled 38.1%.

LOCK-UP AGREEMENTS

The lock-up agreements entered into in December 2022 expired on 15 March 2023. The lock-up agreements have not affected the Group's reporting or financial position.

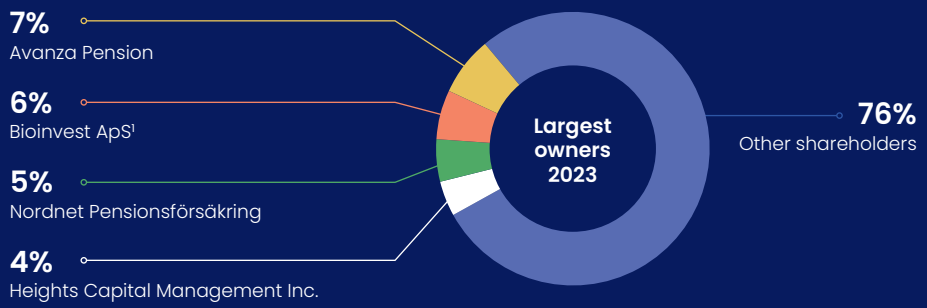
SHARE CAPITAL DEVELOPMENT

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
2023	Directed issue	0.125	16.14	3,750,000	468,750	35,570,980	4,446,373

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, 2023.



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

THE BOARD OF DIRECTORS AND MANAGEMENT

ULI HACKSELL

Chairman

KERSTIN HASSELGREN

Board member

TERJE KALLAND

Board member

Uli Hacksell, borned 1950, has been a member of the SynAct Board of Directors since 2020, and was elected chairman of the board at the AGM 2023. He 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 public, 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: 7,588 shares.

Kerstin Hasselgren, borned 1961, is currently Senior Advisor and Head of IR at 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 shares.

Terje Kalland, borned 1951, MD, PhD, is a board member of SynAct since 2019. He 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.

THOMAS JONASSEN

Board member

THOMAS VON KOCH

Board member

BOARD

Thomas Jonassen, borned 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: 2,190,080 shares (indirectly). He also controls 26.67% of Goodwind Holding GmbH, which owns 1,161,777 shares.

Thomas von Koch, borned 1966, has extensive financial and leadership experience spanning over 30 years. Mr. von Koch is currently Interim CEO at global medtech company Bactiguard (listed on Nasdaq Stockholm), a company he co-founded in 2005, and of which he remains principal owner. Following two years at Investor AB, where he worked with corporate finance and mergers and acquisitions, he joined the global investment giant EQT as one of its initial team members. Mr. von Koch was CEO and Managing Partner of EQT from 2014 to 2019 and remains a member of several Investment Committees within EQT.

Mr. von Koch has a Master of Science in Business Administration from the Stockholm School of Economics and possess extensive board, investment, business transformation, and merger and acquisition experience.

Shareholding in SynAct: 1,118,210 shares.

MANAGEMENT

TORBJØRN BJERKE

Cheif Executive Officer

BJÖRN WESTBERG

Chief Financial Officer

KIRSTEN HARTING

Chief Medical Officer

Torbjørn Bjerke, borned 1962, MD, served as Chairman of SynAct Board of Directors 2016-2023. In May 2023 he was appointed Chief Executive Officer for SynAct and consequently stepped down from the Board. He previously served as a portfolio manager at Arctic Aurora LifeScience and was 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 medical doctor degree from Aarhus Universitet.

Dr Bjerke was a cofounder of Action Pharma AS, TXP Pharma AG and cofounder and Chairman of Carelight Ltd. 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 Bjerke has an in-depth experience in building biotech companies, drug development and business development.

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

Björn Westberg, has more than 25 years of experience in the life science sector and has served as a chief financial officer since 2001.

Prior to joining SynAct Pharma in June 2023, he was CFO at privately held Attgeno. Before that he was CFO at global cloud software company Enea, Swedish medtech Bonesupport, both of which are listed on Nasdaq Stockholm, and pharmaceutical developer and manufacturer Recipharm. He started his career at AstraZeneca where he worked in various capacities from 1989-2001.

Shareholding in SynAct: 10,000 shares.

Kirsten Harting, joined SynAct on February 15, 2024, following more than three decades within big pharma and biotech as a chief medical officer. She has in-depth knowledge about development with comprehensive early and late clinical phase experience, including the approval of new medicines, combined with business insights.

Shareholding in SynAct: 0 shares

MANAGEMENT

THOMAS BOESEN

Chief Operating Officer

THOMAS JONASSEN

Chief Scientific Officer

JAMES KNIGHT

Chief Business 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.

Shareholding in SynAct: 0 shares. He also controls 18.67% of Goodwind Holding GmbH, which owns 1,161,777 shares.

Thomas Jonassen, 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: 2,190,080 shares (indirectly). He also controls 26.67% of Goodwind Holding GmbH, which owns 1,161,777 shares.

James Knight 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, Jim Knight held positions of increasing responsibility at Elan Pharmaceuticals, Dura Pharmaceuticals and Biogen. Jim 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.

Shareholding in SynAct: 77,452 shares.

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 2023-01-01 – 2023-12-31. 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, the wholly owned subsidiary SynAct Pharma ApS with its registered office and operations in Holte, Denmark and the wholly owned subsidiary TXP Pharma AG, that was aquisited on the 16th of January 2023. 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. 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, resomelagon, 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. Resomelagon is undergoing clinical phase 2 development and is being tested in various indications, of which rheumatoid arthritis (RA) is the primary indication. In connection with the acquisition of TXP Pharma AG, the company received a number of different melanocortin agonists for the prevention of organ failure in intensive care. The company has completed a number of different pre-clinical projects and is planning for clinical development in 2025. The company continues to have contacts with major pharmaceutical companies for possible collaboration or other possible structural transactions.

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, Torbjørn Bjerke, is an experienced executive and biotech entrepreneur with a strong commercial background and a solid deal-making track record. Torbjørn has more than 25 years of experience at the executive level and has been involved in a string of successful companies, including Biolipox, ALK Pharmaceuticals, AstraZeneca, Karolinska Development, Orexo 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

2023 was an intense year in terms of clinical development. The company reported results for the phase 2 studies EXPAND and RESOLVE. The studies did not reach the primary performance targets, which had a strong negative effect on the share price. The acquisition of TXP Pharma AG, which was subject to approval by an Extraordinary General Meeting on January 12, was completed on January 16, 2023. Other significant events during the financial year and after the reporting period are described in more detail on page 30.

Research and Development

The focus during the year has been to complete the two clinical phase 2 studies EXPAND and RESOLVE. Despite the negative primary results during the year, both management and the Board see a future for resomelagon. As the company analyzes the results from the previous study, BEGIN, and the results from a subpopulation of EXPAND, the company believes that there are still good opportunities in rheumatoid arthritis. The subpopulation of EXPAND accounted for 61% of the patients in the study and those patients had an elevated CRP level. An elevated CRP level is normally an indicator of inflammation. The company has also consulted some of the world's leading opinion leaders in the field of inflammation, and they share the company's view.

The company has also conducted a study in iMN, a form of severe proteinuria. It has now been terminated due to difficulties with patient recruitment. The company has successfully completed pre-clinical studies within the TXP portfolio. There is still some pre-clinical work to be done before a clinical study can begin in 2025.

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.

The company has a positive view of the opportunities that exist both for the resomelagon and also for the TXP portfolio. Based on existing study data, together with feedback from prominent opinion leaders in the field of inflammation, the company plans to initiate studies with resomelagon in both rheumatoid arthritis and influenza patients with breathing difficulties. The company also plans to add the remaining pre-clinical activities for TXP-11 with the aim of initiating a clinical study in 2025.

The company plans to raise more capital to implement the development plan. This can be done via various financing options. The company is also in continuous talks with major pharmaceutical companies about future collaborations. Such a collaboration, or other structural transaction, may, for example, take place in connection with the co-financing of a phase 2 study or that the company is ready to start a phase 3 study.

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 resomelagon and the TXP portfolio. Resomelagon 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 resomelagon, 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 resomelagon 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, resomelagon, 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 resomelagon, 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 resomelagon, 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 resomelagon, 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 resomelagon, 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 Swedish Tax Agency's decision and the Administrative Court has upheld SynAct's appeal. The Swedish Tax Agency has appealed both to the Administrative Court of Appeal, which upheld SynAct's appeal, and to the Supreme Administrative Court, which as of the date of the Annual Report has not yet made a decision in the case.

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.

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 resomelagon at the earliest in 2025.

Research and development costs (R&D)

Total costs for R&D amounted to SEK 105,055 (70,067) 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, resomelagon, and early projects. The Company does not capitalize expenses for the development project resomelagon 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 2023 amounted to SEK 44,826 (35,611) thousand. The increase is driven costs related to the acquisition of TXP Pharma, employee option programs and severance pay.

Other operating income/expenses

The increase for the year is mainly driven by SEK 74,558 thousand impairment of goodwill related to the TXP acquisition. The impairment has been made based on an impairment test of the cash-generating unit that TXP constitutes. The impairment test has considered the updated strategic plan adopted by the Board of Directors and the value of TXP has been negatively impacted by delays in the development of the most advanced peptide agonist, TXP-11, as well as other projects in the TXP portfolio. In connection with this, it is also important to emphasize that the goodwill value that is impaired largely arose as an accounting consequence of the share price of the SynAct Pharma share rising by 40% from the time of signing of the acquisition agreement to the date of closing of the shares in TXP Pharma.

Net financial items

Net financial items amounted to SEK 220 (-1,360) thousand and is mainly affected by exchange rate adjustments.

Tax on the period's results

The Group's tax was SEK 8,466 (7,860) 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 13 to the financial statements for further information.

Profit for the period

The group's result for 2023 amounted to SEK -215,810 (-99,205) thousand.

Liquidity, balance sheet and going concern

The Group's cash and cash equivalents as of 31 December 2023 amounted to SEK 62,395 (108,245) 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 13 for more information) amounted to SEK 8,188 (8,231) thousand. The Company's credit under the "Tax credit scheme" for 2023 is estimated to be paid out in November 2024.

