SynAct Pharma

Sector: Biotech

Adding an indication

New indication in clinic

We have updated our research on Synact following last week's announcement of a capital raise of roughly SEK 30m through a directed share issue and rights issue. With funds available and a more concrete clinical development plan for the nephrotic syndrome indication, we have now considered it in our valuation of the company. We expect a clinical trial application to be sent in during Q1 2020, with first-patient-in during Q2 2020.

Upgraded valuation

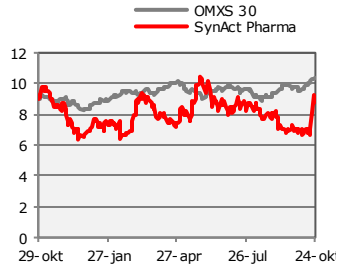
We value the nephrotic syndrome indication to ~6 SEK per share. Our sum-of-the-parts valuation of Synact suggests a risk-adjusted net present value of SEK 17 per share.

Our broad valuation range illustrates the binary nature of the investment case. If AP1189 fails to show clinically relevant efficacy in its Phase II trials, the pipeline will have a low remaining value (bear case: SEK 3). However, very encouraging data could lead to attractive licensing deals and blockbuster sales, we judge (bull case: SEK 36)

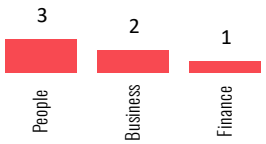
FAIR VALUE RANGE

BEAR	BASE	BULL
3	17	36

SYNACT.st VERSUS OMXS30



REDEYE RATING



KEY STATS

Ticker	SYNACT
Market	Spotlight
Share Price (SEK)	9.1
Market Cap (MSEK)	133
Net Debt 19E (MSEK)	-4
Free Float	85 %
Avg. daily volume ('000)	50

KEY FINANCIALS (SEKm)	2017	2018	2019E	2020E	2021E	2022E
Net sales	0	0	0	0	211	11
EBITDA	0	-28	-27	-38	190	-3
EBIT	0	-29	-27	-38	190	-3
EPS (adj.)	0.0	-1.2	-1.2	-1.7	7.6	-0.1

ANALYSTS

Ludvig Svensson

ludvig.svensson@redeye.se

Klas Palin

klas.palin@redeye.se

Funding secured

Last Monday, Synact announced a capital raise of roughly SEK 30m through a directed share issue (~SEK 13m) and rights issue (~SEK 17.3m). The company will use the new capital to finance the full Phase II trial with AP1189 in rheumatoid arthritis and a Phase II trial in nephrotic syndrome.

The rights issue of SEK 17.3m is underwritten by 37% through subscription undertakings (SEK 6.4m) and 63% through guarantee undertakings (SEK 10.9m). The management and board of Synact have committed subscribing to new shares for approximately SEK 1.1m.

In conjunction with the issue of new shares, Synact will also issue 4 891 268 warrants, which could be exercised at a price of SEK 6.7 during 1-22 July 2020. This could add an additional SEK 32.8m. In total, these transactions could bring in SEK 63.1m to the company.

We are encouraged by the financing structure and the low discount of the transaction, which we believe validates management's execution skills. With financing at place, another risk factor is removed from the case which we believe will help attract investors to the stock. We estimate current cash position will be enough to fund operations until warrants are exercised next summer.

Now that Synact has funds available and a more concrete clinical development plan for the nephrotic syndrome indication (Phase II top-line data expected Q1 2021), we have considered it in our valuation of the company.

Potential in nephrotic syndrome

Nephrotic syndrome (NS) us not a disease, but an umbrella term for the collection of signs and symptoms that occur when the kidney filters leak protein into the urine. The greater the proteinuria, the greater the long-term risk for renal failure. Nephrotic syndrome has an estimated incidence of 2 to 7 per 100,000 population and a prevalence of 16 per 100,000 population.[1]

Idiopathic membranous nephropathy (iMN) is the most common glomerular disease associated with nephrotic syndrome.[2] iMN accounts for approximately 20 to 30 percent of cases of nephrotic syndrome in Caucasian adults.[3] We have seen a relatively small improvement in the prognosis of membranous nephropathy in the past 30 years, with up to 40% of patients eventually reaching end-stage renal failure.

Nephrotic Syndrome: Current treatment paradigm

First line	Second line	Third line
ACE inhibitors →	Immunosuppressants →	Achtar

Source: Kodner 2016, Synact, Redeye Research

[1] Gregory, 2007
[2] Fervenza et al, 2008
[3] Beck et al, 2018

ACE inhibitors

Clinicians regularly prescribe ACE inhibitors for patients diagnosed with idiopathic nephrotic syndrome in order to manage high blood pressure as a result of malfunctioning kidneys leading to fluid retention or overload. They are the first-line choice for the management of nephrotic syndrome due to their benign safety profile. ACE inhibitors are administrated orally, usually in a once-daily approach.

