

SynAct conducts private placement and fully guaranteed rights issue with the aim of increasing the commercial value of AP1189

SynAct Pharma AB ("SynAct") today announces that the Board of Directors has decided, subject to approval by the Extraordinary General Meeting on November 8, 2019, to conduct a private placement of approximately SEK 13 million and a fully guaranteed rights issue of units of approximately SEK 17.3 million. Private placement and rights issue initially provide SynAct with approximately SEK 30.3 million (before issue costs). In addition, through the issues, warrants will be issued, which in July 2020 may add a total of approximately SEK 32.8 million to SynAct. SynAct has received subscription commitments of approximately SEK 6.4 million and guarantee commitments of approximately SEK 10.9 million, corresponding to a total of 100 percent of the rights issue. The public is also given the opportunity to subscribe for units in the rights issue. The total issue proceeds from private placement, rights issue and warrants thus amount to approximately SEK 63.1 million (before issue costs) thereafter (the "Capitalization"). Issue proceeds from the Capitalization aims to secure the funding needed to develop the expanded pipeline with AP1189 to several important milestones, such as completing the phase II study with AP1189 in rheumatoid arthritis. Furthermore, the company intends to finance and achieve Proof-of-Concept with AP1189 within the new indication nephrotic syndrome. Notice to the Extraordinary General Meeting will be announced shortly.

Background and motive for the Capitalization

In combination with the successful development of AP1189 in rheumatoid arthritis (RA), SynAct plans to run an additional phase II clinical study in nephrotic syndrome (NS). By adding a phase II clinical study with AP1189 within NS, the board and management of SynAct assess that the company will diversify the risk and increase the commercial value of the drug candidate AP1189. In preclinical studies with AP1189, the company has achieved promising results in NS - which is characterized by loss of plasma protein via the kidneys (proteinuria) and edema development. Untreated, NS can lead to the development of chronic renal failure, where dialysis and transplantation may be the only treatment options. Chronic renal failure leads to an increased risk of cardiovascular disease including hypertension, heart attack and stroke. NS is considered an autoimmune disease and is often seen as a development in inflammatory systemic diseases.

With the establishment of two clinical phase II programs in two different indications, RA and NS, SynAct will also increase the possibility of successful results. Both RA and NS are indications with a large unmet medical need and an attractive market where SynAct's drug candidate has the potential to induce a new and better treatment method. Positive data in the ongoing phase IIa program in RA and in the planned phase IIa study in NS may bring AP1189 to be significant treatment in the melanocortin market, which currently amounts to over USD 1 billion, to the benefit of a very large patient group. In addition, as a new inflammatory resolution therapy, AP1189 can offer treatment for an even larger market within RA, which in 2017 amounted to approximately USD 23.3 billion and psoriatic arthritis which amounted to over USD 4.5 billion. The market for NS is slightly smaller but offers the opportunity to obtain orphan drug status and through that, fast-track development and exclusivity after market launch.

With the net funding of approximately SEK 58.1 million from the Capitalization, SynAct will have the funding needed to develop the expanded pipeline with AP1189 to several important milestones, such as completing the phase II study with AP1189 in rheumatoid arthritis and reaching Proof-of-Concept with AP1189 with the phase II study in nephrotic syndrome.

CEO Jeppe Øvlesen comments:

"Our clinical phase II study in active rheumatoid arthritis with AP1189 is ongoing at clinics around Denmark after a very successful development work, where we have created a solid scientific foundation that paves the way to reach positive results in our ongoing and future studies. AP1189 has great potential to become the leader in a new treatment method, called resolution therapy in inflammatory and autoimmune diseases, which, unlike most of today's drugs, does not inhibit the body's immune system but instead strengthens the immune system's healing mechanisms. After receiving promising preclinical results in nephrotic syndrome (NS) with our drug candidate AP1189, SynAct also has great potential to advance in NS. In order to increase the commercial value for AP1189, we now plan to conduct an additional phase II clinical study in NS, where presently, like the indication RA, we can ascertain a major unmet medical need. Based on our promising results in both indications, we find this new strategy with an additional clinical study very suitable in value-creating for SynAct and the company's shareholders. Our

overall goal is firmly valid for the drug candidate AP1189, where our ambition is, based on the results of the phase II clinical study, to sign commercial agreements with one or more major pharmaceutical companies. "

CSO Thomas Jonassen comments:

"It's a very exciting period for SynAct and our clinical phase II study with AP1189 within the indication RA continues in line with our set targets and plan - to demonstrate SynAct's new inflammation resolution strategy to benefit patients who have not previously experienced adequate treatment with current anti-inflammatory drugs. We assess that the possibility of AP1189 to become a new treatment option in resolution therapy is promising, and with our ongoing study within RA we expect to be able to obtain Proof-of-Concept for AP1189 during Q1 2021 and report interim results at the end of the first quarter of 2020. To further expand our pipeline and commercial potential, as well as further demonstrate the drug candidate's possibilities, we now plan to conduct an additional phase II study with AP1189 within the indication NS at a relatively low study cost - since we have already completed phase I, we can begin directly in phase II within NS. We expect to be able to report topline-results for the phase II study in NS during Q1 2021."

