On 20 May 2022, the annual general meeting in SynAct Pharma Reg. No. 559058-4826, resolved on distribution of the company's profit in accordance with the board's proposal on page 25 in this annual report.

SYNACT PHARMA

ANNUAL REPORT 2021

Research and **development** in inflammatory diseases

THIS ENGLISH VERSION OF SYNACT PHARMA'S ANNUAL REPORT FOR 2021 HAS BEEN PREPARED BY THE COMPANY AS AN INHOUSE COMPUTER AIDED TRANSLATION OF THE ORIGINAL SWEDISH REPORT WHICH, IN CASE OF DIFFERENCES, PREVAILS

www.synactpharma.com

SynAct Pharma is a clinical stage biotech company **focusing** on solving inflammation with the use of melanocortin biology

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

BUSINESS MODELL

SynAct Pharma AB's business model 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 several phase II studies, and then sign commercial agreements with one or more major pharmaceutical companies.

www.synactpharma.com

CONTENT

The Board of Directors and the CEO hereby submit the annual report for the Parent Company and the consolidated financial statements for the financial year 2021-01-01 - 2021-12-31.

"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 subsidiary SynAct Pharma ApS.

SynAct Pharma AB

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THE MANAGEMENT'S COMMENTS

When we look back at 2021, we can state that it was a transformative year with significant progress for SynAct Pharma.

We confirmed in two separate clinical studies that our leading drug candidate, AP1189, reduces inflammation and thus has a positive effect on the course of the disease.

The most important milestone was when at the end of the year we reported data from our phase 2a study (BEGIN) on patients with rheumatoid arthritis (RA). In BEGIN, AP1189 was shown to reduce disease activity compared to placebo with a continued beneficial adverse event profile. Earlier this year, we were also able to report positive results from a study conducted in Brazil on patients with COVID-19, the so-called RESOVIR study. The results meant a first "proof of concept" that AP1189 could help patients recover lung function and be discharged from hospital faster. The emerging profile of AP1189 as a safe and effective oral treatment is very exciting. We continue to believe that AP1189 can have a future as a treatment for patients suffering from various forms of kidney disease. However, we were able to establish that the ongoing study in idiopathic membranous nephropathy (iMN) needs to be restructured.

In addition to the clinical results reported during the year, we took major steps in the development of AP1189. When the year started, we had no tablet. But through the fantastic work of our research and development team, we not only succeeded in developing a completely new tablet formulation, which we also patented. The team was also able to prepare for and conduct, the most important part of, a clinical study on healthy volunteers which showed that the pharmacokinetic profile of the new tablets is clearly comparable to that of the oral suspension. This means that the tablets can be used in future clinical trials for the benefit of patients.

SynAct also completed toxicological evaluations of AP1189, which support three-month dosing in humans. The use of the newly developed tablets enables longer treatment periods in future study designs, which is in line with current treatment guidelines.

SynAct also took great strides in patent protection for AP1189. In June, we registered new patents related to our active substance and the new tablet formulation, and in August, the European Patent Office (EPO) announced its intention to approve our patent for the treatment of kidney disease with AP1189. Later in the year, in November, the EPO also announced its intention to approve the patent application for AP1189 in arthritis diseases.

In parallel with the development of AP1189 in and by SynAct Pharma, our business development activities continued with a high level of activity. It was, is and will continue to be an important priority for us in the future. Following the reporting of the positive data from BEGIN, we have had positive interactions with several potential partners during and after the virtual JP Morgan conference in January 2022.

During the year we were able to recruit Thomas Boesen (COO) and Jim Knight (CBO). In January 2022, Patrik Renblad (CFO) joined our management team, which means that SynAct is today a much stronger organization than it was a year ago.

In February, we completed a directed new share issue, which added SEK 80 million to the company. The conversion to International Financial Reporting Standards (IFRS) was completed in January from the year-end report for 2020.

The listing of SynAct's share on Nasdaq's main list in Stockholm remains important for our ability to attract investors and it remains a priority. Preparations for an application for listing have been ongoing throughout 2021. We submitted the formal application during the first quarter and are now being reviewed by the stock exchange with an estimated approval for listing before the end of the second quarter.

In 2021, we have expanded and strengthened our board with the selection of Marina Bozilenko, with extensive experience from investment banking and the US biotechnology market. In March 2022, we welcomed another very competent member, Kerstin Hasselgren, who with her experience in financial management and reporting will be an important addition to our board.

If 2021 was transformative, we expect more transformation in 2022. Our main priority is to drive the development of AP1189 further towards a possible, future, game changing treatment for patients suffering from RA. Through the fully guaranteed rights issue that we announced on March 28 this year, that strategy is fully funded.

" Our main priority is to drive the development of AP1189 further towards a possible, future, game changing treatment for patients suffering from RA."