Immunosuppressants (IMS)

Immunosuppressants work by weakening the body's immune system response. Current guidelines suggest that immunosuppressant should be used as second line therapy, but the potential risks are significant, and there is no evidence or guideline recommending use of these drugs in all nephrotic syndrome patients.[4] The most common immunosuppressants for the treatment of nephrotic syndrome are prednisone and rituximab.

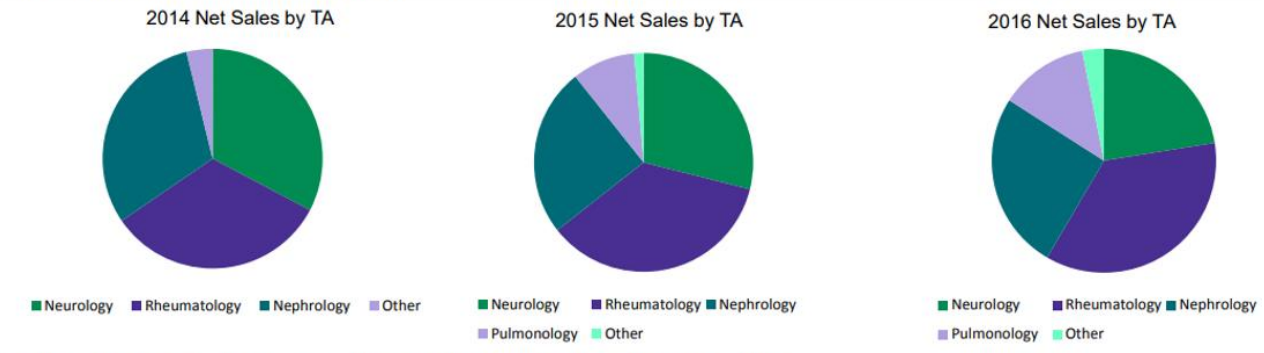
Prednisone belongs to a class of drugs known as corticosteroids. It is typically the first drug of choice for patients with primary nephrotic syndrome, who are not well controlled with blood pressure medicines. While prednisone has long been used in these patients, absence of supporting data, its safety concerns is an issue for long-term maintenance treatment.

Rituximab is a monoclonal antibody, which offers an alternative to current immunosuppressive therapies for difficult-to-treat nephrotic syndrome. Rituximab has shown best treatment outcomes in patients with steroid-resistant nephrotic syndrome, particularly those with focal segmental glomerulosclerosis (FSGS) and young patients who suffer with recurrent FSGS.

ACTH for nephrotic syndrome

Based on sales number presented by Mallinckrodt, we estimate Acthar sales to USD 300 million per year in nephrotic syndrome.

H.P. Acthar Gel sales per segment



Source: Mallinckrodt Pharmaceuticals Investor Briefing October 4, 2017

Acthar works to reduce the amount of protein in the kidneys to a more normal level. Studies have shown that Acthar has lowered proteinuria in patients who did not respond to corticosteroids, suggesting that Acthar works differently in the kidneys than steroid therapy alone.

In 2011, results from a case series of 21 patients with nephrotic syndrome were published in the journal Drug Design, Development and Therapy. These cases document that Acthar works to reduce proteinuria in various kidney diseases, which lead to nephrotic syndrome. In a subset of 10 patients with membranous nephropathy (MN), nine responded: six had

[4] KDIGO guidelines

complete remission and three had partial remission with Acthar. All of these patients had failed an average of two previous therapies.

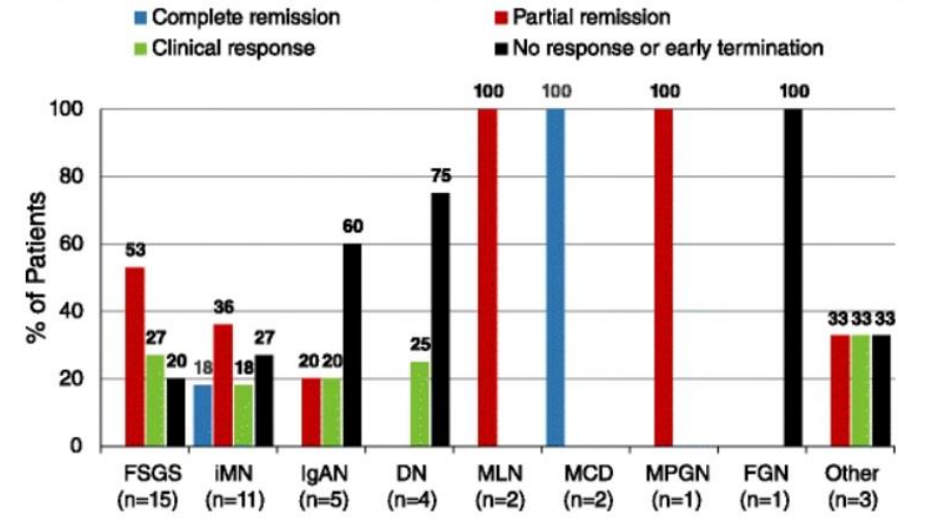
Madan et al, (2016) conducted a multicenter retrospective case series including adult patients with NS (n=44) treated with Acthar gel at 6 clinical practices.