Prepaid costs amounted to SEK 258 (17,293) thousand. In 2022, The decrease since the comparison period is mainly due to the initial payments to the CRO that handled the two clinical studies RESOLVE and EXPAND that were expensed during the year.

The cash flow amounted to SEK -45,823 (83,184) thousand. In financing operations, SEK 54.7 million refers to the proceeds from the directed issue carried out in October. The corresponding proceeds from the rights issue amounted SEK 125.4 million and the proceeds from the directed issue carried out in December 2022 amounted to SEk 76.3 million.

The Board of Directors continuously evaluates the Company's financial position and has determined that its current cash and cash equivalents are sufficient to finance the operations for the next 12 months. To be able to start any of the new phase 2 studies in rheumatoid arthritis, which is a part of the company's new strategic plan, however, additional financing is needed.

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). On April 18, 2023, HFD granted the Tax Agency leave to review, meaning that the case will be tried by the court.

The Company has continued to reserve for the full amount of VAT and tax surcharges of SEK 3,689 (3,689) thousand as an other short-term liability in the financial reporting pending a final judgment.

Employees and remuneration to senior executives

At the end of the year, the number of employees amounted to 5 (5). 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

FIVE-YEAR REVIEW

Development of operations, results and financial position

Five-year overview - Group (SEK thousand)	**2023**	**2022**	**2021**	**2020**	**2019**
Net sales	–	–	–	–	–
Operating profit	-224,496	-105,705	-76,699	-31,285	-25,335
Profit after financial items	-224,276	-107,065	-76,809	-31,304	-27,638
Profit for the year	-215,810	-99,205	-69,304	-26,551	-24,491
Net assets	228,019	142,597	38,369	21,593	25,913
Equity/Assets (%)	77%	89%	54%	73%	47%
Loss per share (SEK)	-6.64	-3.60	-2.68	-1.23	-1.63
Research and development costs/ operating costs, %	47%	66%	79%	73%	60%

Five-year overview - Parent Company (SEK thousand)	**2023**	**2022**	**2021**	**2020**	**2019**
Net sales	8,262	5,144	1,637	1,697	1,287
Profit after financial items	-149,529	-130,970	-60,966	-72,267	-9,999
Net assets	230,768	119,225	45,334	31,068	80,407
Equity/Assets (%)	93%	93%	89%	87%	85%

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.

Incentive program

During 2023, 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. At the annual general meeting in May 2023, a second employee option program was adopted. Both programs are described in more detail in Note 10 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 2024 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 2024 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 2023, management fees were charged within the group. In the parent company, SEK 8,262 (5,144) thousand have been reported as net sales and SEK 4,846 (3,615) thousand as administrative costs. The parent company's operating expenses amount to SEK 31,280 (25,815) thousand.

During the year, unconditional shareholder contributions have been provided to SynAct Pharma ApS with SEK 71,992 (109,220) thousand. The year's profit amounted to SEK -149,529 (-130,970) thousand.

Cash and cash equivalents at the end of the year amounted to SEK 44,133 (88,250) thousand and equity has increased to SEK 214,072 (111,127) thousand.

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

The share
As of 31 December 2023, the total number of shares outstanding amounted to 35,570,980 (29,648,457). 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 30,000,000 and a maximum of 120,000,000.

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, 2023

The ten largest owners at the end of the year were: Avanza Pension 7.1%, Bioinvest ApS 6.2%, Nordnet Pensionsförsäkring 4.9%, Heights Capital Management 4.2%, Thomas von Koch 3.5%, Goodwind Holding GmbH 3.3%, Torbjörn Bjerke 2.4%, Handelsbanken Fonder 2.3%, Niklas Borgquist 0.9% and SEB Fonder 0.9%.

Own shares

SynAct Pharma AB does not own any own shares.

Authorization

At the annual general meeting in May 2023, 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 7,955,241 which corresponds to a dilution of approximately 20 percent calculated on the number of outstanding shares in the Company.

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.

Share issue

Issue in kind

At the extra annual general meeting on January 12, 2023 it was resolved in accordance with the proposal from the board of directors to approve the acquisition of all shares in the Swiss-incorporated biotech company TXP Pharma AG through an issue in kind.

Through the issue in kind, the number of shares and votes in the Company increased by 2,172,523 from 29,648,457 to 31,820,980 and the share capital increased by SEK 271,565.375 from SEK 3,706,057.125 to SEK 3,977,622.50.

Directed issue

With the support of the authorization from the annual general meeting on May 25, 2023, SynAct Pharma AB's board decided on October 11, 2023, to carry out a directed share issue of 3,750,000 shares at a subscription price of SEK 16.14 per share to Heights Capital Management, Inc. The directed new issue brought the Company a total of SEK 60.5 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 3,750,000 from 31,820,980 to 35,570,980 and the share capital increased by SEK 468,750 from SEK 3,977,622.50 to SEK 4,446,372.50.

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	623,357
Retained earnings	-264,203
Profit for the period	-149,529
Total unrestricted equity of the parent company	**209,625**

The board proposes that no dividend be paid for the financial year 2023 and that available funds are carried forward.

Significant events during the year and after the reporting period

2023

Quarter 1

- 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.
- 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

- 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.
- On May 15 the company announced that Björn Westberg has been appointed Chief Financial Officer and member of the group management in SynAct, with start June 15.

Quarter 3

- During the month of July, the company announced that the dosing was completed in the EXPAND study and that the patient recruitment in the RESOLVE study was completed.
- In August the company announed that the dosing in the RESOLVE study was completed.
- During the month of September, the company announced top line data and additional data from the EXPAND study.

Quarter 4

- During the month of October, the company announced additional data from the EXPAND study. The company carried out a directed issue and warrants, raising initial gross proceeds of SEK 60.5 million as well as a prospectus in connection with admission to trading of new shares.
- In November the company announced an evaluation of the RESOLVE study.

2024

Quarter 1

- During the month of January, the company expanded its Rheumatology Clinical Advisory Board with three new highly experienced advisors. The Board of Directors received a request to convene an EGM.
- In February the company appointed Kirsten Harting as Chief Medical Officer and member of the group management in SynAct, with start February 15. The company also announced additional data from the Phase 2b clinical trial EXPAND, which supports the continued development of resomelagon for the treatment of rheumatoid arthritis. Marina Bozilenko announced her resignation from the Board of Directors at her own request.
- Upon request by >10% of the shareholders, an extra general meeting has been set to March 20, 2024.
- In March the company announced the outcome of the independent audit of the 4-week RESOLVE Phase 2a clinical trial in RA.

CONSOLIDATED INCOME STATEMENT

SEK (thousand)	Note	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Net sales		-	–
Gross profit		**-**	**-**
Research and development costs	9	-105,055	-70,067
General and administration costs	6,8,9,10	-44,826	-35,611
Other operating income	5	41	105
Other operating expenses	5	-74,655	-133
Operating income	**7**	**-224,496**	**-105,705**
Financial income	11	1,050	58
Financial expenses	12	-830	-1,418
Profit after financial items		**-224,276**	**-107,065**
Tax on profit/loss for the year	13	8,466	7,860
Profit for the period attributable to the shareholders of Synact Pharma AB		**-215,810**	**-99,205**
Earnings per share, basic and diluted (SEK)	14	-6.64	-3.60

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK (thousand)	Note	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Profit for the year		**-215,810**	**-99,205**
Other comprehensive income			
Items reclassifiable to profit or loss			
Exchange rate difference from conversion of foreign operations	24	13,003	3,164
Other comprehensive income after tax for the year		**13,003**	**3,164**
Comprehensive income attributable to the shareholders of Synact Pharma AB		**-202,807**	**-96,041**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	2023-12-31	2022-12-31
NON-CURRENT ASSETS			
Intagible assets	15,16	152,159	-
Right-of-use assets	4,8	660	2,095
Financial non-current assets	17,18,30	139	270
Total non-current assets		**152,959**	**2,365**
CURRENT ASSETS			
Tax credit		8,188	8,231
Other current receivables	20	4,220	6,464
Prepaid expenses	21	258	17,293
Cash and cash equivalents	22	62,395	108,245
Total current assets		**75,060**	**140,232**
TOTAL ASSETS		**228,019**	**142,597**

EQUITY AND LIABILITIES	Note	2023-12-31	2022-12-31
EQUITY	24		
Share capital		4,446	3,706
Other paid-in capital		646,572	394,839
Reserves		15,768	2,765
Retained earnings/losses including net profit		-490,600	-274,790
Total quity attributable to shareholders of Synact Pharma AB		**176,186**	**126,520**
NON-CURRENT LIABILITIES			
Deferred tax liability	13	18,016	-
Lease liabilities	8	58	1,064
Contingent earnout	25	7,248	-
Other provisions	26	1,573	-
Total non-current liabilities		**26,894**	**1,064**
CURRENT LIABILITIES			
Accounts payable	18,19	9,670	4,723
Lease liabilities	8	579	1,000
Other current liabilities	27	4,876	4,381
Accured expenses	28	9,815	4,909
Total current liabilities		**24,939**	**15,013**
TOTAL EQUITY AND LIABILITIES		**228,019**	**142,597**

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 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	**24**	**3,706**	**394,839**	**2,765**	**-274,790**	**126,520**
Opening equity 2023-01-01		**3,706**	**394,839**	**2,765**	**-274,790**	**126,520**
Profit for the year		-	-	-	-215,810	-215,810
Other comprehensive income		-	-	13,003	-	13,003
Comprehensive income for the year		**-**	**-**	**13,003**	**-215,810**	**-202,807**
Transactions with owners:						
Issue in kind		272	189,607	-	-	189,879
Employee option program		-	7,881	-	-	7,881
Directed share issue		469	58,991	-	-	59,459
Issue costs		-	-4,746	-	-	-4,746
Total transactions with owners		**740**	**251,732**	**-**	**-**	**252,473**
Closing equity 2023-12-31	**24**	**4,446**	**646,572**	**15,768**	**-490,600**	**176,186**

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

CONSOLIDATED STATEMENT OF CASH FLOW

SEK (thousand)	Note	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Cash flow from operations			
Operating income		-224,496	-105,705
Adjustments for non-cash items	22	85,566	712
Interest received		34	47
Interest paid		-123	-119
Corporate income tax received		8,472	7,860
Cash flow from operations before change in working capital		**-130,547**	**-97,206**
Cash flow from change in working capital			
Change in operating receivables	20,21	19,871	-19,313
Change in accounts payable		5,106	182
Change in operating liabilities	27,28	5,392	-1,218
Cash flow from operating activities		**-100,177**	**-117,555**
Investment activities			
Investments in financial non-current assets	17	370	27
Cash flow from investment activities		**370**	**27**
Financing activities			
New share issue		59,459	228,945
Issue costs		-4,746	-27,252
Amortization of lease liabilities	22	-729	-981
Cash flow from financing activities		**53,984**	**200,712**
Cash flow for the year		**-45,823**	**83,184**
Cash and cash equivalents at the beginning of the year		**108,245**	**23,997**
Exchange rate differences in cash and cash equivalents		-27	1,063
Cash and cash equivalents at the end of the year	**22**	**62,395**	**108,245**

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 2023, have been approved by the board and the CEO on March 19, 2024, and will be submitted to the Annual General Meeting on May 25, 2024, for approval.

