

Notice of extraordinary general meeting in SynAct Pharma AB

The shareholders of SynAct Pharma AB, Reg. No. 559058-4826, are invited to attend the extraordinary general meeting to be held on Thursday January 12, 2023, at 15.00 CET, at Medicon Village in the main building The Spark, conference room Sharience, Scheeletorget 1 in Lund, Sweden.

Right to participate and notification

Shareholders wishing to attend the meeting must:

- be registered in the company's share register kept by Euroclear Sweden AB as of Tuesday January 3, 2023, and
- have notified their participation no later than Thursday January 5, 2023, by mail to SynAct Pharma AB, Medicon Village, Scheelevägen 2, SE-223 81 Lund, Sweden. Notice can also be given by phone +46 707-479 768 or by e-mail legal@synactpharma.com. The notification should specify the shareholder's complete name, personal identity number or company registration number, the number of shares held by the shareholder, address, telephone number during work hours and, when applicable, information on the number of advisors (two at the most).

Trustee-registered shares

Shareholders whose shares are trustee-registered in the name of a bank or other trustee must, to be able to exercise their voting rights at meeting, request the trustee to register their shares in their own name with Euroclear Sweden AB (so called "voting rights registration"). Such voting rights registration must be implemented by the trustee no later than as of Thursday January 5, 2023. Accordingly, shareholders must well in advance before this date notify their trustee of their request of such voting rights registration.

Proxy etc.

If the shareholder should be represented by a proxy, the proxy must bring a written power of attorney, which is dated and duly signed by the shareholder, to the meeting. The validity term of the power of attorney may not be more than one year, unless a longer validity term is specifically stated in the power of attorney (however at the longest five years). If the power of attorney is issued by a legal entity, the representing proxy must also present an up-to-date registration certificate or equivalent document for the legal entity. In order to facilitate the entrance at the meeting, a copy of the power of attorney and other authorization documents should preferably be attached to the shareholder's notification to participate in the meeting. A template power of attorney is available at the company's website (www.synactpharma.com), and will be sent to shareholders who request it and state their address.

Proposed agenda:

0. Opening of the meeting.
1. Election of Chairman of the meeting.
2. Preparation and approval of the register of voters.

3. Approval of the agenda.
4. Election of one or two persons to confirm the minutes.
5. Determination as to whether the meeting has been duly convened.
6. Resolution on (A) approval of acquisition of TXP Pharma AG (related party transaction); and (B) issue of new shares in kind.
7. Resolution on (A) employee option program; and (B) directed issue of warrants and approval of transfer of warrants.
8. Closing of the meeting.

Proposed resolutions

Item 1: Election of Chairman of the meeting

The board of directors proposes that attorney Ola Grahn is elected as Chairman of the meeting.

Item 6: Resolution on (A) approval of acquisition of TXP Pharma AG (related party transaction); and (B) issue of new shares in kind

The company has entered into a share purchase agreement regarding acquisition of all shares in TXP Pharma AG ("**TXP**").

TXP is a privately held, Swiss-incorporated biotech company researching and developing pharmaceutical drugs which by stimulation (agonist) of melanocortin receptors are planned to be used for treatment of autoimmune and inflammatory diseases. TXP has created a platform of more than 70 unique analogs of the naturally occurring melanocyte stimulation hormone (MSH) with a range of selectivity when binding to the melanocortin receptors. By using a propriety platform, TXP has developed peptides which are both stable and selective in stimulation of the different receptors.

TXP-11 is the most developed project of TXP. The project is in preclinical phase and has completed regulatory toxicology studies required to initiate phase 1 studies in humans. TXP-11 is a peptide which is administered intravenously and whose primary indication is the prevention of organ failure and damage in connection with surgical operations. TXP-11 is expected to advance into Phase 1 during 2023. TXP's development portfolio also includes TXP-35 and TXP-59, both very potent melanocortin receptor agonists, identified as candidates for slow-release formulation. This gives the potential to further development within the wide range of inflammatory and autoimmune diseases where stimulation of melanocortin receptors has proved successful.