Demographic and clinical characteristics of NS patients (n=44) treated with Acthar gel - Madan et al, 2016

NS etiology	Age ± SD, years	Gender, *n* (%) female	Race/ethnicity, *n* (%) White	Previous IST/CT, *n* (%) yes
FSGS (*n* = 15)	53.3 ± 12.9	7 (47)	12 (80)	12 (80)
iMN (*n* = 11)	53.6 ± 18.9	4 (36)	10 (91)	10 (91)
IgAN (*n* = 5)	35.0 ± 8.4	2 (40)	4 (80)	1 (20)
DN (*n* = 4)	54.0 ± 19.9	2 (50)	4 (100)	0
MLN (*n* = 2)	37.5 ± 4.9	1 (50)	0	2 (100)
MCD (*n* = 2)	33.5 ± 13.4	2 (100)	2 (100)	2 (100)
FGN (*n* = 1)	63.0	0	1 (100)	1 (100)
MPGN (*n* = 1)	22.0	1 (100)	1 (100)	0
Other[a] (*n* = 3)	55.7 ± 6.1	2 (67)	2 (67)	2 (67)

Abbreviations: *CT* cytotoxic therapy, *DN* diabetic nephropathy, *FGN* fibrillary glomerulonephritis, *FSGS* idiopathic focal segmental glomerulosclerosis, *IgAN* IgA nephropathy, *iMN* idiopathic membranous nephropathy, *IST* immunosuppressive therapy, *MCD* minimal change disease, *MLN* membranous lupus nephritis (class V), *MPGN* membranoproliferative glomerulonephritis, *NS* nephrotic syndrome
[a]"Other" includes 3 patients with unbiopsied NS

Acthar gel in the treatment of nephrotic syndrome: a multicenter retrospective case series



Source: Madan et al, 2016

Seven patients (15.9 %) had early termination due to adverse events, including weight gain (2), hypertension (2), edema (1), fatigue (1), seizures (1) and for reasons not stated (2).

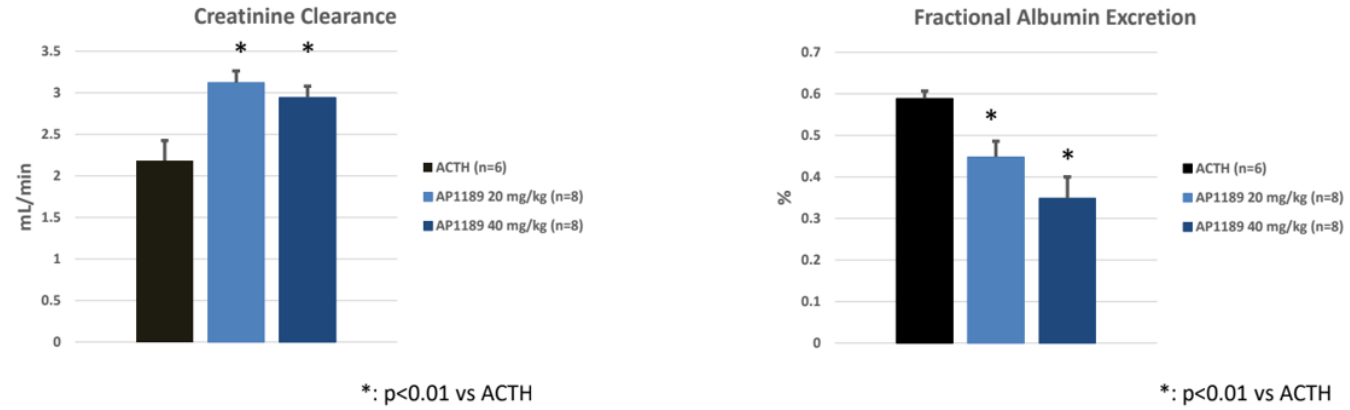
Proteinuria reduction ≥30 % was shown in 81.1 % of patients and 62.2 % showed ≥50 % proteinuria reduction. Proteinuria responses were greatest in MCD (n = 2/2 complete remission), MLN (n = 2/2 partial remission), MPGN (n = 1/1 partial remission), FSGS (n = 12/15 [80.0 %] partial remission or clinical response), and iMN (n = 8/11 [72.7 %] complete remission, partial remission, or clinical response).

While retrospective studies are not the preferred choice by clinical practitioners, we believe the results are clinically meaningful, and that Acthar should be tested in larger prospective studies for the treatment of nephrotic syndrome. It is also positive to see that all of the

subpopulations seem to have responded to the therapy, supporting melanocortin therapy as a potential treatment option in the broad nephrotic syndrome patient population.

We believe that the clinical performance of Acthar could work as a proxy for how well AP1189 will perform to reduce proteinuria in nephrotic syndrome patients. This view is supported by positive preclinical results for AP1189 in rats, demonstrating a significant reduction in proteinuria after daily dosing for four weeks. The study was performed in rats with immunologically induced protein and showed a 50% reduction in proteinuria compared to placebo. The reduction of proteinuria with AP1189 is comparable to the effect that can be reached with Acthar.