NOTE 2 – SUMMARY OF SIGNIFICANT 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.

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.

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.

Expenditure on research and development incurred by the company
Expenditure on research is expensed in the period in which it is incurred. Intangible assets attributable to development costs or a separate development project are recognized only when the Group can demonstrate that the technical feasibility exists for carrying out the project, the asset is deemed to give rise to future economic benefits and the expenses can be calculated in a reliable manner. The company assesses that these criteria are met in connection with the project undergoing phase III studies, market launch and when the conditions for activation are otherwise met. To date, the Group has expensed all development costs as the above criteria for capitalization have not been met.

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.

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
Share-based payments in the Group refer to option programs that enable employees to acquire shares in the company. The fair value of allotted options is reported as a personnel expense with a corresponding increase in equity. The fair value is calculated at the time of grant and allocated over the vesting period. The fair value of the options granted has been calculated using an adapted version of the Black & Scholes valuation model that takes into account the exercise price, the term of the option, the share price on the grant date and the expected volatility of the share price and risk-free interest rate for the term of the option. The cost reported corresponds to the fair value of an estimate of the number of options that are expected to vest, taking into account terms of service and non-market performance conditions. This cost is adjusted in subsequent periods to eventually reflect the actual number of vested options. However, an adjustment does not occur when forfeiture is solely due to market and/or non-vesting conditions.

Social security contributions attributable to share-based instruments to employees as remuneration for purchased services are expensed in an expense allocated to the periods during which the services are performed. The provision for social security contributions is based on the fair value of the options at the time of reporting.

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 recognised at cost less accumulated depreciation and any impairment losses. Acquired intangible assets are initially measured at cost, which is the fair value at the time of acquisition.

Goodwill
Goodwill arising from a business combination is the difference between the cost of the business combination and the fair value of identifiable net assets. Goodwill is recognised as intangible assets and is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment and when there is an indication of impairment. No amortization of goodwill is made and no impairment of goodwill is reversed.

Impairment
The carrying amounts of the Group's assets are tested for impairment if there is an indication of impairment.

Impairment testing for intangible assets and participation in subsidiaries
If there is an indication of impairment, the recoverable amount of the asset is calculated in accordance with IAS 36. For intangible assets with an indefinite useful life and intangible assets that are not yet ready for use, the recoverable amount is calculated annually.

An impairment loss is recognised by the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. For the purposes of impairment assessment, assets are grouped at the lowest levels where there are separate identifiable cash flows (cash-generating units). When calculating value in use, future cash flows are discounted using a discount rate that takes into account the risk-free interest rate and the risks associated with the asset.

Previously recognized impairment losses are reversed if the recoverable amount is deemed to exceed the carrying amount. However, no reversal is made of an amount that is greater than the carrying amount of the carrying amount of what it would have been if impairment losses had not been recognised in previous periods. However, any 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.

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.

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.

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. 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, 2023, no internally generated 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 degree of phase determination of an individual study is an essential assessment. To support this, the Group uses a model based on the degree of completion of the study after several milestones that shows how the clinical study is progressing, both in terms of documentation in different phases and in terms of the number of patients included in the study. Each milestone achieved corresponds to a fixed percentage of the estimated total cost of the study.

Assesment of the value of intangible assets
Intangible assets in the Company are essentially attributable to development projects and goodwill. The assets have arisen in connection with the acquisition of the company TXP Pharma AG and its associated product portfolio. In the acquisition analysis, TXP Pharma's lead candidate TXP-11 was identified as a separately identifiable asset. The value in the accounting was based on a valuation made by an external valuation specialist. Other intangible assets consisted of goodwill. As of December 31, 2023, goodwill attributable to the acquisition was written down to 0 after the impairment test was completed, see Note 16.

Since impairment of goodwill may not be reversed, there is no risk of change in the carrying amount of goodwill in future periods. On the other hand, in the opinion of management, there is a significant risk of impairment of the intangible asset TXP-11 in the coming financial year in the event of negative changes in the material assumptions underlying the fair value measurement minus costs to sell for the cash-generating unit that includes TXP-11. See Note 16 for a description of the important assumptions.

Valuation of earn-outs
In the acquisition of TXP, there is a contingent purchase price to the sellers. This is highly dependent on the occurrence of future events. An important estimate in determining the value of the liability is thus the Group's assessment of the probability of any of the events triggering the earn-out occurring and the time to the event. Changes in the value of the contingent consideration are recognized in the income statement. See Note 15 and Note 25 for further information.

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
The company makes a budget and/or forecast for the business. It forms the basis for the analysis of cash flow and liquidity. In connection with this, priorities are being set to ensure continued operations for several quarters to come. A basic principle used by the company is that funding must be available for the entire planned implementation of a clinical study.

The Board of Directors continuously evaluates the Company's financial position and has determined that its current cash and cash equivalents are sufficient to finance the operations for the next 12 months. To be able to start any of the new phase 2 studies in rheumatoid arthritis, which is a part of the company's new strategic plan, however, additional financing is needed.

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 457 (1,770) thousand belong to Denmark and SEK 203 (325) thousand to Sweden.

NOTE 5 - OTHER OPERATING INCOME AND OPERATING EXPENSES

	Group 2023	Group 2022
Other operating income		
Other compensation and income	41	105
Total	**41**	**105**

	Group 2023	Group 2022
Other operating expenses		
Impairment of goodwill	-74,558	-
Exchange rate differences	-97	-133
Total	**-74,655**	**-133**

NOTE 6 - FEES TO AUDITORS

	Group 2023	Group 2022
KPMG		
Audit fees	577	596
Other audit activities	165	70
Tax services	-	–
Total	**742**	**666**
Mazars AB		
Audit fees	-	86
Other audit activities	-	200
Tax services	-	83
Total	**0**	**369**
Total	**742**	**1,035**

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 2023	Group 2022
External expenses	119,471	89,058
Employee expenses	30,410	16,619
Other operating expenses	74,665	133
Total	**224,536**	**105,810**

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 percent increase per year.

	Group 2023-12-31	Group 2022-12-31
Right-of-use assets		
Opening balance	3,094	3,267
Additional agreements	–	261
Termination of agreements	–	-711
Re-evaluation of agreements	-1,305	–
Exchange differences	-14	277
Closing balance accumulated aquisition values	**1,775**	**3,094**
Opening balance depriciation	-1,000	-88
Depriciation	-755	-1,064
Termination of agreements	635	160
Exchange differences	5	-8
Closing balance accumulated depreciation	**-1,115**	**-1,000**
Closing balance booked value	**660**	**2,094**

Depreciation of right-of-use assets is included in the income statement in the sub-item General and administration costs of SEK 755 (1,064) thousand.

	Group 2023-12-31	Group 2022-12-31
Lease liabilities		
Non-current lease liabilities	58	1,064
Current lease liabilities	579	1,000
Maturity analysis, non discounted future lease liabilities		
<12 months	643	1,095
1-2 years	93	1,119
>2years	-	93
Total	**736**	**2,307**

	Group 2023	Group 2022
Interest expenses attributable to lease liabilities	67	151
Costs attributable to short-term lease agreements	-	-
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	5	4
This year's lease payments in the Group	871	1,183

NOTE 9 – STAFF AND EMPLOYEE EXPENSES

Average number of employees	2023 Number of employees	2023 Men	2022 Number of employees	2022 Men
Parent company				
Sweden	3	2	1	1
	3	**2**	**1**	**1**
Subsidiaries				
Denmark	2	2	3	3
	2	**2**	**3**	**3**

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

Salaries and other allowances	2023	2022
Parent company		
The Board of Directors and senior executives	9,788	3,569
Other employees	768	334
Subsidiaries		
Senior executives	7,003	8,777
Other employees	-	-
Total	**17,558**	**12,680**

Social security costs and Pension costs	2023	2022
Parent company		
Pension costs for the Board and senior executives	1,100	152
Pension costs for other employees	85	35
Social security costs	2,064	644
Subsidiaries		
Pension costs for senior executives	687	824
Social security costs	10	11
Total	**3,946**	**1,665**

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

Gender distribution among the Board and senior executives	2023	2022
Share of women on the Board of Directors	33%	33%
Share of men on the Board of Directors	67%	67%
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

2023	Basic salary, board fees	Pension	Variable compensation	Remuneration for position	Other compensation	Total
Chairman						
Uli Hacksell	475	-	-	-	-	475
Board members						
Kerstin Hasselgren	300	-	-	-	-	300
Terje Kalland	275	-	-	-	-	275
Marina Bozilenko	250	-	-	-	-	250
Thomas von Koch	200	-	-	-	-	200
Senior executives						
CEO[1]	7,619	798	-	-	525	8,941
Other senior executives (4)[2]	7,375	988	297	2,906	-	11,566
of which in subsidiary	*6,947*	*687*	*55*	*2,906*	-	
Total	**16,493**	**1,786**	**297**	**2,906**	**525**	**22,007**

2022	Basic salary, board fees	Pension	Variable compensation	Remuneration for position	Other compensation	Total
Chairman						
Torbjørn Bjerke[3]	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**

Remuneration of senior executives
Remuneration to the CEO and other senior executives consists of 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) Basic salary
In addition to costs for the current CEO, costs for the CEO also include costs for severance pay to the previous CEO amounting to SEK 3,924 thousand. Jeppe Øvlesen was CEO until the 2023 Annual General Meeting. Remaining severance pay is reported as other provisions amounting to SEK 1,569 thousand.