Among the sellers of TXP are GoodWind Holding GmbH ("**GoodWind**") which owns approximately 53.48 per cent of the shares in TXP. TJ Biotech Holding ApS, a company controlled by Thomas Jonassen, board member and CSO of the company, owns approximately 26.67 per cent of the shares in GoodWind, Quantass ApS, a company controlled by Jeppe Øvlesen, CEO of the company, owns approximately 26.67 per cent of the shares in GoodWind, GL Capital AB, a company controlled by Torbjørn Bjerke, chairman of the board of the company, owns approximately 23.00 per cent of the shares in GoodWind and Boesen Biotech ApS, a company controlled by Thomas Boesen, COO of the company, owns approximately 18.67 per cent of the shares in GoodWind. Thereto, Boesen Biotech ApS directly owns approximately 1.52 per cent of the shares in TXP, Capital AB directly owns approximately 0.71 per cent of the shares in TXP, TJ

Biotech Holding ApS directly owns approximately 0.71 per cent of the shares in TXP and Quantass ApS directly owns approximately 0.64 per cent of the shares in TXP. Finally, James Knight, CBO of the company, owns approximately 3.57 per cent of the shares in TXP.

Some related party transactions shall, pursuant to Chapter 16 a of the Swedish Companies Act, be subject to the approval of the general meeting. Transactions that shall be approved are transactions which, together with other transactions carried out with the same related parties during the past year, refers to a value of at least one million SEK and corresponds to at least one per cent of the company's value (calculated as total market value). Given that GoodWind, and thus also indirectly Torbjørn Bjerke, Thomas Jonassen, Jeppe Øvlesen and Thomas Boesen, will receive a purchase price that exceeds one per cent of the company's total current market value, the transaction of TXP therefore shall be subject to the approval of the meeting of the company according to the provisions of Chapter 16 a, Section 7 of the Swedish Companies Act. In relation to Torbjørn Bjerke it is also noted that he, via UST Leadership AB, carries out consultancy services for the company since August 2022, for which a monthly remuneration of SEK 105,000 is paid.

Since the purchase price for TXP shall be paid in the form of contribution in kind, the issue in kind must also be approved by the meeting.

Torbjørn Bjerke and Thomas Jonassen have not participated in the board of directors' preparation of these proposals.

With reference to the above, the board of directors submits the following proposal regarding approval of acquisition of TXP and issue in kind. The proposal under item A below also constitutes the board of directors' report according to Chapter 16 a, Section 7 of the Swedish Companies Act.

A. Resolution on approval of acquisition of TXP Pharma AG (related party transaction)

The company has on 12 December 2022 entered into a share purchase agreement with all current shareholders of TXP regarding transfer of all of the shares in TXP (the "**Share Purchase Agreement**"). According to the Share Purchase Agreement, the company shall issue an initial fixed purchase price of SEK 135,999,939.80 to be paid on the closing date. The fixed purchase price shall be payable through the issuance of 2,172,523 new issued shares to the sellers (the purchase price and the new issued shares will be allocated among the sellers pro rata in relation to their shareholding in TXP). The number of consideration shares to be issued to settle the fixed purchase price has been determined based on a settlement price of SEK 62.60 per share, which corresponds to the volume-weighted average price for the company's shares during 30 trading days up to and including the last trading day prior to the date of signing of the Share Purchase Agreement.