Effects of 4 weeks treatment with ACTH or AP1189 (once daily oral administration) in rats with Heymann Nephritis



Source: Synact Pharma

Nephrotic Syndrome: Clinical pipeline

Name	Company	Phase	Territory	Target population
mizoribine	Asahi Kasei Pharma Corp	Phase III	China	Third line: Immunosuppressant (IMS) resistent subjects
abatacept	Bristol-Myers Squibb Co	Phase II	Global	Third line: Immunosuppressant (IMS) resistent subjects
prednisone	Orbis Biosciences Inc	Phase I	Global	Third line: Immunosuppressant (IMS) resistent subjects
AP-1189	SynAct Pharma AB	Phase II	Global	Second/third line: Patients on ACE inhibitors/Immunosuppressant (IMS) resistent subjects
rituximab biosimilar	Pharmapraxis	Preclinical	Global	Second/third line: Patients on ACE inhibitors/Immunosuppressant (IMS) resistent subjects

Source: Global data 2019, Redeye Research

Our impression of the clinical development landscape of nephrotic syndrome is that there is a lot of activity in the third line, targeting patients that do not respond to immunosuppressive therapy. While we believe AP1189 has potential to target these patients, it could also become a second line alternative to immunosuppressive treatment. This potential will be largely dependent on the safety profile of AP1189 and on the pricing strategy a partner decides to adapt. However, given that corticosteroids are a cheap option we believe these will continue to be subscribed to a large group of the patients in the second line of therapy, even though AP1189 could offer a more positive risk-benefit profile.

Phase II study design
Synact will pursue a double-blind, multi-center, randomized, placebo-controlled study of the safety, tolerability, and efficacy of AP1189 in patients with moderate to severe nephrotic syndrome – idiopathic membranous nephritis (iMN) patients with active proteinuria.

AP1189 will be administrated orally once daily for 4 weeks with once weekly 24 hours urine collection for determination of GFR, protein (albumin) and electrolyte excretion. AP1189 will be given as add-on to ACE inhibition in patients with a minimum of 8 weeks ACE-inhibitor treatment with controlled blood pressure, but continued proteinuria.

We expect a clinical trial application (CTA) for this trial could be filed in Q1 2020, which would imply first-patient-in sometime during Q2 2020. We have anticipated an initiation of the study late Q2 2020. We further assume the trial to be small, including roughly 24 patients. Given the absence of follow-up periods, we estimate the trial to be cheap and total costs could be in the range of SEK 12-15 million. Assuming the recruitment of patients progresses according to plan, the company could present study results H1 2021.

Comparing this study design to other Phase II studies in nephrotic syndrome shows that this is a relatively small study. As a reference, a Phase II study with the approved drug Rituximab for nephrotic syndrome (IMN) included 130 patients. Furthermore, in the ongoing Phase II study with abatacept for nephrotic syndrome (FSGS and MCD) 90 patients are included.

However, there are examples of nephrotic syndrome trials including fewer patients than this. If displaying encouraging data in the upcoming Phase II trial with AP1189, we believe there will not be any problem finding a partner. However, we believe the deal value will be limited by the relatively low study sample size.

Sales estimates – AP1189 for nephrotic syndrome

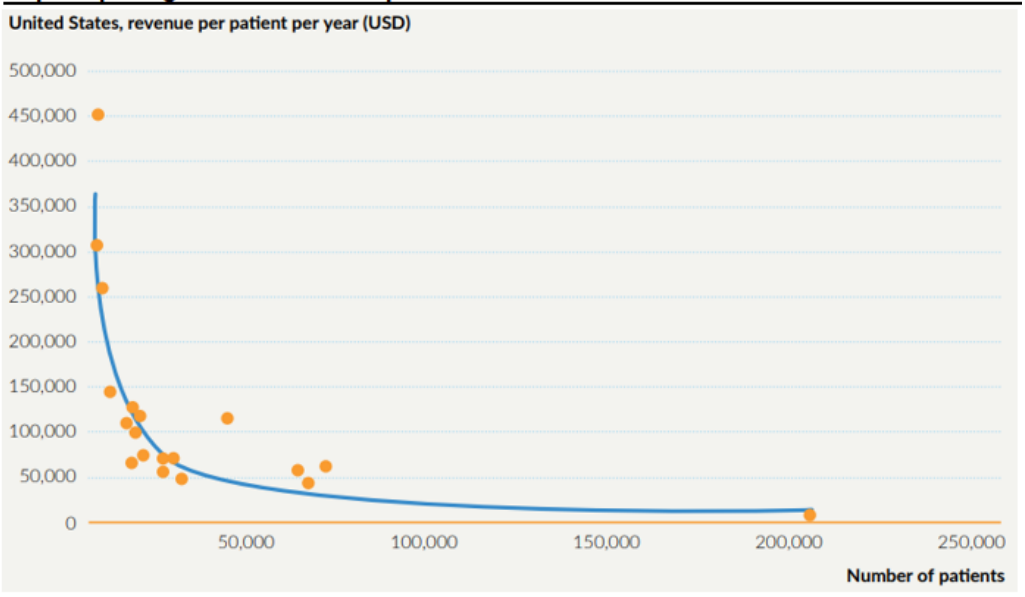
Out of the total nephrotic syndrome patient population, we consider patients with idiopathic membranous nephropathy as the addressable population for AP1189. Based on Beck et al, (2018), we estimate this patient population to 20-30% of nephrotic syndrome cases, implying a patient population of 30,000 in the US and EU5 combined. While we see a long-term potential for AP1189 to address all of the nephrotic syndrome subpopulations, we choose to only include the IMN population in our model at this point, as this is the patient population AP1189 will have clinical data in following the Phase II study.