2) Fees invoiced through own company for senior executives in SynAct Pharma
Fees to CBO via the company James Knight Consulting Inc amounting to SEK 2,906 thousand (2,825).

3) Other compensation
Purchased services from Torbjørn Bjerke via UST Leadership AB amounting to SEK 525 thousand (525 thousand). The agreement was terminated in connection with Bjerke's appointment as CEO.

NOTE 10 – SHARE-BASED PAYMENTS

The purpose of the employee option programs is to secure a long-term commitment for the employees in the Company through a compensation system which is linked to the Company's future value growth. Through the implementation of a share-based incentive program, the future value growth in the Company is encouraged, which implies common interests and goals for the shareholders of the Company and employees. Such share-based incentive programs are also expected to increase the Company's possibilities to retain competent persons.

Employee Option Program 2023 I

At the Extraordinary General Meeting of SynAct Pharma AB on January 12, 2023, it was resolved to implement an employee option program ("ESOP 2023 I") for two senior executives and one other employee of the company.

The ESOP 2023 I shall comprise a maximum of 195,000 options. The allotted employee options will vest with 1/3 as of the date that falls 12, 24 and 36 months after the date of allotment. The holders can exercise allotted and vested options during 30 days from the day following after the announcement of the Company's quarterly reports, the first time after the announcement of the quarterly report for the fourth quarter of 2025 and the last time after the announcement of the quarterly report for the fourth quarter of 2026. Each 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, equivalent to 175 per cent 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. Allotment of the options occurred on January 13, 2023.

Employee Option Program 2023 II

At the Annual General Meeting on May 25, 2023, it was resolved to introduce a second employee option program ("ESOP 2023 II") for senior executives and one other employee.

This employee option program shall comprise a maximum of 469,000 employee stock options. The allotted employee options vest with 1/3 from the date that is 12, 24 and 36 months after the date of allotment. The option holders shall be able to exercise granted and vested employee options during the period starting on the day that falls 3 years after the date of allotment and ending on 30 June 2028. Each employee option entitles the holder to acquire one new share in the company. Exercise price amounting to SEK 110.43, corresponding to 150 percent of the volume-weighted average share price of the company's share on Nasdaq Stockholm during 10 trading days immediately prior to the day on which a participant is granted options. The employee options shall be granted free of charge, shall not constitute securities and shall not be transferable or pledged. The allotment of 404,000 of the options included in the program took place on June 1, 2023. The remaining 65,000 warrants can be granted after a Board decision until the 2024 Annual General Meeting of SynAct.

Employee option program	Attotment date	Due date	Fair value in SEK at allotment	Exercise price, SEK	Volatility, %	Number of shares to which the options correspond
ESOP 2023 I	2023-01-13	2026-01-13	37.42	138.93	50	105,000
ESOP 2023 II	2023-06-01	2026-06-01	38.05	110.43	50	469,000

Change in outstanding incentive programs (number of options)	Group 2023
As of January 1, 2023	-
Alloted instrument	
ESOP 2023 I	195,000
ESOP 2023 II	404,000
Recalled/voided instruments	
ESOP 2023 I	-90,000
Instrument decided, not allocated	
ESOP 2023 II	65,000
Change	
ESOP 2023 I	105,000
ESOP 2023 II	469,000
As of December 31, 2023	**574,000**

As of December 31, 2023, SynAct had 35,570,980 shares outstanding. If the outstanding options (105,000) for the ESOP 2023 I are vested and exercised in full, it would result in a dilution of 0.3%. If the outstanding options (469,000) for the ESOP 2023 II are vested and exercised in full, it would result in a dilution of 1.3%.

The costs for the programs are estimated at SEK 19,310 thousand and refer to both the estimated cost of the value of the employees' services during the entire vesting period, valued at the market value at the time of allocation, and the estimated earned social security contributions related to Swedish participants. The costs for the whole year amounted to SEK 7,884 thousand.

Calculation of fair value of employee stock option programs:
Fair value on the grant date has been calculated using an adapted version of the Black & Scholes valuation model that takes into account the exercise price, the term of the option, the share price on the grant date and the expected volatility of the share price and risk-free interest rate for the term of the option.

NOTE 11 - FINANCIAL INCOME

	Group 2023	Group 2022
Other interest income	593	47
Exchange rate differences	458	11
Total	**1,050**	**58**

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

NOTE 12 - FINANCIAL EXPENSES

	Group 2023	Group 2022
Other interest expense	-797	-294
Exchange rate differences	-34	-1,124
Total	**-830**	**-1,418**

Exchange rate 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 13 - TAX ON PROFIT FOR THE YEAR

	Group 2023	Group 2022
Current tax[1]	8,466	7,860
Reported tax	**8,466**	**7,860**
Reconciliation of effective tax rate		
Profit before tax	-224,276	-107,065
Tax at the current tax rate for the Parent Company 20.6% (20.6%)	46,201	22,055
Tax effect of:		
- other tax rates for foreign subsidiaries	1,129	1,113
- deducible costs reported in eqiuty	978	5,614
- tax decuction for research and development costs	6,223	4,404
- non-deductible costs	-17,453	-847
- non-deductible income	1	10
- temporary differences for which deffered tax is not reported	-561	-340
- increase in loss deduction without corresponding activation of deferred tax	-28,052	-24,148
Reported tax	**8,466**	**7,860**
Effective tax rate	3.8%	7.3%
Reconciliation of deferred tax		
Amount at beginning of year	-	-
Additional assets from business combinations	16,908	-
Translation difference	1,108	-
Closing carrying amount	**18,016**	**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 4,746 (27,252) 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 128,517 thousand (100,588) in Sweden and tax loss deductions in Denmark amounting to SEK 247,889 thousand (138,269) and they have no time limit. There are tax loss deductions in Switzerland amounting to SEK 21,340 thousand, which has a time limit of 7 years. Deferred tax assets have not been recognised for these items, as it is not likely that the Group will use them to offset future taxable profits.

NOTE 14 – EARNINGS PER SHARE

	Group 2023	Group 2022
Basic and diluted earnings per share		
Profit for the year attributable to shareholders of the Parent Company	-215,810	-99,205
Average number of ordinary shares outstanding	32,523,855	27,585,001
Basic and diluted earnings per share (SEK)	-6,64	-3.60

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

NOTE 15 – BUSINESS COMBINATIONS

In the beginning of 2023, Synact Pharma AB acquired 100% of the issued share capital of TXP Pharma AG, a swiss biotech company. The acquisition was completed on the 16th of January 2023 TXP is consolidated into Synact's consolidated financial reporting from January 16 and of the Group's results in the reporting period, TXP accounts for SEK 4,573 thousand.

The purchase price consisted of a fixed purchase price corresponding to SEK 136 million and a potential additional purchase price (earnout) of SEK 55 million, where the fixed purchase price was paid through 2,172,523 newly issued shares in SynAct.

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 purchase price of the acquisition is as follows:	**Fair value (SEK thousands)**
Cash and cash equivalents	0
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, corresponding to SEK 136 million at the time of signing of the deal and based on a share price of SEK 62.60. In accordance with IFRS 3, the acquirer must recognise the fair value of share-based payments at the date of acquisition. The fair value was determined with a share price of SEK 87.40 to SEK 189,879 thousand, which led to goodwill being recognized in the amount of SEK 70,954 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 was initially calculated at SEK 7,077 thousand, see Note 25 - Contingent earn-out consideration for more information.

Final purchase price allocation analysis
The table below shows the final purchase price allocation 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 at bank	98
Cash and cash equivalents	236
Non-current liabilities	0
Deferred tax liability	-16,908
Current liabilities	-229
Total net assets acquired excluding goodwill	**126,002**
Goodwill	70,954
Total net assets acquired	**196,956**
Less	
Ordinary shares issued	-189,879
Provision for earnout	-7,077
Received cash and cash equivalents	236
Net cash outflow/effect on cash and cash equivalents on acquisition of business	**236**

The reported other intangible asset, SEK 142,805 thousand, consists of the company's lead candidate, TXP-11. The goodwill recognized in the acquisition, SEK 70,954 thousand, 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., amounts to SEK 10.9 million, which have been expensed in the Group, but are capitalized in the Parent Company.

NOTE 16 – INTANGIBLE ASSETS AND IMPAIRMENT TESTING

	Acquired Intangible Asset – Development Project	Goodwill	Total
Accumulated acquisition values			
Opening balance	-	-	-
Acquisitions for the year	142,805	70,954	213,759
Translation difference	9,354	3,604	12,958
Outgoing balance	**152,159**	**74,558**	**226,717**
Accumulated depreciation and amortization			
Opening balance	-	-	-
Write-down for the year[1]	-	-74,558	-74,558
Translation difference	-	-	-
Outgoing balance	**-**	**-74,558**	**-74,558**
Closing carrying amount	**152,159**	**0**	**152,159**

1) Impairment losses are included in the line item for Other operating expenses in the Consolidated income statement.

The intangible assets have been acquired through the acquisition of TXP Pharma AB, see Note 15. The carrying amount of Development Projects refers to TXP Pharma's lead candidate, TXP-11. The asset will be depreciated from the time it is available for use. TXP Pharma is considered to be a cash-generating unit and since it contains a significant goodwill value, an impairment test has been performed in accordance with IAS 36.

The impairment testing for the cash-generating unit TXP Pharma was based on a calculation of fair value minus costs to sell. Fair valuation is included in level 3 and is based on input data in a valuation model.

The valuation is based on a probabilistic cash flow model. Impairment testing of intangible assets is a significant estimate and assessment as several assumptions about future conditions and estimates of parameters are made when calculating the recoverable amount of cash-generating units. The most critical assumptions are considered to be assumptions about the timing of potential commercialization, costs for clinical development, probability of reaching the market, market size, sales volume and sales price, and the discount rate.