Jeppe Øvlesen
Chief Executive Officer

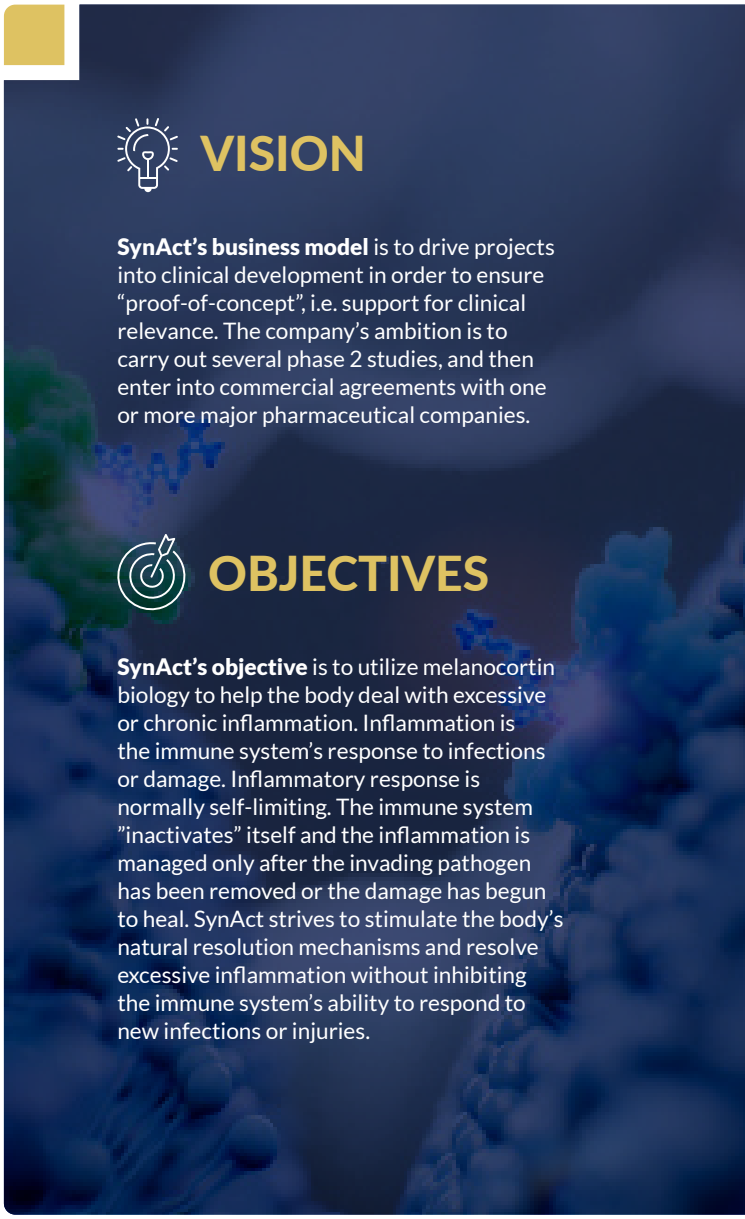
BUSINESS, VISION AND OBJECTIVES

SynAct Pharma is a biotechnology company in the clinical phase that focuses on solving inflammation using the biology of melanocortin.

Selective activation of the melanocortin system can help the immune system resolve excessive or chronic inflammation. SynAct's treatment strategy is designed to selectively act anti-inflammatory and promote the resolution of inflammation without inhibiting the immune system, so that patients can achieve immune balance and have a life beyond the inflammation.

The leading drug candidate, AP1189, selectively stimulates the melanocortin receptors involved in anti-inflammatory and dissolution-promoting effects without causing immunosuppression, unlike most anti-inflammatory drugs that suppress the body's immune system by inhibiting important signaling molecules. These traditional immunosuppressive methods can lead to opportunistic infections and other serious side effects.

The company is currently developing AP1189 in two indications; rheumatoid arthritis (RA) and idiopathic membranous glomerulonephritis (a form of nephrotic syndrome). SynAct recently completed a "proof of concept" trial (Phase 2a) in patients with covid - 19 to accelerate recovery time after respiratory distress and prevent severe respiratory failure. The results encouraged further development.



TECHNOLOGY, MARKET AND INTELLECTUAL PROPERTY

MELANOCORTIN AGAINST INFLAMMATORY DISEASES

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

Current treatment
The development of SynAct's drug candidate AP1189 is primarily focused on the large group of patients with inflammatory joint diseases, mainly RA, but with a possibility to initiate additional development projects in other inflammatory joint diseases, such as psoriatic arthritis and ankylosing spondylitis. A number of primary and secondary kidney diseases are also obvious indications with an unmet medical need where melanocortin-derived therapy should be able to be used. Therefore, a parallel development project is carried out in patients with idiopathic membranous neuropathy ("iMN"), a relatively rare autoimmune disease, which untreated can lead to nephrotic syndrome (NS). This line of development should later be able to be extended to other kidney diseases, such as systematic lupus. Furthermore, the opportunity to use AP1189 as adjunct therapy for hospitalized patient with virus-induced respiratory insufficiency, with the aim to prevent the disease to develop into ARDS.

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 are often used that knock out the immune system, which risks causing significant side effects. The most commonly used types of drugs are so-called NSAIDs (Non-Steroidal Anti-Inflammatory Drugs), which counteract the emergence of substances in the body that can induce inflammation and pain, and so-called Disease Modifying Anti Rheumatic Drugs ("DMARD"), which inhibit the inflammatory process so that pain, swelling and joint stiffness are relieved or disappear. Furthermore, so-called biological drugs such as TNF-□ blockers and immunosuppressive drugs are used. These drugs work by inhibiting the activity of the immune system. Until recently, the prevailing view has been that the healing process itself in case of an inflammation is a passive process and most anti-inflammatory treatments, including biological drugs, target the inflammatory factors that cause the inflammation. Despite treatment with these drugs, acute worsening occurs in the disease, a so-called "flare" or "relapse". These relapses can take a long time to heal and sometimes the damage causes the patient's symptoms to become chronic. SynAct's goal is to develop a drug that both slows down the development of inflammation itself and thus reduces the acute symptoms (pain, swelling and stiffness), but also contributes to faster healing of inflammation. This is a new unique method to influence the inflammatory process, with great therapeutic potential in many different chronic inflammatory diseases.

THE MELANOCORTIN SYSTEM

The melanocortin system is an ancient modulatory system comprising a family of five 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. The figure below provides an overview of the melanocortin system and its effects on inflammation.