Assuming that AP1189 shows encouraging efficacy and safety data, we forecast it has potential to reach a peak market penetration of 25% in IMN patients. We estimate AP1189 for nephrotic syndrome could be launched late 2024 given the smaller study sample size required for orphan indications.

The pricing of AP1189 for nephrotic syndrome will be largely dependent on clinical data and market competition. IMN patients that progress to end stage rental disease (ESRD) incur significant healthcare costs over time, requiring dialysis which costs USD 70,000-90,000 per patient/year and eventually kidney transplantation, which can cost over USD 400,000 in total. Looking at other orphan drug indications, drug pricing is negatively correlated with the number of patients that can be treated. If AP1189 will be positioned to address patients in the second line of therapy, we assume a pricing of USD 50,000 in the US.

In Europe, pharmaceuticals tend to be priced at an average discount of 50% compared to the US.[5] While orphan drugs could potentially be an exception, we stay on that line and estimate a USD 25,000 price in Europe. We assume an 80% compliance rate during treatment.

Orphan pricing versus number of patients treated in the US



Source: Calliditas prospectus, Evaluate Pharma 2017

Given the small patient population, we expect AP1189 to receive an orphan drug design (ODD) in both US and Europe. This will provide market exclusivity (7 and 10 years in the US and Europe, respectively). Consequently, if AP1189 gets approved in the US and Europe late 2024, we believe peak sales will occur in 2030 and 2033 respectively. After expiry, we assume generic sales erosion.

In total, we estimate peak sales of USD 223 million for AP1189 in nephrotic syndrome.

AP1189: US & EU5 NS sales model	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Estimated nephrotic syndrome prevalence														
US	56,881	57,734	58,600	59,479	60,371	61,277	62,196	63,129	64,076	65,037	66,012	67,002	68,007	69,028
EU5	55,588	56,422	57,268	58,127	58,999	59,884	60,782	61,694	62,619	63,559	64,512	65,480	66,462	67,459
Target population, IMN prevalence														
US (25%)	14,220	14,433	14,650	14,870	15,093	15,319	15,549	15,782	16,019	16,259	16,503	16,751	17,002	17,257
EU5 (25%)	13,897	14,105	14,317	14,532	14,750	14,971	15,196	15,423	15,655	15,890	16,128	16,370	16,615	16,865
US														
Penetration	0.5%	4.8%	9.8%	14.8%	18.5%	21.0%	25.0%	15.0%	13.5%	10.8%	8.6%	6.9%	5.5%	4.4%
Patients treated for the year	71	686	1,428	2,193	2,792	3,217	3,887	2,367	2,163	1,756	1,426	1,158	940	763
Compliance rate	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Pricing	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Revenue $m	**3**	**27**	**57**	**88**	**112**	**129**	**155**	**95**	**87**	**70**	**57**	**46**	**38**	**31**
EU5														
Penetration	0.3%	2.5%	5.8%	11.3%	15.0%	17.5%	20.0%	21.3%	22.5%	25.0%	15.0%	13.5%	12.2%	10.9%
Patients treated for the year	35	353	823	1,635	2,212	2,620	3,039	3,277	3,522	3,972	2,419	2,210	2,019	1,844
Compliance rate	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Pricing	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Revenue $m	**1**	**7**	**16**	**33**	**44**	**52**	**61**	**66**	**70**	**79**	**48**	**44**	**40**	**37**
Total revenue $m	**4**	**34**	**74**	**120**	**156**	**181**	**216**	**160**	**157**	**150**	**105**	**91**	**78**	**67**

Source: Redeye Research

[5] IHS Markit. US drug prices versus other developed countries

Licensing deal assumptions, nephrotic syndrome

Our assumptions for a licensing deal on AP1189 with a partner are:

- A total potential deal value of USD 200m (we expect 70% of this to be paid out)
- An upfront payment of USD 15m in 2021
- Milestone payments based on clinical development, regulatory achievements, and achieved sales levels
- An applied royalty rate on future sales of 12%
- Partner finances clinical development and commercialization

Valuation

We use a risk-adjusted sum-of-the-parts valuation model to value SynAct. We include AP1189 for rheumatoid arthritis and nephrotic syndrome in our valuation Applying a 20% likelihood of reaching the market, we derive a base case valuation of SEK 17 per share.