The private placement

The Board of Directors of SynAct has decided, subject to approval at the Extraordinary General Meeting on November 8, 2019, to conduct a private placement of units of approximately SEK 13 million before issue costs. The private placement comprises of a total of 524,000 units with the same conditions as in the rights issue (see below). The reason for the deviation from the shareholders' preferential rights is that the Board of Directors considers it advantageous for the company and the shareholders to strengthen the ownership base by broadening the base of major shareholders and seizing the opportunity to add new working capital on attractive terms for the company, especially in terms of time and cost, for the implementation of the issue. Through the issue, working capital is raised to work towards set targets and this in a cost- and time-efficient way where the company's financial position is strengthened. The above reasons have resulted in the conclusion that, according to the Board's assessment, there were compelling reasons, through this issue combined with a rights issue, to waive the shareholders' preferential right to the benefit of the company and the shareholders in the long term. The shares and warrants from the private placement are expected to be admitted to trading on the Spotlight Stock Market at the same time as the shares and warrants from the rights issue. The company has received binding commitments regarding subscription to the private placement in accordance with the distribution below:

Name	Units
Jens Olsson	60,462
Arash Pournouri	60,462
Peyman Pournouri	60,461
Hami Rashidi	60,461
Jimmie Landerman	56,431
Henrik Andreasson	40,308
Hadi Ghafari	40,308
David Ghanbari	40,308
Milad Pournouri	40,300
Polynom Invest AB	24,184
Darius Hosseinian	20,161
Andres Fuentes-Rivera	20,154
Total	524,000

The fully guaranteed rights issue

The Board of Directors of SynAct has decided, subject to approval at the Extraordinary General Meeting on November 8, 2019, to conduct a rights issue of initially SEK 17.3 million through the issue of a maximum of 698,817 units with preferential rights for the company's existing shareholders. The public is also given the right to subscribe in the rights issue. SynAct has received subscription commitments and guarantee commitments of approximately SEK 17.3 million, which corresponds to 100 percent of the rights issue. The subscription commitments correspond to approximately SEK 6.4 million (about 37 percent) including commitments from the company's board of directors and management of approximately SEK 1.1 million. Guarantee commitments in the rights issue correspond to approximately SEK 10.9 million (about 63 percent). Subscription commitments and guarantee commitments have not been secured through advance transaction, bank guarantee or similar. Cash premium compensation of eight per cent is paid for guarantee commitments.

The Capitalization

Through the Capitalization, a total of 4,891,268 shares and 4,891,268 warrants of series TO 2 will be issued. Thus, the capitalization initially provides SynAct with approximately SEK 30.3 million (before issue costs). Fully exercised warrants of the TO 2 can provide SynAct with an additional of SEK 32.8 million (before issue costs) in July 2020. The total issue proceeds from the Capitalization thus amount to a maximum of about SEK 63.1 million (before issue costs).

Extended bridge loan

In order to maintain strong momentum in the business development before the issue proceeds is obtained through the initial capitalization, SynAct extends the existing bridge loan communicated on May 2, 2019 with an additional SEK 3 million. The bridge financing is provided by the same parties and runs on the same terms as communicated on May 2, 2019.

The offer in brief

Subscription period: November 18, 2019 - December 2, 2019.

Record date and preferential rights: Anyone who, on the record date of November 13, 2019, is a shareholder in SynAct has the preferential right to subscribe for units in the rights issue in relation to previous holdings, whereby one (1) share entails obtaining one (1) unit right. Twenty-one (21) unit rights entitles to subscribe for one (1) new unit.

Volume of issuance: The rights issue comprises up to 698,817 units. One (1) unit consists of four (4) shares and four (4) warrants of series TO 2. The warrants are issued free of charge.

Issue price: SEK 24.80 per unit. (The price per share thus amounts to SEK 6.20).

Number of shares before issue: 14,675,167 shares.

Valuation (pre-money): approximately SEK 91 million.

Trading in BTU: Will take place on Spotlight Stock Market from November 18, 2019 and continue until the Swedish Companies Registration Office has registered the rights issue. This registration is expected to take place at the end of December 2019.

Dilution: Shareholders who choose not to exercise their unit rights to subscribe for units will initially be granted a maximum dilution of approximately 25 percent through the rights issue and the directed share issue (calculated as the number of new shares as a result of the rights issue and the directed share divided by the total number of shares in the company after fully subscribed issues).

Terms for warrants TO 2 in brief

The newly issued warrants of TO 2 series are planned to be traded on the Spotlight Stock Market as soon as the Swedish Companies Registration Office has registered the rights issue.

Each warrant of TO 2 entitles the holder to subscribe for a new share at a price of SEK 6.70.

Subscription of shares with the support of warrants of TO 2 can be made during the period 1 - 22 July 2020.

Complete terms and conditions, subscription and guarantee information, as well as prospectus and teaser will be published on the company's (www.synactpharma.com), Sedermera Fondkommission's (www.sedermera.se) and Spotlight Stock Market's (www.spotlightstockmarket.com) websites at the latest in connection with the start of the subscription period in the planned rights issue.

Financial advisor, issuer and legal advisor

Sedermera Fondkommission acts as financial advisor and issuer to SynAct in connection with the Capitalization. Markets & Corporate Law acts as legal advisor.

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Press release

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About SynAct Pharma AB

SynAct Pharma AB conducts research and development in inflammatory diseases. The company has a platform technology based on new class of drug candidates that targets acute deterioration in chronic inflammatory diseases with the primary purpose of stimulating natural healing mechanisms.