MC1R and MC3R are believed to be the key receptors involved in direct effects on the immune system. These receptors are located on immune cells and associated structural and supportive cells. When activated, MC1R and MC3R provide 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 "clean-up" or regulatory functions. Through these dual effects, targeted melanocortin therapies can help the immune system resolve excessive inflammation.

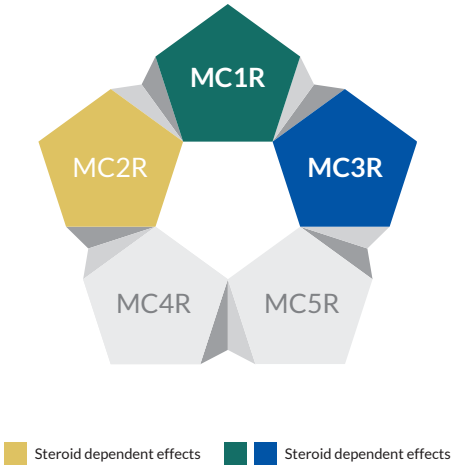
MC2R also exerts anti-inflammatory effects but these effects are indirect. MC2R is predominantly located in the adrenal glands. Their stimulation causes the adrenals to release cortisol, the body's "natural" steroid – a powerful anti-inflammatory and immunosuppressive molecule. Some melanocortin peptides like the adrenocorticotropic hormone ("ACTH") are potent MC2R activators and can cause significant safety, side effect and tolerability issues that are common with steroid therapies like prednisone. SynAct's selective melanocortin agonists do not activate MC2R and do not cause cortisol release.

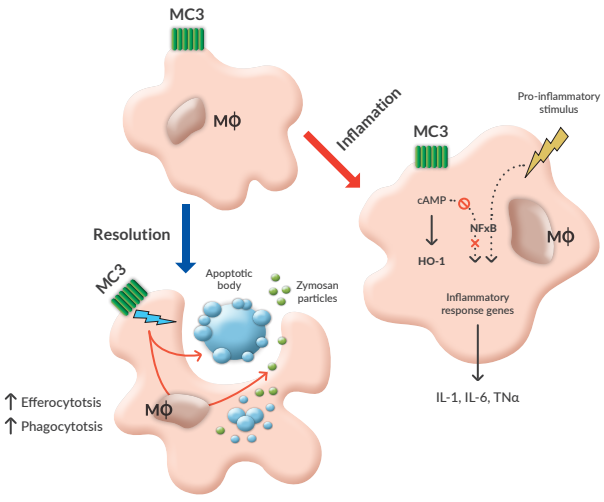
TECHNOLOGY

SynAct's technology is based on so-called agonists, which work by selectively stimulating the type 1 and type 3 melanocortin receptors and thereby reduces the inflammatory activity and induces important components of the healing process for recovery to normal tissue function. SynAct's drug candidate AP1189 can be dosed orally once-daily as a so-called first-in-class therapy aimed at the melanocortin system.

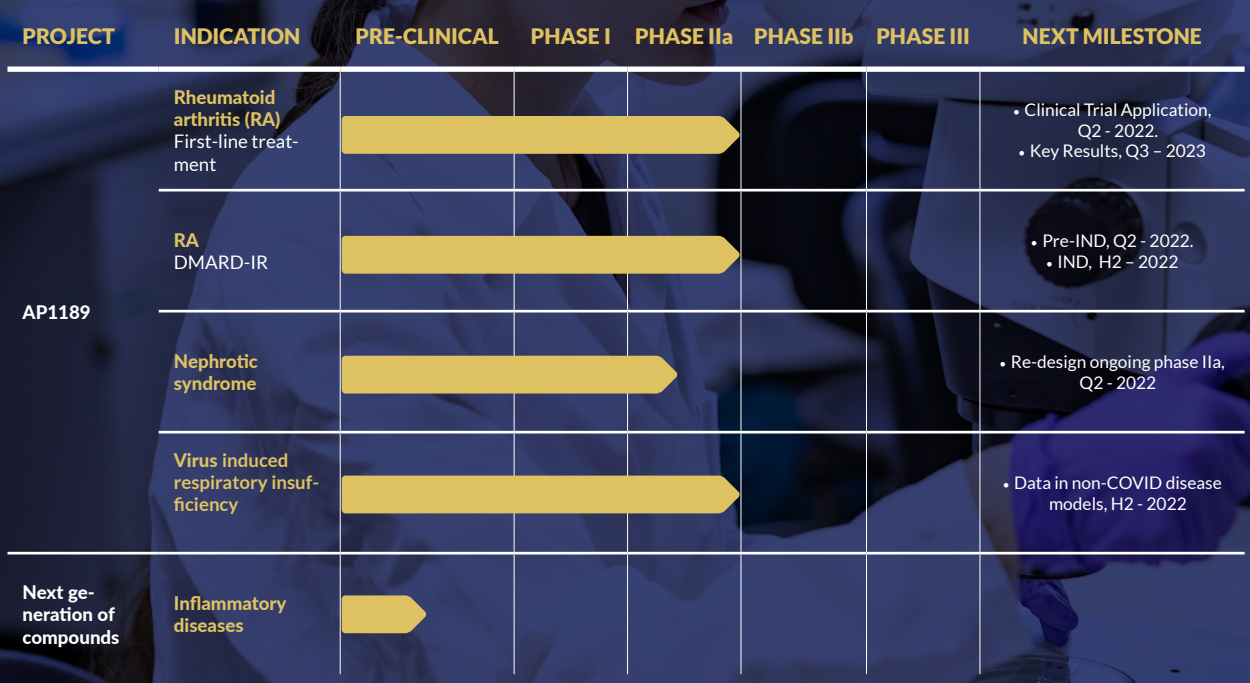
Most available treatments used to treat inflammation are immunosuppressive. They suppress the immune system by removing key signaling molecules or by depleting certain immune cells. Both strategies can lead to a heightened risk of serious infections and other significant side effects and safety issues. These therapies are anti-inflammatory, but they do not resolve the underlying uncontrolled inflammation.