Synact: Sum-of-the-parts valution

Project	Indication	Stage	Launch	Peak sales ($m)	Probability	Value, r-adj (SEKm)	Value, r-adj per share(SEKm)
AP1189	Rheumatoid arthritis	Phase II	2026	608	20%	295	15.1
AP1189	Nephrotic syndrome	Phase II	2024	160	20%	117	6.0
				Net cash		20	1.0
				Shared costs		(97)	-5.0
				Total		**335**	
				Shares outstanding		19.6	
				Base case			**17**

Source: Redeye Research

NS sensitivity anslysis, share price

		Market penetration, US				
		5%	15%	25%	35%	45%
Pricing, US	30000	5	5	5	6	6
	40000	5	5	6	6	7
	50000	5	5	6	7	8
	60000	5	6	7	8	8
	70000	5	6	7	8	9

Source: Redeye Research

NS sensitivity anslysis, share price

		Market penetration, EU5				
		5%	15%	25%	35%	45%
Pricing, EU5	5000	5	5	5	6	6
	15000	5	6	6	6	6
	25000	5	6	6	7	7
	35000	6	6	7	7	8
	45000	6	6	7	8	8

Source: Redeye Research

NS sensitivity anslysis, share price

		WACC				
		17%	16%	15%	14%	13%
Probability	15.0%	4	4	4	5	5
	17.5%	5	5	5	6	6
	20.0%	5	6	6	7	7
	22.5%	6	7	7	8	8
	25.0%	7	7	8	9	9

Source: Redeye Research

NS sensitivity anslysis, share price

		WACC				
		17%	16%	15%	14%	13%
Upfront payment	5	5	5	5	6	6
	10	5	5	6	6	7
	15	5	6	6	7	7
	20	6	6	7	7	8
	25	6	7	7	8	8

Source: Redeye Research

Investment case

New approach to RA

SynAct is a Phase II biotech that aims to start melanocortin-based therapy earlier in the treatment paradigm for rheumatoid arthritis (RA). Currently melanocortin therapy serves as a last option for hard-to-treat patients due to its severe side effects. It is also expensive.

However, SynAct's lead candidate AP1189 is believed by the company to not cause the same side effects as Mallinckrodt's ACTH medicine Acthar – the current melanocortin standard. First in its class, the biased agonist approach is to help the body's own cells to fight inflammation. This resolution-based therapy contrasts with current treatments, which suppress the immune system. This suggests that AP1189 could potentially reap the efficacy benefits of conventional melanocortin-based therapy without causing severe side effects in patients.

RA is one of the largest pharmaceutical markets globally. Currently it is worth over USD 20 billion in the US, EU5 and Japan. Yet despite the vast number of drugs approved for RA the medical need remains high as no drug has been able to achieve disease-free remission. We believe a low-cost small molecule like AP1189 could be attractive to payers and has potential to come is an alternative treatment prior to high-priced biologics.

This could position AP1189 attractively, if approved. We forecast peak US and EU5 sales of more than USD 600 million for the RA indication and USD 233 million for the NS indication.

Skin in the game

SynAct's management team has worked in this field for the last 20 years and has significant expertise in melanocortin research, clinical development and global deal making. Together they have taken compounds through Phase II successfully at both Action Pharma and TXP Pharma, scoring solid deals with large pharmaceutical companies.

Management and the board have skin in the game through their combined holding of more than 30 percent of the shares. This aligns their interests with those of shareholders. As part of taking out a loan of SEK 10 million in May 2019 management committed to a new lock-up period of 12 months.

Potential intact despite delays

After a Phase I trial of AP1189 was initiated, a setback from a new experimental formulation of the drug led to a delay of nine months. This hurt the company's credibility, resulting in the share price plunging from its all-time high of SEK 16 to below SEK 6. Despite the newly initiated Phase II study, investors' negative perception of the share persists. As a result, SynAct currently trades at a discount to its intrinsic value, we judge.

While we do not expect the price-value gap to close in near-term, we believe investors' interest in SynAct should increase as the top-line readout of the Phase II study approaches. We regard this as the key catalyst for the stock. As RA patients remain an easy population to recruit, we see a decent prospect of SynAct managing to adhere to its timeline of part 1 and 2 topline readouts in Q1 20 and Q1 21, respectively.

Summary Redeye Rating

The rating consists of three valuation keys, each constituting an overall assessment of several factors that are rated on a scale of 0 to 1 points. The maximum score for a valuation key is 5 points.

Rating changes in the report

People: 3

The management team consists of four people with extensive experience in drug development and deal making. The CEO, CFO and CSO has together taken a compound through phase I and II successfully in both Action Pharma and TXP Pharma. With promising phase II data at hand, they managed to deliver solid deals with large pharmaceutical companies.

Business: 2

We believe AP1189 has a large commercial potential in RA, but it is still in very early stages of development and many years remain until recurring revenues can be generated.

Financials: 1

The company does not yet have any products generating sales, and we don't assume any recurring revenues in the foreseeable future.