In addition to the fixed purchase price, the company may also come to issue an additional purchase price in the form of a one-time amount of SEK 55,000,000 under the Share Purchase Agreement. The additional purchase price shall be payable if (i) the company's board of directors, following the completion of the first Phase II study with one of TXP's compounds resolves to continue the development of said compound for a subsequent Phase IIIb or a Phase III study or if an application to commence such studies are filed; (ii) TXP divests or licenses one of TXP's compounds; or (iii) the company divests the shares in TXP. The additional purchase price

shall only be payable once and upon the first fulfilment of any of the events entitling to the additional purchase price. If an additional purchase price is payable, the company shall, in its sole discretion, be entitled to resolve on whether it shall be payable in cash or through the issuance of new shares (subject to necessary resolution by the general meeting in the company). Any additional purchase price shall be allocated among the sellers' pro rata in relation to their shareholding in TXP. To the extent the company resolves to settle the additional purchase price in new issued shares, the number of shares to be issued shall be calculated based on a settle price which is based on the volume-weighted average price for the company's shares during 30 trading days prior to the company's notification to the sellers that the company chooses to settle the additional purchase price in shares.

The agreed purchase price for TXP has been determined based on negotiations with the sellers. Prior to the negotiations, the board of directors obtained a valuation of TXP's development portfolio from an independent third party. The board of directors' basis for the valuation included the result of a so-called due diligence examination of TXP. The board of directors has also obtained a so-called fairness opinion from Ernst & Young AB.

According to the Share Purchase Agreements, the sellers have provided customary guarantees regarding TXP and its business. Closing is according to the Share Purchase Agreement subject to the approval of the meeting of the company. Provided that the meeting approves the acquisition, closing is expected to take place in close relation to the meeting.

Through the purchase of TXP, SynAct's position as a leader within therapies for resolution treatment through melanocortin biology is strengthened. The acquisition of TXP gives SynAct two platforms that complement each other and create a versatility to develop therapies to address the full range of inflammatory and autoimmune diseases. The development portfolio is strengthened, and the aim is that SynAct, as a result of the acquisition, will shortly have two projects in clinical development and another two in a relatively advanced preclinical phase. A direct advantage of this is that the possibilities of a strong, continuous and value-creating news flow increase.

According to the board of directors' assessment, the terms and conditions of the transaction are market-based. The board of directors' view is supported by the independent value statement, so-called fairness opinion, that has been prepared by Ernst & Young AB on behalf of the board of directors and confirms that the consideration that SynAct pays is fair from a financial perspective for the shareholders of the company.

In light of the above, the board of directors proposes that the meeting resolves to approve the acquisition of TXP.

The resolution under this item A is conditional upon the meeting also resolving on an issue in kind according to item B below. For a valid resolution, the proposal has to be supported by a majority of the votes cast at the meeting. Shares and votes held by GoodWind, GL Capital AB, TJ Biotech Holding ApS and Quantass ApS and/or shares that are held by another company within the same group or corresponding company group as any of them shall not be taken into account in the meeting's resolution under this item A.

B. Resolution on issue in kind

The board of directors proposes that the meeting resolves to increase the company's share capital with not more than SEK 271,565.375 through new issue of not more than 2,172,523 shares and on the following terms and conditions:

1. The new shares shall only be subscribed for by the shareholders in TXP, whereby payment for the subscribed shares shall be made by contribution of shares in TXP. The number of shares in the company that each shareholder in TXP shall be able to subscribe for as well as the number of shares in TXP that each respective subscriber shall contribute with are set out in Schedule 1 of the complete proposal.
2. Payment for subscribed shares shall be made by way of assets contributed in kind, consisting of all shares in TXP. Payment for the subscribed shares in the form of contribution of the assets to be contributed in kind shall be made simultaneously with the subscription. The value of the assets to be contributed in kind, which is stated in the board of directors' report in accordance with Chapter 13, Section 7 of the Swedish Companies Act (2005:551) corresponds to a subscription price per share of SEK 75. The final value at which the in kind-assets will be entered in the company's balance sheet as well as the subscription price will, however, in accordance with applicable accounting rules, be determined based on the share price for the company's shares at the so-called transaction date and may therefore deviate from the estimated value in the board of directors' report.
3. Subscription shall be made on a separate subscription list simultaneously with the closing of the acquisition of the shares in TXP, however on 31 January 2023 at the latest. The board of directors shall be entitled to prolong the last day of subscription.
4. Over-subscription cannot occur.
5. The new shares convey right to dividends as from the first record date for dividends occurring after the issue resolution.
6. The company's board of directors, or the person appointed by the board of directors, is authorized to make such minor formal adjustments to this resolution, which may be required for registration with the Swedish Companies Registration Office or Euroclear Sweden AB.