The Melanocortin system and its role in inflammation





PIPELINE OVERVIEW



PROJECT PORTFOLIO

AP1189 FOR THE TREATMENT OF RHEUMATOID ARTHRITIS

RA is the most common inflammatory arthritis and is estimated to affect up to 1 per cent of the world population. The disease is characterized by autoimmunity against the inner lining of the joint capsules, or the synovium, resulting in progressive bone erosion and degraded cartilage. RA patients are affected by increased stiffness and pain of the joints that in the long-term lower the quality of life and can result in physical disability, with up to 25 per cent of RA patients estimated to undergo joint replacement surgery within 20 years after disease onset.

Stage of development

The lead indication for AP1189 is RA, in which the oral drug differentiates from current therapeutics by i) harnessing the pro-resolving benefits of ACTH, and ii) circumventing unwanted steroid-dependent or immunosuppressive side effects of current treatment options. On 30 November 2021, SynAct announced top-line results from the phase 2a study of AP1189 in newly diagnosed and previously untreated RA patients with severe disease activity. In this four-week study, patients treated with 100 mg AP1189 once daily achieved a significantly greater reduction in disease activity, measured as CDAI (Clinical Disease Activity Index) compared to placebo. The change in disease activity from severe to moderate was higher in groups treated with AP1189 compared to placebo, with the absence of a statistical difference that can probably be explained by a higher starting point of clinical disease activity and inflammation (C-reactive protein, CRP) in 100 mg group. Although this was a relatively small study, consistent dose-dependent effects could be inferred from mean change in clinical disease activity and at all secondary readings, including DAS-28, ACR results, investigators' global disease assessment (VAS), FACIT fatigue results, and pain (VAS).), AP1189 was well tolerated and presented with a favorable safety profile without any serious adverse reactions reported in the study.

Continued development

After analyzing the BEGIN study data and seeking advice from scientific experts and potential future business partners, SynAct has decided to take AP1189 further in

clinical development in RA as both a first- and second-line treatment option.

First-line treatment - treatment-naïve patients
In the completed BEGIN study, AP1189 was co-administered with MTX to patients with relatively newly diagnosed and previously untreated disease. The company was limited to the treatment of AP1189 in an oral suspension and a maximum treatment period of four weeks. AP1189 is now available in tablet form and SynAct has reported pre-clinical data enabling dosing for up to 12 weeks.
The company is preparing a double-blind, randomized phase 2 study in which treatment-naïve RA patients are given one tablet daily of either AP1189 at a dose of 100 mg or placebo, both in combination with controlled MTX treatment for 12 weeks. The working name of the study is EXPAND.

The purpose of the EXPAND study is to confirm the positive treatment effects with AP1189 and the beneficial side effect profile after 12 weeks of treatment with AP1189 in tablet form in combination with controlled treatment of MTX. The company estimates that it can initiate, recruit and complete such a study with patients at clinics in Europe relatively quickly and cost-effectively.

Second-line treatment – DMARD-IR
MTX belongs to the group of medicines called DMARD. A large proportion of patients treated with DMARD never achieve the desired effect, have a diminishing treatment effect or suffer from side effects that prevent further treatment. These patients who receive an inadequate response from DMARD are referred to as DMARD-IR (Inadequate Responder).

The company believes that AP1189 has good potential to become a potential new drug for the treatment of patients who do not achieve the desired effect after initial treatment with DMARD. It is a market segment with high commercial attractiveness and SynAct believes that further clinical development in DMARD-IR is both relevant and necessary. SynAct has developed a proposal for the design of a double-blind, randomized phase 2 study with adaptive design in DMARD-IR patients. We have given it the name RESOLVE. The intention is to initiate a so-called IND application (Eng. Investigational New Drug Application) with the FDA with the aim of obtaining approval to include patients in the USA in the RESOLVE study. Consequently, the final design of the development program is preliminary. However, a Phase 2 developmental program with an adaptive study protocol consisting of Part A testing 3 doses of AP1189 compared to placebo in a 4–6-week dosing program followed by Part B where one or two doses would be tested in a larger study population at 12 weeks dosing, with reference to AP1189's profile, be very attractive. The company therefore plans, as part of the overall development program for AP1189 in RA, to initiate the dose interval part of the study after submitting an IND application during the third quarter of 2022. This will make it possible to run the RESOLVE study in parallel with EXPAND with the ability to report key data from the dose range study during the third quarter of 2023.

AP1189 FOR THE TREATMENT OF NEPHROTIC SYNDROME
Untreated proteinuria, caused by inflammation of the renal capillary network (glomerulus), may develop into nephrotic syndrome (NS). An example of a primary kidney disease that can lead to NS if untreated is idiopathic membranous nephropathy (iMN). iMN is an autoimmune disease in which autoantibodies damage podocytes that wrap around the capillaries in the glomerulus, resulting in progressive dysfunction of the kidneys. Membrane nephrotic damage leads to kidney damage. iMN is an autoimmune disease in which the membranes of the glomerulus are attacked by generated autoantibodies, resulting in progressive deterioration of renal function. The disorder is primarily diagnosed in middle-aged individuals and iMN has an estimated incidence of 12 per million adults in the United States. Approximately 80 per cent of patients with iMN develop NS, leading to high blood pressure, elevated albumin levels in the urine, significant swelling of the joints and an increased risk of developing life-threatening complications such as thrombotic disease, infections and acute renal failure. There are currently no treatment options that are specifically approved for iMN.