INCOME STATEMENT	2017	2018	2019E	2020E	2021E
Net sales	0	0	0	0	211
Total operating costs	0	-28	-27	-38	-21
EBITDA	0	-28	-27	-38	190
Depreciation	0	0	0	0	0
Amortization	0	0	0	0	0
Impairment charges	0	0	0	0	0
EBIT	0	-29	-27	-38	190
Share in profits	0	0	0	0	0
Net financial items	0	0	0	0	0
Exchange rate dif.	0	0	0	0	0
Pre-tax profit	0	-28	-27	-38	190
Tax	0	5	4	5	-42
Net earnings	0	-24	-24	-33	148

BALANCE SHEET	2017	2018	2019E	2020E	2021E
Assets					
Current assets					
Cash in banks	10	7	17	0	125
Receivables	0	0	0	0	0
Inventories	0	0	0	0	0
Other current assets	4	6	6	6	6
Current assets	14	13	23	6	131
Fixed assets					
Tangible assets	0	0	0	0	0
Associated comp.	0	0	0	0	0
Investments	0	0	0	0	0
Goodwill	0	0	0	0	0
Cap. exp. for dev.	0	0	0	0	0
O intangible rights	1	1	0	0	0
O non-current assets	0	0	0	0	0
Total fixed assets	1	1	0	0	0
Deferred tax assets	0	0	0	0	0
Total (assets)	15	14	23	6	131
Liabilities					
Current liabilities					
Short-term debt	0	0	0	23	0
Accounts payable	2	3	0	0	0
O current liabilities	1	0	0	0	0
Current liabilities	2	4	0	24	0
Long-term debt	0	0	0	0	0
O long-term liabilities	0	0	0	0	0
Convertibles	0	0	0	0	0
Total Liabilities	2	4	0	24	0
Deferred tax liab	0	0	0	0	0
Provisions	0	0	0	0	0
Shareholders' equity	13	10	23	-18	131
Minority interest (BS)	0	0	0	0	0
Minority & equity	13	10	23	-18	131
Total liab & SE	15	14	23	6	131

FREE CASH FLOW	2017	2018	2019E	2020E	2021E
Net sales	0	0	0	0	211
Total operating costs	0	-28	-27	-38	-21
Depreciations total	0	0	0	0	0
EBIT	0	-29	-27	-38	190
Taxes on EBIT	0	5	4	5	-42
NOPLAT	0	-24	-24	-33	148
Depreciation	0	0	0	0	0
Gross cash flow	0	-23	-24	-33	148
Change in WC	-2	-1	-3	0	0
Gross CAPEX	-1	0	1	0	0
Free cash flow	-3	-24	-26	-33	148

CAPITAL STRUCTURE	2017	2018	2019E	2020E	2021E
Equity ratio	85%	74%	98%	-288%	100%
Debt/equity ratio	0%	0%	0%	-132%	0%
Net debt	-10	-7	-10	23	-125
Capital employed	3	3	6	6	6
Capital turnover rate	0.0	0.0	0.0	0.0	1.6

GROWTH	2017	2018	2019E	2020E	2021E
Sales growth	0%	0%	400%	0%	1,055,9
EPS growth (adj)	0%	0%	0%	41%	-546%

PROFITABILITY	2017	2018	2019E	2020E	2021E
ROE	0%	-203%	-182%	0%	0%
ROCE	0%	-244%	-210%	-358%	279%
ROIC	0%	-846%	-738%	-584%	2601%
EBITDA margin	0%	-705000%	-136100%	-191146%	90%
EBIT margin	0%	-712500%	-136100%	-191146%	90%
Net margin	0%	-590000%	-118085%	-166297%	70%

DATA PER SHARE	2017	2018	2019E	2020E	2021E
EPS	0.00	-1.20	-1.21	-1.70	7.56
EPS adj	0.00	-1.20	-1.21	-1.70	7.56
Dividend	0.00	0.00	0.00	0.00	0.00
Net debt	0.00	-0.36	-0.51	1.19	-6.38
Total shares	0.00	19.60	19.60	19.60	19.60

VALUATION	2017	2018	2019E	2020E	2021E
EV	-10.2	-7.1	168.0	201.2	53.0
P/E	0.0	0.0	-7.5	-5.4	1.2
P/E diluted	0.0	0.0	-7.5	-5.4	1.2
P/Sales	0.0	0.0	8,898.4	8,898.4	0.8
EV/Sales	-2,550.0	-1,775.0	8,399.3	10,062.2	0.3
EV/EBITDA	0.0	0.3	-6.2	-5.3	0.3
EV/EBIT	0.0	0.2	-6.2	-5.3	0.3
P/BV	0.0	0.0	11.3	-10.1	1.4

SHARE PERFORMANCE		GROWTH/YEAR	16/18E
1 month	30.5 %	Net sales	123.6 %
3 month	10.2 %	Operating profit adj	0.0 %
12 month	4.6 %	EPS, just	0.0 %
Since start of the year	36.8 %	Equity	9.8 %