Important parameters	Method of estimating values
Timing of potential commercialization	Based on management's strategic plan for the clinical development programs and the expected lead times for the different clinical phases.
Costs for clinical development	Based on management's estimated costs for the development program and benchmarking against statistics on average development costs for studies in the relevant medical field.
Probability of reaching the market	Based on external sources of information in the form of data from the study of the results of a large number of development programs.
Market size	Based on external sources of information such as studies with estimates of future occurrence of organ failure in relevant markets and the proportion of these that are at a stage that is expected to be treatable with the company's drugs.
Sales volumes	Estimation of potential future market share based on, among other things, analysis of competing projects and which number in the order to the market the company's drug is expected to be. External sources of information such as analysis of market share at different points in time after first drug on the market and therapeutic benefit of the medicine.
Sales price	Based, among other things, on analysis of corresponding current prices for comparable treatments.
Discount rate	The discount factor of 15% has been determined by taking into account the risk-free rate and the risk associated with the specific asset.

The estimated recoverable amount according to the impairment test was lower than the carrying amount and the impairment test resulted in an impairment of goodwill of SEK 74,558 thousand. The impairment test has taken into account the updated strategic plan adopted by the Board of Directors and the value of TXP has been negatively impacted by delays in the development of the most advanced peptide agonist, TXP-11, as well as other projects in the TXP portfolio. In connection with this, it is also important to emphasize that the goodwill value that is impaired largely arose as an accounting consequence of the share price of the SynAct Pharma share rising by 40% from the time of signing of the acquisition agreement to the date of closing of the shares in TXP Pharma.

After the impairment, the recoverable amount for TXP Pharma is equal to the carrying amount. As a result, a negative change in any of the important assumptions underlying the fair value measurement less costs to sell would result in a further impairment loss.

NOTE 17 - FINANCIAL NON-CURRENT ASSETS

	Group 2023	Group 2022
Opening balance acquisition cost	270	274
Deposit paid	-	–
Deposits refunded	-129	-29
Exchange rate difference	-1	24
Reported non-current financial assets	**139**	**270**

Non-current financial assets consists of deposits of DKK 93 thousand.

NOTE 18 - FINANCIAL ASSETS AND LIABILITIES

Financial assets measured at amortized cost	Group 2023-12-31	Group 2022-12-31
Financial assets		
Financial non-current assets	139	270
Other current receivables	-	1,560
Cash and cash equivalents	62,395	108,245
Total	**62,534**	**110,075**

Financial liabilities measured at amortized cost	Group 2023-12-31	Group 2022-12-31
Financial liabilities		
Accounts payable	9,670	4,723
Accrued expenses	9,815	4,909
Total	**19,484**	**9,632**

Financial assets and liabilities valued at accrued acquisition value correspond in substance to fair value.

Financial liabilities at fair value through profit or loss	Group 2023-12-31	Group 2022-12-31
Financial liabilities		
Contingent earn-out	7,248	-
Total	**7,248**	**0**

Financial liabilities measured at fair value consist of contingent earn-out liabilities attributable to the TXP acquisition. The fair value of the contingent earn-out has been calculated based on the expected outcome of events described in the agreement, see Note 15 Business combinations and Note 25 Contingent earn-out for more information. Fair value has been calculated as the risk-adjusted discounted present value of the payment. The measurement is in accordance with level 3 of the valuation hierarchy, which means that it is based on unobservable input data.

NOTE 19 – 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 2023 (%)	Operating income	Operating expenses
EUR	-	42%
DKK	-	20%
SEK	-	13%
Other currencies	-	6%

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

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 -6,221 (-4,909) thousand. A 10% stronger DKK against SEK would have a negative impact on profit after tax and equity of approximately SEK -2,979 (-4,449) thousand.

Translation exposure
The Group has a translation exposure that arises when translating foreign subsidiaries' earnings and net assets to SEK. The translation exposure on the balance sheet date in DKK amounts to SEK 23,204 thousand (50,783). A 10% stronger SEK against DKK would have a negative impact on equity of approximately SEK -2,320 thousand (-5,087). The translation exposure on the balance sheet date in CHF amounts to SEK 30,155 thousand (0). A 10% stronger SEK against CHF would have a negative impact on equity of approximately SEK -3,015 thousand (0).

The Group also has a translation exposure that arises from the translation of foreign accounts payable to SEK. As of the balance sheet date, this exposure amounts to SEK 814 thousand (1,490) in DKK and 8,211 KSEK (2,441 KSEK) in EUR. A 10% stronger DKK against SEK would have a negative impact on profit after tax and equity of approximately SEK -81 thousand (-149 thousand). A 10% stronger EUR against SEK would have a negative impact on profit after tax and equity of approximately SEK -821 thousand (-244).

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.

			2023-12-31
Maturity analysis	**<6 months**	**6-12 months**	**>12 months**
Accounts payable	9,670	-	-
Accrued expenses	8,024	1,791	-

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

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 20 - OTHER CURRENT RECEIVABLES

	Group 2023-12-31	Group 2022-12-31
VAT receivables	4,199	4,903
Other receivables	21	1,560
Total	**4,220**	**6,464**

NOTE 21 - PREPAID EXPENSES

	Group 2023-12-31	Group 2022-12-31
Prepaid expenses for R&D	-	17,069
Other prepaid expenses	258	224
Total	**258**	**17,293**

Prepaid R&D expenses refer to upfront payments to the CRO that had the main responsibility for the two studies RESOLVE and EXPAND. Payments have been expensed during the year.

NOTE 22 - CASH AND CASH EQUIVALENTS

	Group 2023-12-31	Group 2022-12-31
Cash		
Available balance	62,395	108,245
Total	**62,395**	**108,245**

Cash relates to bank balance, predominantly in SEK.

	Group 2023-12-31	Group 2022-12-31
Non-cash items in cash flow report:		
Depreciations	75,336	1,018
Employee option program	7,881	-
Provisions	1,573	-
Capital gain	-41	-14
Unrealized exchange rate differences	817	-292
Total	**85,566**	**712**

Reconciliation of liabilities from financing activities

	2023-01-01	Cash-Flow	Non-Cash items	2023-12-31
Lease liabilities	2,065	-729	-698	637
Total	**2,065**	**-729**	**-698**	**637**

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**

NOTE 23 - GROUP COMPANIES

Company	Main activity	Country	Share 2023	Share 2022
SynAct Pharma AB	Research, development and commercializaiton of pharmaceuticals	Sweden	Parent company	
SynAct Pharma ApS	Research and development of pharmaceuticals	Denmark	100%	100%,
TXP Pharma AG	Research and development of pharmaceuticals	Switzerland	100%	0%

NOTE 24 - EQUITY

Share capital and other capital contributed

	Number of shares	Share capital	Other capital contributed
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**
Issue in kind resolved in Jan 2023	2,172,523	272	189,607
Directed issue resolved in Oct 2023	3,750,000	469	54,244
Employee option program	-	-	7,881
Per den 31 december 2023	**35,570,980**	**4,446**	**646,572**

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	2023-12-31	2022-12-31
Opening carrying amount	2,765	-399
Change of the year	13,003	3,164
Closing carrying amount	**15,768**	**2,765**

NOTE 25 - CONTINGENT EARN-OUT

	Group 2023-12-31	Group 2022-12-31
Amount at beginning of year	-	-
Additional assets from business combinations	7,077	-
Change in fair value	708	-
Revaluation effect	-537	-
Closing carrying amount	**7,248**	**-**

In connection with the acquisition of TXP Pharma AG, the company has undertaken to pay a potential future value based on a number of events, see note 15 - Business Combinations for more information

Contingent earn-out is classified as financial liabilities which are remeasured at fair value each reporting period. Any revaluation gains and losses are recognized in the consolidated income statement. The fair value of the expected settlement of the earn-out has been calculated as the risk-adjusted discounted present value of the payment. The estimated expected settlement will vary over time depending on, among other things, the probability of any of the events occurring, the time to the event and development of the discount rate. The calculation as of 2023-12-31 is based on a discount rate of 10%. The measurement is in accordance with level 3 of the valuation hierarchy, which means that it is based on unobservable input data.

NOTE 26 - PROVISIONS

	Group 2023-12-31	Group 2022-12-31
Provision for severance pay	1,570	-
Provision for social security contributions for share-based payments	3	-
Total	**1,573**	**-**

Agreement on severance pay to the former CEO is reported as other provision in the amount of SEK 1,569 thousand. The provision for social security contributions is based on the fair value of the options at the time of reporting.

NOTE 27 - OTHER CURRENT LIABILITIES

	Group 2023-12-31	Group 2022-12-31
VAT liability[1]	3,689	3,689
Other current liabilties	1,186	691
Total	**4,876**	**4,381**

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). On April 18, 2023, HFD granted the Tax Agency leave to review, meaning that the case will be tried by the court.

The company has continued to reserve for the full amount of VAT and tax surcharges of SEK 3,689 thousand (3,689) as other current liabilities in the financial reporting pending a final judgment.

NOTE 28 - ACCRUED COSTS AND DEFERRED INCOME

	Group 2023-12-31	Group 2022-12-31
Accrued salary and fees	1,791	2,724
Accrued expenses related to R&D	5,839	636
Other accrued expenses	2,184	1,549
Total	**9,815**	**4,909**

The change in accrued costs for research and development since the comparison period is due to higher provisions for costs for the final phase of the EXPAND and RESOLVE studies.

NOTE 29 - RELATED PARTY TRANSACTIONS

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

On October 7, 2022, the Board of Directors resolved to approve and enter into an agreement with UST Leadership AB (Torbjørn Bjerke, then Chairman of the Board) for a defined consulting assignment. This agreement was terminated in connection with Bjerke's appointment as CEO.

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 30 - Pledges, contingent liabilities and other commitments for more information.

On December 12, 2022, 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 15 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 30 – PLEDGES, CONTINGENT LIABILTIES AND OTHER COMMITMENTS

Pledges
In the Group, collateral pledges amount to SEK 139 (270) 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 2024 at the earliest and have a cash flow effect no earlier than 2025.

Other commitments
There are no other commitments in the Group.