Stage of development
Given the role of MCRs for maintaining podocyte integrity in NS and the beneficial effects demonstrated by other MC1R agonists, SynAct is developing its drug candidate AP1189 as a first-line agent along with supportive therapies to increase the number of responding patients and prevent patients from requiring immunosuppressant treatment. In pre-clinical environment, AP1189 has been able to reduce proteinuria compared to placebo treatment and in another trial the effect of AP1189 was better than ACTH treatment.
On 11 November 2021, SynAct announced its intention to redesign the phase 2 development program with the drug candidate AP1189 in NS. The aim of this is to take advantage of longer treatment periods now possible following new pre-clinical documentation published on 5 November 2021. In addition, the redesigned study will take advantage of the Company´s newly developed tablet, which was published on 15 October 2021. The major aim of the redesign will be to increase dosing from four weeks of the initial trial design (presented in the figure below) to three months and change from dosing with the AP1189 suspension and instead dose with tablets. 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.

SynAct's phase 2 study in NS is conducted in patients with iMN and is ongoing at several sites in Denmark, Norway and Sweden. In the current study, the design of which is presented below, an exploratory, randomized, double-blind, multicenter, placebo-controlled study is conducted, where AP1189 is compared with placebo which is given once-daily as add-on to ACE-inhibitor treatment in patients with NS due to iMN. As for most other clinical studies, recruitment

has suffered from the effects associated with the Covid-19 pandemic. Consequently, recruitment to the current study is therefore not completed. The redesign of the study will be completed during 2023.

AP1189 AND VIRUS-INDUCED RESPIRATORY INSUFFICIENCY

Virus-infected patients can develop a variety of symptoms, but lung involvement is very common and in some virus diseases, such as Covid-19, it is the main cause of death. The patients may develop respiratory insufficiency when they are unable to provide enough oxygen to the body. These patients often require oxygen supplementation in order to maintain adequate levels. As respiratory insufficiency continues, it can cause severe pneumonia. It can also develop into ARDS, a very serious condition where patients often require mechanical ventilation to breathe adequately.

It has been shown that infections caused by the Covid-19 virus can cause significant respiratory issues. In order to prevent the inflammation-associated damage that a Covid-19 infection 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 the therapy would be to stop the excessive inflammation and prevent severe disease which can quickly consume available hospital resources.

Stage of development

Working on its RESOVIR collaboration, SynAct has designed and executed a 60-patient phase 2a clinical trial in Brazil. Patients who were enrolled in the study experienced respiratory insufficiency and therefore required supplemental oxygen. 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 began. An additional 36 patients were dosed with 100 mg of AP1189 and 18 patients with placebo. Both AP1189 and placebo were given orally once-daily for up to two weeks. The trial was completed in June 2021 and top-line data has been published. Patients treated with 100 mg AP1189 orally once-daily for two weeks achieved respiratory recovery (i.e. no longer requiring oxygen therapy) on average 3.5 days (35 per cent) quicker than placebo-treated patients (6.4 days and 9.9 days on average respectively).

After the completed study, SynAct has explored various opportunities for further development of AP1189 for use in patients suffering from Covid-19. The Company has had an advisory meeting with the Brazilian health authority ANVISA (Agência Nacional de Vigilância Sanitária) and prepared an application for clinical trial authorization for a confirmatory study. In the meantime, however, the Covid-19 pandemic has developed and with the rapid spread of the Omicron variant, the patient base has changed. The Company has therefore informed that the further development within virus-induced respiratory insufficiency will be focused more broadly on virus-induced hyperinflammation, including respiratory insufficiency. SynAct has started and is conducting pharmacological trials in virus models with the aim of providing a basis for further clinical development. The Company will resolve on further development when the pre-clinical trials are completed during the second half of 2022.

MARKET

With the establishment of clinical development programs in three different indications, RA, NS and virus-induced respiratory insufficiency, AP1189 is considered to have the potential to create significant value for the company and also increase the possibility of successful results.

Both RA, NS and virus-induced respiratory insufficiency are indications with a great medical need and an attractive market where SynAct's drug candidate has the potential to become both a new and better treatment method.

In 2019, 4.6 million people worldwide were diagnosed with RA, of which 3.9 million received treatment. The number of diagnosed patients is expected to increase to 5.1 million and the number of treated patients is expected to increase to 4.3 million in 2029. In addition, the market for RA is expected to increase from $ 26.2 billion in 2019 to $ 29.1 billion in 2029 in the eight major US markets , France, Germany, Italy, Spain, the United Kingdom, Japan and Australia, with an average annual growth rate (CAGR) of 1%.

The market for NS is mainly driven by the presence of large patient groups suffering from NS. Diagnosis of the disease occurs mainly in middle-aged individuals and iMN has an estimated incidence of 12 per million adults in the United States.

To describe the potential for melanocortin-derived therapy, parallels can be drawn to the drug Acthar® Gel, which also acts via melanocortin receptors, and which is currently used as a treatment for difficult-to-treat cases of rheumatological diseases and the indications systemic lupus (SLE), multiple sclerosis (MS) and NS. The current market for ACTK drugs is annual sales of approximately $ 1.25 billion1. The use of Acthar® Gel is limited to difficult-to-treat cases as the compound has a number of unwanted side effects. The reason why the use of ACTH treatments is limited to difficult-to-treat cases is the occurrence of a number of side effects which, based on current knowledge, are not expected to occur during treatment with AP1189, despite the fact that this drug candidate has the potential to give the same treatment effect.

AP1189 is also developed for oral administration once daily, while Achtar® Gel is given as injections with only limited opportunities for self-administration.