SHAREHOLDER STRUCTURE %	CAPITAL	VOTES
Thomas Jonassen	15.2 %	15.2 %
Quantass ApS	9.5 %	9.5 %
Nordnet Pensionsförsäkring	6.7 %	6.7 %
Avanza Pension	6.3 %	6.3 %
Torbjörn Bjerke	5.2 %	5.2 %
Henrik Stage	3.5 %	3.5 %
A.M. Karlsson i Kvicksund AB	3.4 %	3.4 %
Robert Sahlin	2.0 %	2.0 %
Dory Gevryie	1.7 %	1.7 %
Peter Nordvall	1.7 %	1.7 %

SHARE INFORMATION	
Reuters code	SYNACT.st
List	Spotlight Stock Market
Share price	9.1
Total shares, million	19.6
Market Cap, MSEK	178.0

MANAGEMENT & BOARD	
CEO	Jeppe Øvlesen
CFO	Henrik Stage
IR	
Chairman	Torbjørn Bjerke

FINANCIAL INFORMATION

ANALYSTS	Redeye AB
Ludvig Svensson	Mäster Samuelsgatan 42, 10tr
ludvig.svensson@redeye.se	111 57 Stockholm
Klas Palin	
klas.palin@redeye.se	

Redeye Rating and Background Definitions

Company Quality

Company Quality is based on a set of quality checks across three categories; PEOPLE, BUSINESS, FINANCE. These are the building blocks that enable a company to deliver sustained operational outperformance and attractive long-term earnings growth.

Each category is grouped into multiple sub-categories assessed by five checks. These are based on widely accepted and tested investment criteria and used by demonstrably successful investors and investment firms. Each sub-category may also include a complementary check that provides additional information to assist with investment decision-making.

If a check is successful, it is assigned a score of one point; the total successful checks are added to give a score for each sub-category. The overall score for a category is the average of all sub-category scores, based on a scale that ranges from 0 to 5 rounded up to the nearest whole number.

The overall score for each category is then used to generate the size of the bar in the Company Quality graphic.

People

At the end of the day, people drive profits. Not numbers. Understanding the motivations of people behind a business is a significant part of understanding the long-term drive of the company. It all comes down to doing business with people you trust, or at least avoiding dealing with people of questionable character.

The People rating is based on quantitative scores in seven categories: Passion, Execution, Capital Allocation, Communication, Compensation, Ownership, and Board.

Business

If you don't understand the competitive environment and don't have a clear sense of how the business will engage customers, create value and consistently deliver that value at a profit, you won't succeed as an investor. Knowing the business model inside out will provide you some level of certainty and reduce the risk when you buy a stock.

The Business rating is based on quantitative scores grouped into five sub-categories: Business Scalability, Market Structure, Value Proposition, Economic Moat, and Operational Risks.

Financials

Investing is part art, part science. Financial ratios make up most of the science. Ratios are used to evaluate the financial soundness of a business. Also, these ratios are key factors that will impact a company's financial performance and valuation. However, you only need a few to determine whether a company is financially strong or weak.

The Financial rating is based on quantitative scores that are grouped into five separate categories: Earnings Power, Profit Margin, Growth Rate, Financial Health, and Earnings Quality.

Redeye Equity Research team

Management

Björn Fahlén
bjorn.fahlen@redeye.se

Håkan Östling
hakan.ostling@redeye.se

Technology Team

Jonas Amnesten
jonas.amnesten@redeye.se

Henrik Alveskog
henrik.alveskog@redeye.se

Dennis Berggren
dennis.berggren@redeye.se

Havan Hanna
havan.hanna@redeye.se

Kristoffer Lindström
kristoffer.lindstrom@redeye.se

Fredrik Nilsson
fredrik.nilsson@redeye.se

Tomas Otterbeck
tomas.otterbeck@redeye.se

Eddie Palmgren
eddie.palmgren@redeye.se

Oskar Vilhelmsson
oskar.vilhelmsson@redeye.se

Viktor Westman
viktor.westman@redeye.se

Linus Sigurdsson (Trainee)
linus.sigurdsson@redeye.se

Editorial

Jim Andersson
jim.andersson@redeye.se

Eddie Palmgren
eddie.palmgren@redeye.se

Mark Sjöstedt
mark.sjostedt@redeye.se

Johan Kårestedt (Trainee)
johan.karestedt@redeye.se

Life Science Team

Anders Hedlund
anders.hedlund@redeye.se

Arvid Necander
arvid.necander@redeye.se

Erik Nordström
erik.nordstrom@redeye.se

Klas Palin
klas.palin@redeye.se

Jakob Svensson
jakob.svensson@redeye.se

Ludvig Svensson
ludvig.svensson@redeye.se

Oskar Bergman
oskar.bergman@redeye.se

Disclaimer

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Redeye Rating (2019-10-28)

Rating	People	Business	Financials
5p	10	9	1
3p - 4p	75	59	29
0p - 2p	10	27	65
Company N	95	95	95

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CONFLICT OF INTERESTS

Ludvig Svensson. owns shares in the company : No
Klas Palin owns shares in the company : No
Redeye performs/have performed services for the Company and receives/have received compensation from the Company in connection with this.