NOTE 31 – EVENTS AFTER THE END OF THE PERIOD

February 7, 2024 – Notice of Extraordinary General Meeting in SynAct Pharma AB

Background
TJ Biotech Invest ApS, Goodwind Holding GmbH, Thomas Ringberg and certain other shareholders in the company where no individual shareholder holds more than 0.38 percent (together the "Major Shareholders") have requested that the Board of Directors, in accordance with Chapter 7, Section 13 of the Swedish Companies Act (2005:551), convene an Extraordinary General Meeting to resolve on a proposal for election of a new Board of Directors as set out below.

The company's Board of Directors currently consists of six ordinary members with no deputies. The Major Shareholders propose that the Annual General Meeting resolves that the Board of Directors shall consist of four ordinary members of the Board of Directors without deputies. The Major Shareholders further propose that the Annual General Meeting resolves to elect Anders Kronborg, Sten Scheibye, Sten Sørensen and Jeppe Øvlesen as members of the Board of Directors for the period until the end of the Annual General Meeting 2024, and that Kerstin Hasselgren, Uli Hacksell, Terje Kalland, Thomas Jonassen, Marina Bozilenko and Thomas von Koch are dismissed as members of the Board of Directors. Finally, it is proposed that Anders Kronborg be elected as Chairman of the Board of Directors.

February 27, 2024 – The Company announces that Marina Bozilenko has informed the Board of Directors that she is resigning as a Board member due to personal reasons.

March 10, 2024 - The company announces the outcome of the independent review of the 4-week clinical trial RESOLVE phase 2a in rheumatoid arthritis.

PARENT COMPANY INCOME STATEMENT

SEK (thousand)	Note	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Net sales	20	8,262	5,144
Gross profit		**8,262**	**5,144**
General and administration costs	2,3,4,20	-31,277	-25,726
Other operating expenses		-3	-90
Operating profit		**-23,018**	**-20,671**
Results from shares in group companies	5	-126,313	-109,220
Other interest income and similar profit items	6	511	47
Interest expense and similar profit and loss items	7	-708	-1,125
Profit from financial items		**-126,510**	**-110,299**
Profit after financial items		**-149,529**	**-130,970**
Tax on profit for the year	8	-	–
Profit for the year		**-149,529**	**-130,970**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK (thousand)	Note	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Profit for the year		-149,529	-130,970
Other comprehensive income		-	–
Comprehensive income for the year		**-149,529**	**-130,970**

PARENT COMPANY BALANCE SHEET

ASSETS	Note	2023-12-31	2022-12-31
NON-CURRENT ASSETS			
Financial non-current assets			
Shares in group companies	9	181,207	24,419
Total		**181,207**	**24,419**
Total non-current assets		**181,207**	**24,419**
CURRENT ASSETS			
Short-term receivables			
Receivables from group companies	20	4,696	–
Other current receivables	12	518	2,231
Prepaid expenses	13	215	4,325
Total		**5,428**	**6,557**
Cash and cash equivalents	10,14	44,133	88,250
Total current assets		**49,561**	**94,806**
Total assets		**230,768**	**119,225**

EQUITY AND LIABILITIES	Note	2023-12-31	2022-12-31
EQUITY	15		
Restricted equity			
Share capital		4,446	3,706
Total restricted equity		**4,446**	**3,706**
Unrestricted equity			
Share premium reserve		623,357	371,624
Retained earnings		-264,203	-133,233
Net loss for the year		-149,529	-130,970
Total unrestricted equity		**209,625**	**107,421**
Total equity		**214,072**	**111,127**
NON-CURRENT LIABILITIES			
Contingent earnout		7,248	-
Other provisions		1,573	-
Total non-current liabilities	**16**	**8,821**	**-**
CURRENT LIABILITIES			
Accounts payable	10,11	565	1,072
Other current liabilities	17	4,506	4,044
Accrued expenses	10,11,18	2,804	2,981
Total current liabilities		**7,876**	**8,098**
Total liabilities		**16,696**	**8,098**
TOTAL EQUITY AND LIABILITIES		**230,768**	**119,225**

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 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**

	NOTE	RESTRICTED EQUITY	UNRESTRICTED EQUITY			
		Share capital	Share premium reserve	Retained earnings	Net loss for the year	Total
Opening equity 2023-01-01		**3,706**	**371,624**	**-133,233**	**-130,970**	**111,127**
Reversal results previous year				-130,970	130,970	-
Profit for the year					-149,529	-149,529
Other comprehensive income		-	-	-	-	-
Comprehensive income for the year		**-**	**-**	**-130,970**	**-149,529**	**-280,499**
Transactions with owners:						
Issue in kind		272	189,607	-		189,879
Employee option program		-	7,881	-		7,881
Directed share issue		469	58,991	-		59,459
Issue costs			-4,746	-		-4,746
Total transactions with owners		**740**	**251,732**	**-**		**252,473**
Closing equity 2023-12-31	**15**	**4,446**	**623,357**	**-264,203**	**-149,529**	**214,072**

PARENT COMPANY STATEMENT OF CASH FLOWS

SEK (thousand)	Note	2023-01-01 2023-12-31	2022-01-01 2022-12-31
Operating activities			
Operating income		-23,018	-20,671
Adjustments for non-cash items		6,139	-1,298
Interest received		4	47
Interest paid		-0	173
Cash flow from operating activities before changes in working capital		**-16,875**	**-21,749**
Changes in working capital			
Change in operating receivables		1,128	-5,490
Change in accounts payable		-507	-65
Change in operating liabilities		285	3,233
Cash flow from operating activities		**-15,969**	**-24,072**
Investing activities			
Contributions and loans made to subsidiaries		-71,992	-109,220
Acquisition of subsidiaries		-10,870	-
Cash flow from investing activities		**-82,861**	**-109,220**
Financing activities			
New share issue		59,459	228,945
Issuing costs		-4,746	-27,252
Cash flow from financing activities		**54,713**	**201,693**
Cash flow for the year		**-44,117**	**68,401**
Cash at the beginning of the year		**88,250**	**19,849**
Exchange rate difference		-	-
Cash and cash equivalents at year-end	**14**	**44,133**	**88,250**

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.

Contingent earnouts are valued based on the probability of that the purchase price will be paid. Possible changes of the provision is added to/reduces the acquisition value. In the consolidated financial statements, contingent earnouts are recognized at fair value with changes over the result.

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 19 - 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.

Share-based payments
In the Parent Company, IFRS 2 costs for employees in subsidiaries have been recognised against participations in subsidiaries and personnel costs in the income statement. These shares have been then written down and recognised as profit from participations in Subsidiaries.

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 2023	Parent 2022
KPMG		
Audit fees	370	290
Other audit activities	165	70
Tax services	-	–
Other services	-	–
Total	**535**	**360**
Mazars		
Audit fees	-	86
Other audit activities	-	200
Tax services	-	83
Other services	-	–
Total	**0**	**369**
Total	**535**	**729**

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 60 (66) thousand. Future payment commitments as of December 31 for leases will be distributed as follows:

Future minimum lease fees	Parent 2023	Parent 2022
Within 1 year	134	129
1-5 years	93	226
More than 5 years	-	-
Total	**226**	**355**

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 2023	Parent 2022
Write-off of shares in group companies	-126,313	-109,220
Total	**-126,313**	**-109,220**

Write-down of shareholder contributions made to subsidiaries intended to cover Synact Pharma ApS Costs for research according to the accounting principle for shareholder contributions are SEK 71,992 thousand (109,220). Write-downs of SEK 50,500 thousand have been made for TXP Pharma AG. Share-based payments have been has been reported as participations in Group companies in accordance with IFRS 2 and has subsequently been written down by SEK 3,821 thousand (0).

NOTE 6 - OTHER INTEREST INCOME AND SIMILAR PROFIT ITEMS

	Parent 2023	Parent 2022
Interest income from Group companies	81	-
Other interest income	4	47
Exchange rate differences	426	-
Total	**511**	**47**

Exchange rate differences refer to lending from the Parent Company to subsidiaries during the year. All financial income is attributable to financial assets valued at amortized cost.

NOTE 7 - INTEREST EXPENSE AND SIMILAR PROFIT AND LOSS ITEMS

	Parent 2023	Parent 2022
Interest expenses	-708	-1
Exchange rate differences	-	-1,123
Total	**-708**	**-1,125**

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

NOTE 8 - TAX ON PROFIT FOR THE YEAR

	Parent 2023	Parent 2022
Current tax	-	–
Reported tax	**-**	**–**
Reconciliation of effective tax rate		
Profit before tax	-149,529	-130,970
Tax at the current tax rate for the Parent company 20,6% (20,6%)	30,803	26,980
Tax effect of:		
- deductible costs reported in equity	978	5,614
- non-deductible costs	-26,028	-22,500
- non-deductible income	1	10
- increase in loss deduction without corresponding activation of deferred tax	5,753	-10,103
Reported tax	**-**	**–**
Effective tax rate	0%	0%

The Parent company has tax deductions for issue costs totalling SEK 4,746 (27,252) 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 128,517 (100,588) 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 2023-12-31	Parent 2022-12-31
Opening acquisition value	249,798	140,578
Acquisitions for the year	211,647	-
Shareholder contribution	71,992	109,220
Closing accumulated acquisition values	**533,436**	**249,798**
Opening write-offs	-225,379	-116,159
Write-offs for the year	-126,313	-109,220
Revaluation earn-out	-537	-
Closing accumulated write-offs	**-352,229**	**-225,379**
Closing carrying amount	**181,207**	**24,419**

Company / corporate registration number / registered office SynAct Pharma ApS, 344 599 75, Holte in Danmark	Parent 2023-12-31	Parent 2022-12-31
Equity share	100%	100%
Voting share	100%	100%
Number of participation rights	1,000,000	1,000,000
Carrying amount	24,419	24,419

Company / corporate registration number / registered office TXP Pharma AG, 271.053.235, Baar in Switzerland	Parent 2023-12-31	Parent 2022-12-31
Equity share	100%	0%
Voting share	100%	0%
Number of participation rights	11,220,000	-
Carrying amount	156,788	-

NOTE 10 – FINANCIAL ASSETS AND LIABILITIES

Financial assets measured at amortized cost	Parent 2023-12-31	Parent 2022-12-31
Other current receivables	-	1,560
Cash and cash equivalents	44,133	88,250
Total	**44,133**	**89,810**

Financial liabilities measured at amortized cost	Parent 2023-12-31	Parent 2022-12-31
Accounts payable	565	1,072
Accrued expenses	2,804	2,981
Total	**3,369**	**4,053**

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 19 - Financial risks as the Parent Company's financial risks are in all material respects consistent with those of the Group.