INTELLECTUAL PROPERTY

The Company strives to obtain and maintain an efficient patent protection and other types of exclusive rights in order to protect its clinical project portfolio. As per the date of the Prospectus, the Company has patent protection within eight different patent families, and has, among other things, 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. 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 countries in the EU and in Hong Kong, as well as several patent applications in various countries globally. The Company also has patent protection regarding AP1189 for treatment of kidney disease up until 2039 in the EU and Hong Kong, including several global patent applications, as well as additional applications which can provide protection up until 2042. The critical composition of matter coverage is directed toward the AP1189 patent family and patent applications are directed toward the AP1189 salt forms to provide extended coverage of AP1189 as proposed marketed product.

SynAct's patent portfolio was originally applied for by Action Pharma A/S. In connection with the liquidation of Action Pharma A/S, the patent portfolio was transferred to SynAct Pharma ApS. The figure below shows an example of an exclusivity scenario for AP1189 for treatment of RA.

Patent/application valid until
*2027-06-11
**2028-03-20

HISTORY

Below is an overview of SynAct Pharma's history in brief. SynAct Pharma ApS was formed in 2012. SynAct Pharma AB, the Group's parent company, was formed in April 2016.

2015

- SynAct Pharma concludes toxicological, safety pharmacological and metabolism studies.
- Scientific article regarding "Mode of Action" for AP1189 is published.
- Patents are approved in Europe (patents in the US were approved in 2011).

2016

- 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 new 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.
- SynAct Pharma submits the application for the start of a phase I clinical trial to the French Medicines Agency.

2017

- Start of phase I clinical study with AP1189.
- Start of preparation for phase IIa clinical study with AP1189.
- Initiates pre-clinical studies in other indications.

2018

- Rights issue of SEK 22.4 million to fund the expanded development program for AP1189.

2019

- Recruitment and dosing of patients in phase IIa clinical study with the drug candidate AP1189 in patients with active 2019 arthritis begins.
- The issue of approximately SEK 30 million is carried out.

2020

- SynAct Pharma investigates AP1189 in patients with COVID-19 and nephrotic syndrome.
- SynAct Pharma received approximately SEK 32.4 million in warrants of series TO 2.
- SynAct Pharma publishes positive interim data from the Phase 2 study with AP1189 in rheumatoid arthritis.

2021

- SynAct Pharma carries out a directed share issue of SEK 80 million.
- SynAct Pharma reports positive data from a study with AP1189 in patients with respiratory insufficiency caused by COVID-19.
- SynAct Pharma reports positive phase 2a data from the BEGIN study of AP1189 in patients with RA.

2022

- SynAct Pharma carries out a fully guaranteed rights issue of SEK150 million.

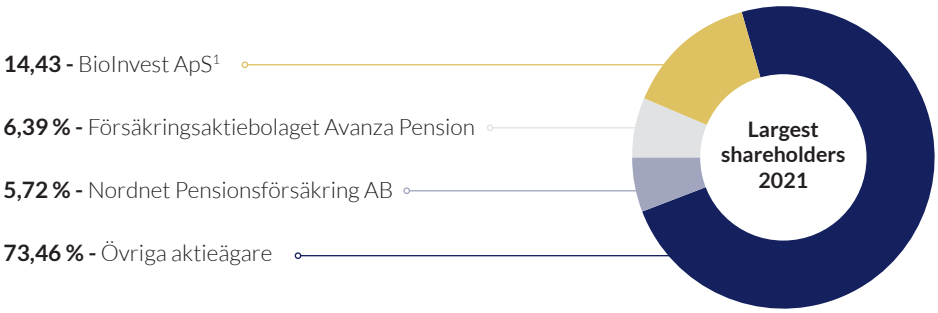
SHARE, SHARE CAPITAL AND OWNERSHIP

SHARE

The SynAct Pharma AB share was listed on Spotlight Stock Market ("Spotlight") on July 11, 2016. Spotlight operates a trading platform (MTF). Through a direct issue, conducted in February 2021, the number of shares and votes in the Company increased by 1,600,000 from 24,406,295 to 26,006,295, and the share capital increased by SEK 200,000 from SEK 3,050,786.875 to SEK 3,250,786.875.

LIST OF SHAREHOLDERS WITH THE LARGEST OWNERS

Below is a graph depicting the ownership structure of the Company per December 31, 2021.



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

LOCK-UP AGREEMENT

The Board of Directors with Torbjørn Bjerke, John Haurum, Terje Kalland, Uli Hacksell, Marina Bozilenko and Thomas Jonassen and Management with Jeppe Øvlesen, Patrik Renblad, Thomas Boesen and Jim Knight have all entered lock-up agreements, that with certain exceptions, prohibits any sale of shares until end of July 2022 and permits sales of no more than 10% for three months to end of October 2022.

DEVELOPMENT OF THE SHARE CAPITAL

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	600 000,00	4 800 000	600 000
2016	Directed issue	0,125	5,25	2 410 021	301 252,625	7 210 021	901 253
2016	Issue	0,125	6,40	5 050 000	631 250,00	12 260 021	1 532 503
2017	Warrants	0,125	6,40	157 428	19 678,505	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	604 982	24 406 295	3 050 786
2021	Issue	0,125	50,00	1 600 000	200 000	26 006 295	3 250 786

1. The establishment of SynAct Pharma AB took place through a cash issue of the shares in the Danish subsidiary, SynAct Pharma ApS. Further information about SynAct Pharma AB's formation can be found on page 52. in the Company's prospectus.

THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

BOARD OF DIRECTORS

Torbjørn Bjerke - Chairman

Torbjørn Bjerke,MD PhD, has served as a member of SynAct Board of Directors since 2016. Dr Bjerke is currently the portfolio manager of Arctic Aurora LifeScience. He previously served as the president and CEO of Karolinska Development AB from 2011 to 2014. Prior to that, Dr Bjerke was the president and CEO of Orexo AB, a position he held from 2007 until January 2011. Previously, he was president and CEO of Biolipox AB, Executive Vice President, R&D, ALK Pharmaceuticals, and director of pharmacology at AstraZeneca. Dr Bjerke holds a PhD in medicine from Aarhus Universitet. Dr Bjerke is cofounder of Action Pharma AS and TXP Pharma GmbH. Action Pharma sold its lead drug development candidate to AbbVie for $110M USD and TXP Pharma sold various rights to Questcor Pharmaceuticals for $100M USD in milestone payments. In addition, Dr Bjerke has experience as a board member within life science, at organizations such as DBV Technologies, NeuroSearch AS, TopoTarget AS, Axelar AB, Aprea AB, and Pergamum AB. Bjerke is independent to the Company, its Management and to its larger shareholders.

Member of the Board of Directors since 2016.

Thomas Jonassen - Chief Scientific Officer and board member

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. Mr. Jonassen is cofounder and current CSO and BoD 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. Mr. Jonassen is coinventor of SynAct's drug candidate, AP1189. Jonassen is not independent to the Company, its Management and to its larger shareholders.

Member of the Board of Directors since 2016.

Terje Kalland - Board member

Terje Kalland, MD, PhD, has more than 30 years of international experience from management positions in the life science industry. He 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 positions within Pharmacia AB. Dr Kalland has substantial experience with financing and investment activities and as vice president at Karolinska Development AB. He was professor in tumor immunology at Lund University and has experience with boards from several listed companies in Sweden and internationally. Kalland is independent to the Company, its Management and to its larger shareholders.

Member of the Board of Directors since 2019.

John Haurum - Board member

John Haurum, MD, is a non-executive Director in European biotech companies: Adcendo, AgomAb Therapeutics, Catalym, DJS Antibodies, Neophore, Storm, Synklino, Synact, and Neophore. He was the CEO of F-star in Cambridge, UK (2012-2018), where he built a successful biotech company, that initiated 2 clinical trials in oncology and generated more than €200M in non-dilutive revenue. Before that he was VP Research at ImClone Systems, New York (2010-2012) and chief scientific officer and cofounder of Symphogen A/S, Denmark (2000-2009). After graduating in medicine in Aarhus, Denmark in 1992, Dr Haurum received a DPhil in immunology from the Institute of Molecular Medicine, John Radcliffe Hospital, University of Oxford, England. Haurum is independent to the Company, its Management and to its larger shareholders.

Member of the Board of Directors since 2019.

Uli Hacksell - Board member

Uli Hacksell, PhD, has more than 25 years of experience in senior positions in major pharmaceutical and biotech companies and more than 10 years of experience as the CEO of publicly owned 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. He is Chairman of the board of Medivir and Annexin Pharmaceuticals, and a board member of InDex Pharmaceuticals and Active Biotech. Hacksell is independent to the Company, its Management and to its larger shareholders.

Member of the Board of Directors since 2020.

Marina Bozilenko - Board member

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

Member of the Board of Directors since 2021.

Kerstin Hasselgren - Board member

Kerstin Hasselgren 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. Hasselgren is currently CFO of Xspray Pharma AB listed on Nasdaq Stockholm. She has a degree of Master of Science in Business and Economics from the Stockholm School of Economics. Hasselgren is independent to the Company, its Management and to its larger shareholders.

Member of the Board of Directors since 2022.

SENIOR EXECUTIVES

Jeppe Øvlesen - Chief Executive Officer

Jeppe Øvlesen is a seasoned executive and biotech entrepreneur with a strong commercial background and a solid deal-making track record. Mr Øvlesen has more than 20 years of experience at the executive level and has been involved in a string of successful start-up companies, including Action Pharma, Biostrip, CLC Bio, Cercare, ChemoMetec, Monsenso, PNN Medical, Mindway, and TXP Pharma. In these companies, Mr Øvlesen has served as cofounder, CEO, CFO and/or chairman/board member and has overseen the transition from startup, buildup, to successful exit. Mr Øvlesen is currently CEO of SynAct Pharma, which is listed on the Swedish stock exchange, Spotlight.

Patrik Renblad - Chief Financial Officer

Patrik Renblad hhas a broad experience from the Life Science industry. With a strong financial background and focus he has served in various roles across the Pharmaceutical value chain and across geographies for LEO Pharma and AstraZeneca.
Prior to joining SynAct Pharma in August 2021, Patrik worked 10 years in LEO Pharma, most recently heading up its Research & Development Finance unit. Prior to that he was assigned to the affiliate in Shanghai, China for four years as local CFO. Patrik Renblad holds a MSc in Business Administration and Economics from Lund University.

Thomas Boesen - Chief Operating Officer

Thomas Boesen, PhD, has more than 20 years of experience in the biotech and pharma industry. He holds a PhD in bioorganic chemistry from Copenhagen University, with studies at Cambridge University, and a MA in technology management with studies at Roskilde and Edinburgh Universities.
Dr Boesen's achievements include being an inventor on 35 granted patents and holding several managing positions. Dr. Boesen has been a part of the successes of Action Pharma and Epitherapeutics, and he was cofounder of MedChem and TXP Pharma. He brings insight in drug development throughout the clinical phases, with a focus on CMC and external collaboration. Prior to joining SynAct Pharma, Dr Boesen was with Novo Nordisk for 5 years.

James Knight - Chief Business Officer

James Knight 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.
Mr. Knight also serving as the CBO of TXP Pharma. Most recently Jim was the SVP, Head of Corporate Development for BioTime, and previously Jim 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.