The resolution under this item B is conditional upon the meeting also resolving to approve the acquisition of TXP according to item A above. For a valid resolution, the proposal has to be supported by shareholders representing at least nine-tenths of the votes cast as well as of all shares represented at the meeting.

Item 7: Resolution on (A) employee option program; and (B) directed issue of warrants and approval of transfer of warrants

The board of directors proposes that the meeting resolves to adopt an employee option program for two senior executives and one other employee in accordance with what is set out under A below.

The purpose of the proposed employee option program (the “**Employee Option Program 2023**”) 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 program is also expected to increase the company's possibilities to retain competent persons. Further details of the Employee Option Program 2023 are set out under Section A below.

In order to secure the company's undertakings under the Employee Option Program 2023, the board of directors also proposes that the meeting resolves on a directed issue of warrants and an approval of transfer of warrants in accordance with Section B below.

A. The board of directors' proposal on implementation of Employee Option Program 2023

The board of directors proposes that the meeting resolves to implement the Employee Option Program 2023 in accordance with the following substantial guidelines:

1. The Employee Option Program 2023 shall comprise a maximum of 195,000 options.
2. Employee options can be granted by the company or a subsidiary in the company's group (the “**Group**”).
3. Each option entitles the holders a right to acquire one new share in the company against cash consideration at an exercise price amounting 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 (however, the exercise price cannot be less than the quotient value of the share). The thus calculated exercise price shall be rounded to the nearest whole öre, whereupon 0.5 öre shall be rounded upwards. The exercise price and the number of shares that each option entitles right to may be subject to recalculation in the event of a bonus issue, split, rights issue etc., wherein the recalculation terms in the complete terms and conditions of the warrants shall be applied.
4. The Employee Option Program 2023 shall comprise two senior executives and one other employee, whereby each participant shall be offered the following number of employee options.

Participant category	Number of employee options
CFO and COO	90,000 employee options per participant
Financial Controller	15,000 employee options

5. Allotment is expected to take place no later than 31 January 2023.
6. 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. If the number of allotted employee options is not evenly divisible with 1/3, the number of vested employee options shall be rounded downwards to the nearest whole number and any excess employee options shall be considered vested on the last vesting date.
7. Vesting is conditional upon that the participant continues to be employed within the Group and has not terminated the employment as of the date when the respective vesting occurs. If the participant ceases to be employed or terminates its employment within the Group before a vesting date, the already vested employee options may be exercised on the ordinary date of exercise in accordance with the below, but further vesting will not occur. However, if the participant's employment is terminated due to dismissal or due to personal reasons/breach of contract, vested employee options shall also lapse.
8. The options shall not constitute securities and shall not be possible to transfer or pledge. However, in the event of death, the rights to vested employee options shall accrue to the beneficiaries of the holder of the options.
9. The employee options shall be allotted without consideration.
10. 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. If the company does not render any quarterly report or year-end report after the end of any calendar quarter, the allotted and vested options may instead be exercised during the last month of the following calendar quarter, the first time in March 2026 and the last time in March 2027.
11. In the event of a public take-over offer, asset sale, liquidation, merger or any other such transaction affecting the company, the options will vest in their entirety and be exercisable in connection with the relevant transaction.
12. Participation in Employee Option Program 2023 is conditional upon that such participation can legally take place, and that such participation in the company's assessment can take place with reasonable administrative costs and financial efforts. The board of directors shall have the right to adapt the terms of Employee Option Program 2023 to the extent necessary to enable allotment of employee options to persons in other countries, as far as practicable, on terms and conditions corresponding to those that follows from Employee Option Program 2023.