			2023-12-31
Maturity analysis	**<6 months**	**6-12 months**	**>12 months**
Leverantörsskulder	565	-	-
Upplupna kostnader	1,401	1,403	-

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

NOTE 12 – OTHER CURRENT RECEIVABLES

	Parent 2023-12-31	Parent 2022-12-31
VAT claims	497	671
Other receivables	21	1,560
Total	**518**	**2,231**

NOTE 13 – PREPAID EXPENSES

	Parent 2023-12-31	Parent 2022-12-31
Prepaid aquisitions costs	-	4,056
Prepaid rental costs	33	32
Other prepaid expenses	182	237
Total	**215**	**4,325**

Prepaid acquisition costs relate to the acquisition of TXP Pharma AG that was capitalized against the acquisition that was completed on January 12, 2023.

NOTE 14 – CASH AND CASH EQUIVALENTS

	Parent 2023-12-31	Parent 2022-12-31
Cash at Banks	44,133	88,250
Total	**44,133**	**88,250**

NOTE 15 – EQUITY

Per December 31, 2023

The share capital consists of 35,570,980 (29,648,457) 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 24 - 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	**2023-12-31**
At the disposal of the Annual General Meeting are the following earnings,	
Share premium reserve	623,357
Retained earnings	-264,203
Net loss for the year	-149,529
Unrestricted equity in the parent company	**209,625**

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 23, 2024.

NOT 16 – NON-CURRENT ASSETS

	Parent 2023-12-31	Parent 2022-12-31
Contingent earnout	7,248	-
Other provisions	1,573	-
Total	**8,821**	**-**

Contingent earnout refers to the acquisition of TXP Pharma AG, see Note 15 to the Group - Business combinations. Other provisions, see Note 26 – Provisions for the Group.

NOTE 17 – OTHER CURRENT LIABILITIES

	Parent 2023-12-31	Parent 2022-12-31
VAT liability	3,689	3,689
Other current liabilties	817	355
Total	**4,506**	**4,044**

VAT liability, see Note 27 – Other current liabilities for the Group.

NOTE 18 – ACCRUED EXPENSES AND PREPAID INCOME

	Parent 2023-12-31	Parent 2022-12-31
Accrued salaries and board fees	1,403	1,582
Other accrued expenses	1,401	1,400
Total	**2,804**	**2,981**

NOTE 19 – COLLATERAL AND CONTINGENT LIABILITIES

For information about collateral and contingent liabilities in the Parent company, please refer to the Group's Note 30 - Pledged securities, contingent liabilities and other commitments. In the Parent company there are no pledged securities.

NOTE 20 – RELATED PARTIES TRANSACTIONS

	Sale of goods/ services	Purchase of goods/services	Other	Recivables on Closing Balance	Liabilities on Closing Balance
SynAct Pharma ApS					
2023	7,926	4,846	-	-	-
2022	5,144	3,615	–	–	–
SynAct Pharma ApS					
2023	335	-	-	4,696	-
2022	-	-	-	-	-

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 29 - Related Party Transactions.

NOTE 21 – 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 31.

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

SEK (thousands)	Group 2023-12-31	Group 2022-12-31
ASSETS		
Total non-current assets	152,959	2,365
Total current assets	75,060	140,232
Total assets	**228,019**	**142,597**
EQUITY AND LIABILITIES		
Total equity	**176,186**	**126,520**
Total non-current liabilities	26,894	1,064
Total current liabilities	24,939	15,012
Total liabilities	**51,833**	**16,077**
Total equity and liabilities	**228,019**	**142,597**
Soliditet (%)	**77%**	**89%**

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 2023	Group 2022
Research and development costs	-105,055	-70,067
General and administration costs	-44,826	-35,611
Other operating income/expenses	-74,614	-28
Total operating expenses	**-224,496**	**-105,705**
Research and development cost/operating expenses (%)	**47%**	**66%**

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, March 19, 2024

Uli Hacksell
Chairman

Terje Kalland
Board member

Thomas Jonassen
Board member

Thomas von Koch
Board member

Kerstin Hasselgren
Board member

Torbjørn Bjerke
Chief Executive Officer

Our audit report was submitted on March 19, 2024

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 2023. The annual accounts and consolidated accounts of the company are included on pages 20-65 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 2023 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 2023 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, 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.

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 the description of Financial risks and Cash flow, financial position and going concern in the Directors' report on pages 22-25 and 26 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 and TXP-11 in development programs within Rheumatoid Arthritis (RA), Virus Induced Respiratory Insufficiency and Organ failure The company's ambition is to conduct Phase 2 clinical studies, and then to sign commercial agreements with one or more major pharmaceutical companies. During 2023, two phase 2-studies in AP1183 was completed. The Company has adopted a strategic plan in the beginning of 2023, including two new clinical studies in AP1189 and one clinical study with TXP-11.

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 2023, the liquid funds were 62.4 SEK millions. It is the Board's assessment that available operating capital and tax credits received in Denmark is sufficient to fund the operating activities for a period of at least 12 months from the closing date, but that further financing is necessary to start the planned studies in AP1189.

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.

Valuation of intangible fixed asssets and shares in subsidiaries in the Parent company

See disclosure 16 and accounting principles on page 37 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

On 31 December 2023, the group reported capitalized development costs of 152.2 SEK millions. The Group also reported impairment of goodwill in Other operating expenses in the amount of 74.6 SEK millions. The carrying amount has been subject to impairment testing which involves both complexity and a significant element of judgement. Impairment testing has been performed for the cash-generating units that have associated goodwill, which for the Group is TXP Pharma.

In accordance with IFRS, impairment testing is to be performed according to a specific technique requiring management to make projections about the operations' internal and external conditions and plans. Examples of such judgements are date of potential commercialization, development costs, probabilty that the drug will reach the market, market size, sales volume, sales price and discount rate.

As per 31 December 2023 the Parent Company reported shares in Group companies for 181.2 SEK millions. If there are indications of significant impairment, for example, if the value of the shares exceeds the consolidated value of each Group company, the same type of testing is performed, using the same technique and inputs, as for consolidated goodwill and other intangible assets.

Response in the audit
We have inspected the impairment tests that have been performed to assess whether they have been prepared in accordnace with the prescriped techniques.

We have also obtained the valuation than Group management hired an external valuation specialist to prepare as supporting documentation for the impairment test. We have also assessed the reasonableness of significant assumptions in the valuation and compared them to the development plans of the Company as well as external information sources and studies.

We have involved our valuation specialists to re-calculate the fair value calculation performed by the Company.

Another important aspect of our work has also been reviewing the Group's sensitivity analysis of the valuation in order to determine how reasonable changes in Group management's assumptions may affect the valuation.

We have also assessed the content of the disclousures on the impairment testing as provided in the annual and consolidated accounts.

Accounting for acqusitions
See disclosure 15 and accounting principles on page 35 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter
In January 2023, the Group completed a significant acquisition as 100% of the shares in TXP Pharma AG was acquired for a consideration of 197 SEK millions.

In connection with business combinations, if a controlling influence is obtained, the new operations are to be reported in the consolidated accounts, requiring that a purchase price allocation is prepared. In the preparation of this purchase price allocation, the acquired assets and assumed liabilities – regardless of whether they have been reported previously or not – shall be identified and assigned a value corresponding to their fair value at the acquisition date. Preparation of the purchase price allocation requires knowledge of the methods used for the analysis and access to information about circumstances in the acquired business that give rise to values that shall be reported in the Group.

The purchase price allocation requires that Group management make estimates regarding which assets to include in the reporting and which values to assign to these assets. In particular intangible assets can be difficult to estimate. These estimates affect the future result of the Group, for example depending on whether the assets are amortized or not. The value that remains after all assets and liabilities have been assessed and valued is recorded as goodwill. This goodwill is not amortized but shall be subject to impairment testing at least annually.

When accounting for the acquisition, terms in the agreement such as contingent consideration need to be considered. A liability related to continged consideration are reported at fair value in the balance sheet. The value is calculated based on the terms in the agreement and includes estimates of future events, in this case either positive results from a phase 2a-study, sale or outlicencing of one of several projects or a sale of the entire company. The calculation of the value depends on significant estimates.

Response in the audit
We have assessed whether the acquisition has been included in the consolidated accounts from the correct point in time, being the date when a controlling influence was obtained.

We have reviewed the purchase price allocation to assess whether it have been prepared using generally accepted methods. Among other aspects, we have focused on intangible assets and whether the techniques used by the Group to assign values to these assets in the report are consistent with regulations and established valuation techniques.

Other important parts of our work has been to ascertain that the assets included in the purchase price allocation exist and that all significant assets, in particular intangible assets, have been included. This assessment has, among other things, been based on inspection of the agreement that has been signed as well as reports prepared by external valuation specialists engaged by Group management to prepare documentation and calculations for the purchase price allocation.

In our audit, we analysed the parameters on which the conditional consideration is based as well as assessed the Group's assumptions regarding which of the events triggering the consideration is likely to happen first and at which point in time it will happen, assumptions that affects the amount of the liabilities.

We have also checked the completeness of the disclosures contained in the annual and consolidated accounts and assessed whether these are consistent with the data that the Group has used and if the information is comprehensive enough to understand the assumptions made by management.

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 1-19 and 75-77. The other information comprises also of the remuneration report, which is expected to be made available to us after that date. 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 Accounting Standards 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 2023 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 2023.

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 International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable 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 XHTML 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 25, 2023. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2022.

Malmö, March 19, 2024

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, 2023, SynAct had 16,271 shareholders. Further information on the ownership structure is presented on page 29.