13. The employee options shall be governed by a separate agreement with the participant. The board of directors shall be responsible for the preparation and management of Employee Option Program 2023 in accordance with the above mentioned substantial terms and guidelines.

B. Proposal to resolution on directed issue of warrants and approval of transfer of warrants

In order to enable the company's delivery of shares under the Employee Option Program 2023, the board of director proposes that the meeting resolves on a directed issue of warrants and approval of transfer of warrants. The board of directors thus proposes that the meeting resolves on a directed issue of a warrants in accordance with the following terms and conditions:

1. A maximum of 195,000 warrants shall be issued.
2. With deviation from the shareholders' preferential rights, the warrants may only be subscribed for by the company or a subsidiary in the Group. The reason for the deviation from the shareholders' preferential rights is that the warrants are issued as part of the implementation of the Employee Option Program 2023. In the light of what has been stated under the Section Background above, the board of directors considers that it is for the benefit of the company and its shareholders that employees are offered to participate in the Employee Option Program 2023.
3. Subscription shall be made no later than 31 March 2023.
4. Over subscription cannot occur.
5. The warrants shall be issued without consideration. The reason hereof is due to that the warrants shall be issued as part of the implementation of the Employee Option Program 2023.
6. Each warrant entitles to subscription of one share in the company at a subscription price amounting 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 (however, the exercise price cannot be less than the quotient value of the share). The thus calculated subscription price shall be rounded to the nearest whole öre, whereupon 0.5 öre shall be rounded upwards. The part of the subscription price exceeding the share quotient value shall be added to the free share premium reserve.
7. Subscription of shares by virtue of the warrants may be made from registration with the Swedish Companies Registration Office up to and including 31 March 2027.
8. The subscription price and the number of shares that each warrant entitles right to may be subject to recalculation in the event of a bonus issue, split, rights issue etc.
9. A share issued pursuant to subscription confers right to dividends from the first record date for dividends that occurs following effectuation of the subscription to such extent that the share has been recorded as interim share in the company's share ledger.

10. If all warrants are exercised for subscription of new shares, the share capital will increase with SEK 24,375.

11. The company's chairman of the board of directors shall be entitled to make such minor adjustments of the issue resolution that might be necessary in connection with registration with the Swedish Companies Registration Office.

Further, the board of directors proposes that the meeting shall resolve to approve that the company or another company in the Group may transfer warrants to the participants in the Employee Option Program 2023 (or to a financial intermediary assisting with the delivery of shares to participants in Employee Option Program 2023) without consideration in connection with the exercise of employee options in accordance with the terms and conditions under Section A above.

Other information in relation to Employee Option Program 2023

The board of directors estimates that the Employee Option Program 2023 will incur costs for the company partly from an accounting perspective in accordance with IFRS 2 and partly in form of social security charges for Swedish participants. Personnel costs in accordance with IFRS 2 do not affect the company's cash flow. For participants in Sweden, social security charges will be expensed in the income statement during the vesting period.

The employee options do not have a market value since they are not transferable. However, the board of directors has calculated a theoretical value of the employee options using the "Black Scholes" formula. Assuming that all options are allotted and assuming a share price at the time of allotment of the options of SEK 70.75, a strike price of SEK 106.82, a volatility of 68.2 per cent and that 100 per cent of the employee options are vested, the value of an employee option has been calculated to SEK 29.93 and the total personnel costs for the Employee Option Program 2023 in accordance with IFRS 2 is estimated to be approximately SEK 5.8 million before tax during the period 2023-2027. Under the same conditions, but assuming that only 50 per cent of the employee options are vested, the total personnel cost for the Employee Option Program 2023 in accordance with IFRS 2 is estimated to approximately SEK 2.9 million before tax during the same period.