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 2023

The 2022 AGM, which was held on May 25, 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 2022 and determined remuneration to the Board of Directors and the auditor. The Annual General Meeting also resolved to re-elect Thomas Jonassen, Terje Kalland, Uli Hacksell, Marina Bozilenko and Kerstin Hasselgren as ordinary members of the Board of Directors and Thomas von Koch as new ordinary Board member. Torbjörn Bjerke declined re-election as he took over as the company's CEO. KPMG AB was re-elected as auditor with authorized public accountant Linda Bengtsson as auditor in charge. The Annual General Meeting resolved to approve the Board of Directors' remuneration report for the financial year 2022.

At the 2023 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 2023

An Extraordinary General Meeting is planned for March 20, 2024, where a group of shareholders, who together held >10% of the shares, requested an Extraordinary General Meeting to appoint a new Board of Directors.

Annual General Meeting 2023

The 2024 Annual General Meeting will be held in Malmö on Thursday, May 23, 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 Nomination Committee for the 2024 Annual General Meeting consists of the Chairman of the Nomination Committee, Niels Ankerstjerne Sloth, appointed by Bioinvest ApS, Per Colleen, appointed by Tom Enterprise Public Capital AB, Anders Kronborg appointed by Goodwind Holding GmbH and Uli Hacksell, Chairman of the Board of Directors. The Nomination Committee shall prepare proposals regarding the Chairman of the Meeting, the composition of the Board of Directors and remuneration to the Board of Directors. The Nomination Committee held two meetings, all of which were via video link.

The work of the Nomination Committee has not been completed ahead of the Annual General Meeting, but will be resumed after the Extraordinary General Meeting on March 20. No remuneration is paid to the Nomination Committee.

An important part of the Nomination Committee's work is rule 4.1 of the Code regarding diversity policy. The objective of the policy is for the Board of Directors to have a composition appropriate to the company's operations, stage of development and other circumstances, characterized by diversity and breadth in terms of competence, experience and background, and that an equal gender distribution shall be strived for. The 2023 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 shall, no later than six months prior to the Annual General Meeting, provide information about the names of the members of the Nomination Committee and, where applicable, which owner the member represents. The composition of the Nomination Committee for the 2024 Annual General Meeting was presented on SynAct's website on November 22, 2023.

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.

The 2023 Annual General Meeting discharged the members of the Board of Directors and the CEO from liability.

			Independent in relation to		
Name	**Role**	**Elected**	**Company and Management**	**Major Shareholders**	**Attendance (total[1])**
Uli Hacksell	Chairman	2020	Yes	Yes	13(13)
Thomas Jonassen	Board member	2016	No	No	12(13)
Terje Kalland	Board member	2019	Yes	Yes	13(13)
Thomas von Koch	Board member	2023	Yes	Yes	5(6)
Kerstin Hasselgren	Board member	2022	Yes	Yes	13(13)
Marina Bozilenko[2]	Board member	2021	Yes	Yes	10(13)
Torbjørn Bjerke	ex Chairman	2016	No	Yes	6(7)

[1] Total refers to the number of meetings convened during the members term of office.
[2] Marina Bozilenko resigned from the Board of Directors in February 2024 at her own request.

A more detailed description of the Board is presented on pages 16-17.

The Annual General Meeting 2023 resolved that remuneration to the Board of Directors shall be paid with SEK 400,000 to the Chairman of the Board and with SEK 200,000 to each of the other Board members who are not employed by the company. In addition, it was resolved that fees of (i) SEK 100,000 shall be paid to the Chairman of the Audit Committee and SEK 50,000 to each of the other members of the Audit Committee and (ii) SEK 50,000 to the Chairman of the Remuneration Committee and SEK 25,000 to each of the other members of the Remuneration Committee and (iii) SEK 50,000 to the Chairman of the R&D Committee and SEK 25,000 to each of the other members of the R&D Committee.

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.

In 2023, the Board held six ordinary meetings and seven extraordinary meetings. In most cases, extraordinary meetings have been prompted by major projects, such as financing and acquisitions. The Board of Directors has met with the company's auditors on four occasions, of which on two occasions without the presence of the CEO or other members of the company's management. Ola Grahn, attorney-at-law, Setterwalls Advokatbyrå AB, has served as secretary to the Board during the first half of the year, as well as on a few occasions. The company's CFO has on other occasions served as secretary to the Board of Directors. Fixed points at the Board meetings have been follow-up of the business against the budget and strategic plan. In addition, the Board of Directors has dealt with and made decisions on issues relating to research and development, financing, intellectual property rights, strategic direction and planning, budget, significant contracts, 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

Board of Directors' Remuneration Committee has continued to consist of Uli Hacksell (Chairman) and Terje Kalland. All members are independent in relation to the company and its management. The work is regulated in the Rules of Procedure for the Committee and includes dealing with and deciding on issues relating to remuneration and benefits to senior executives. The work also includes preparing other remuneration issues that are of great importance, such as incentive programs. In addition, the task is to monitor and evaluate programs for variable remuneration, both ongoing and those that have ended during the year, and to monitor and evaluate the application of the guidelines for remuneration to senior executives applicable during the year, as well as the current remuneration structures and remuneration levels, in Company. The Remuneration Committee reports to the Board of Directors. The Committee held four meetings in 2023.

Name	Role	Attendance (total[1])
Uli Hacksell	Chairman	3(3)
Terje Kalland	Member	3(3)

[1]Total refers to the number of meetings the member serve in the committee.

THE AUDIT COMMITTEE

The Board's Audit Committee consisted of Kerstin Hasselgren, Chairman of the Committee, and Marina Bozilenko, who has been a member throughout the financial year. The members of the Audit Committee have the requisite accounting expertise. The Audit Committee, whose work is regulated in accordance with the rules of procedure for the Committee, is tasked with preparing matters for the Board concerning audit procurement and fees, and following up on the work of the auditors and the company's internal control system, follow up on the current risk picture, follow up external audits and the company's financial information, prepare interim reports and the company's annual report, prepare and follow up on issues relating to financing, prepare the adoption and revision of the finance policy and other matters that the Board of Directors assigns the committee to prepare. The CFO participates as a rapporteur and the CEO also participates in the committee's meetings. The Audit Committee reports to the Management Board. The Committee held five meetings in 2023, all of which were attended by the company's auditors.

Name	Role	Attendance (total[1])
Kerstin Hasselgren	Chairman	5(5)
Marina Bozilenko[2]	Member	5(5)

[1]Total refers to the number of meetings held during the respective members term of office.
[2] Bozilenko resigned from the Board of Directors in February 2024 at her own request.

THE R&D COMMITTEE

In August 2022, the Board of Directors established an R&D Committee, as a preparatory committee 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 of Directors; and (b) act as scientific advisors to the management of SynAct Pharma. The committee's work is governed by the Rules of Procedure for Committee. The Committee consists of Terje Kalland (Chairman), Uli Hacksell and Torbjørn Bjerke. The Committee held two meetings in 2023.

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

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

AUDITORS

to the Articles of Association, SynAct shall appoint one or two auditors, with or without deputies, or a registered accounting firm. At the 2023 Annual General Meeting, KPMG AB was continued as auditors with Linda Bengtsson as auditor in charge..

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 18-19.

REMUNERATION TO SENIOR EXECUTIVES

The guidelines for remuneration to senior executives were not subject for adoption of the 2023 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 27-28. Salary and other remuneration for the financial year 2023 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 2023 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 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, March 19, 2024

The Board of Directors

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

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 2023 on pages 70-73 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, March 19, 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.

APM
Alternative performance measure. An alternative key figure refers to a financial measure of historical or future earnings development, financial position, financial result or cash flows. It is not such a financial measure that is defined or specified in the applicable rules for financial reporting.

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 study was a multi-center, two-part, double-blind, placebo-controlled study, in which two doses of resomelagon (50 mg and 100 mg orally administered once daily) were evaluated against placebo as adjunctive therapy to methotrexate in newly diagnosed patients with acute, active RA. The study's primary endpoint is a reduction in 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.

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.

CONTRACT RESEARCH ORGANIZATION (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.

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 resomelagon 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.

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 (INVESTIGATIONAL NEW DRUG) APPLICATION
An application to the FDA that must be submitted and approved before a drug can be tested on humans, so-called permit application for drug testing.

MELANOCORTIN
Melanocortin is a body-specific 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).

METHOTREXATE (MTX)
Methotrexate 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.

NEPHROTIC SYNDROME (NS)
Nephrotic syndrome 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. Peptides occur naturally in the body but can also be produced synthetically.

pERK PATHWAY
The pERK pathway (also known as the MAPK/ERK or RasRaf-MEK-ERK pathway) is a chain of proteins in the cell that communicates a signal from a receptor on the surface of the cell to the DNA in the nucleus of the cell.

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.

RA
Rheumatoid arthritis is an autoimmune disease characterized by chronic inflammation (arthritis) and pain (arthralgia) in the body's joints. 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 resomelagon 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 resomelagon when combined with MTX in DMARD-IR patients.

RESOMELAGON (AP1189)
The mechanism of action of SynAct Pharma's lead drug candidate resomelagon 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 resomelagon have not been reviewed by any regulatory authority globally.

RESOVIR
RESOVIR (Resolution Therapy for Viral Inflammation Research) 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. The aim 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.

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	+46 10 300 10 23
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

Extra ordinary meeting	2024-03-20
Interim Report Q1, 2024	2024-05-17
Annual general meeting 2024	2024-05-23
Interim Report Q2, 2024	2024-08-20
Interim Report Q3, 2024	2024-10-30

Questions regarding the Annual Report can be directed to CFO, Björn Westberg, via e-mail investor.relations@synactpharma.com.

2023

SYNACT PHARMA

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Extract from SynAct Pharma AB board minutes 78, March 19 2024, item 5 – Annual Report 2023

CEO and CFO presented the Annual report, as previously distributed via BoardVantage. In connection with the approval of the annual report, Thomas Jonassen noted that while he approves the annual report, he requests to have taken to the minutes that he does not agree to certain parts of the CEO letter where he does not agree in the certain parts of statement including how to continue development of resomelagon in Rheumatoid Arthritis.

The Board approved the Annual report and the signature process, via DocuSign, was initiated.

Thereafter, it was noted that all board members and CEO had signed the Annual Report via DocuSign.

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