Upon exercise of the employee options by Swedish participants, the Employee Option Program 2023 will also result in costs in the form of social security charges. Total costs for social security charges during the vesting period depend on how many employee options that are exercised by Swedish participants and on the value of the benefit that the participant will ultimately receive, i. e. on the value of the employee options upon exercise. Assuming that the share price will rise 80 per cent upon exercise compared to the volume weighted average share price of the company's share during the measurement period for the establishment of the exercise price, that 100 per cent of the employee options intended to be allotted to Swedish participants included in the program will be exercised, that the social security charges amount to 16.92 per cent (blended rate), an assumed volume weighted average share price during the measurement period for the establishment of the exercise price of SEK 61.04 and an assumed exercise price of SEK 106.82

the costs for the social security charges amount to approximately SEK 0.7 million. Under the same conditions, but assuming that the share price will rise 110 per cent upon exercise of the employee options, the cost of social security charges is estimated to amount to approximately SEK 1.4 million.

It shall be noted that the calculations are based on preliminary assumptions and are only intended to provide an illustration of the outcome.

As per the date of the notice to the meeting, the number of shares in the company amounts to 28,370,503. In addition, on 12 December 2022, the board of directors of the company resolved on a directed cash issue and resolved to propose that the meeting shall resolve on an issue in kind (the "**Issues**"). In the Issues, a total of 3,450,477 shares will be issued and after completion of the Issues, the number of shares in the company will thus amount to 31,820,980.

There are currently no share-based incentive programs outstanding in the company.

In case all warrants issued in relation to Employee Option Program 2023 are exercised for subscription of new shares, a total of 195,000 new shares will be issued, which corresponds to a dilution of approximately 0.61 per cent of the company's share capital and votes after full dilution, calculated on the number of shares that will be added upon full exercise of all warrants issued in relation to Employee Option Program 2023 and full subscription in the Issues. The dilution would only have had a marginal impact on the company's key figure "Result per share" for the full year 2021.

The above calculations regarding dilution and impact on key ratios are subject to recalculation of the warrants in accordance with the customary recalculation terms set out in the complete terms and conditions for the warrants.

This proposal has been prepared by the board of directors and its remuneration committee in consultation with external advisers.

The resolutions in accordance with Section A and B above shall be resolved upon as one resolution. For a valid resolution, the proposal has to be supported by shareholders representing at least nine-tenths of the votes cast as well as of all shares represented at the meeting.

Information at the meeting

The shareholders' are reminded of their right to request information at the meeting pursuant chapter 7, section 32 paragraph 1 of the Swedish Companies Act (*Sw. aktiebolagslagen* (2005: 551)).

Meeting documents

Complete proposals for resolutions and ancillary documents pursuant to the Swedish Companies Act will be kept available at the company's office, at Medicon Village, Scheelevägen 2, SE-223 81 Lund, Sweden, and at the company's website (www.synactpharma.com) as from no later than three weeks before the meeting, and will also be sent to shareholders who request it and provide their address. Copies of the documents will also be available at the meeting.

Number of shares and votes in the company

As of the date of this notice to attend the meeting, the total number of shares and votes in the company amounts to 28,370,503. The company does not hold any own shares.

Processing of personal data

For information on how your personal data is processed, see <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>.

Lund in December 2022

SynAct Pharma AB (publ)

The Board of Directors

The information was submitted, through the agency of the contact persons set out below, for publication at 07.31 am CET on December 12, 2022.

For further information about SynAct Pharma AB, please contact:**Jeppe Øvlesen**

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About SynAct Pharma AB

SynAct Pharma AB (publ) (Nasdaq Stockholm: SYNACT) 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. For more information: www.synactpharma.com.

Attachments

[Notice of extraordinary general meeting in SynAct Pharma AB](#)