DIRECTORS' REPORT

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 2021-01-01 – 2021-12-31. 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.

THE GROUP

The Group consists of the parent company SynAct Pharma AB (publ) with its registered office in Lund and the wholly owned subsidiary SynAct Pharma ApS with its registered office and operations in Holte, Denmark. The Group conducts research and development within inflammatory diseases. The subsidiary, SynAct Pharma ApS started operations in 2012. SynAct Pharma AB, the Group's parent company, was registered on April 12 2016. The establishment took place through issue of the shares in the Danish subsidiary SynAct Pharma ApS. In this way, at that time, a group relationship. 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. Melanocortin is a group of peptide hormones derived from the proopiomelanocortin (POMC) of the pituitary gland. Melanocortin works by binding to and activating so-called melanocortin receptors. 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 primary drug candidate, AP1189, selectively stimulates the melanocortin receptors involved in anti-inflammatory and pro-resolution effects without causing immunosuppression, unlike most anti-inflammatory drugs that suppress the body's immune system by inhibiting key immune-signaling molecules. These traditional immunosuppressive approaches can lead to opportunistic infections and other serious side effects. AP1189 is undergoing clinical phase 2 development and is being tested in various indications, of which rheumatoid arthritis ("RA") is the primary indication on which the Company reported positive phase 2a data during the fourth quarter 2021. The drug substance is also tested in patients with nephrotic syndrome ("NS") and has undergone a phase 2a study in treatment of Covid-19 patients with respiratory stress syndrome. While the Company is investigating the opportunities to enter into partnerships with larger pharmaceutical companies, it is also planning for further clinical development in RA.
The Company's management comprises several experienced employees with detailed knowledge in pharmaceutical development, business development and financing of innovative biotechnology companies. The Company's CEO, Jeppe Øvlesen, is a seasoned executive and biotech entrepreneur with a strong commercial background and a solid deal-making track record. Jeppe Øvlesen has more than 20 years of experience at the executive level and has been involved in a string of successful start-up companies, including Action Pharma, Biostrip, CLC Bio, Cercare, ChemoMetec, Monsenso, PNN Medical, Mindway, 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.

This year's achievements are further described in the Managements' comments.

RESEARCH AND DEVELOPMENT

SynAct's research and development work is described in detail in the section Technology, market and patents.

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 product development and as per the date of the Prospectus, the Company's development portfolio consists of the drug candidate AP1189 which is in clinical phase 2. 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. Positive results in previously conducted pre-clinical and clinical studies do not guarantee positive results in later development stages and subsequent clinical studies.

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.

Risks related to IT Security and IT infrastructure

SynAct relies on a well-functioning IT system that the Company or any of its third-party suppliers operate to process, transmit and store electronic information in its

day-to-day operations. In connection with its product discovery efforts, the Company may collect and use a variety of proprietary, sensitive and confidential information, including personal data and clinical trial information. Cyberattacks are currently increasing in their frequency, sophistication and intensity, and have become increasingly difficult to detect. A successful cyberattack could result in the theft or destruction of intellectual property, data, or other misappropriation of assets, or otherwise compromise the Company's confidential or proprietary information and disrupt its operations. Faults, interruptions or breaches in the Company's IT security, including possible errors in back-up systems or faults in handling the security of the Company's confidential information, could also harm the Company's reputation, business relationships and trust, which may result in loss of business partners, increased scrutiny by supervisory authorities and a greater risk of legal action and financial liability. Although SynAct devotes resources to protect its information systems, there can be no assurance that its efforts will prevent information security breaches that would result in business, legal, financial or reputational harm, or would have a material adverse effect on the Company's results of operations and financial condition.

Risks related to competition and technological development
The pharmaceutical industry is characterized by high and global competition, rapid technological advances and extensive investment needs. The Company's competitors can be both large multinational companies as well as smaller research companies operating in research on inflammatory and autoimmune diseases. Furthermore, companies with global operations that currently work with related areas may decide to establish operations within SynAct's area of activity.

Risks relateted to macroeconomic factors and COVID-19
Macroeconomic effects, such as the Covid-19 pandemic and other economic factors around the world such as the ongoing situation in Ukraine, can negatively affect the Company's earnings 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 also affect healthcare payers, such as patients, hospitals, authorities and insurance companies, and for this reason result in a reduced willingness to pay for medicines.

The demand for pharmaceutical products is also affected by the political development in relevant markets. Several initiatives to curb rising pharmaceutical costs have been or are being implemented in the United States and in the EU/EEA, as well as in other relevant markets, which could affect future sales for pharmaceutical companies, including SynAct. If any of the above risks would occur, it could lead to the market acceptance and pricing of the Company's drug candidates being negatively affected at any future market launch, which could lead to the Company receiving lower remuneration in the event of a successful commercialization of one or more of the Company's drug candidates.

Risks related to partners and suppliers
SynAct is dependent on partnerships with suppliers and manufacturers and has, among other things, entered into agreements with suppliers who provide services and products for drug production as well as implementation of the Company's clinical studies. In addition, the Company is, and will most likely continue to be, dependent on collaborations with various suppliers and contract manufacturers for the manufacture and storage of GMP (Good Manufacturing Practice) material and the substances required for the implementation of the Company's pre-clinical and clinical studies. There is a risk that current, or future, suppliers, manufacturers or partners choose to terminate their partnerships with the Company before the Company has received full benefit of the partnership, does not fulfill its obligations, or cannot continue the collaboration on terms favorable to the Company.

Risks related to certain key employees and qualified staff
SynAct has established an organization with qualified personnel in order to create the best possible conditions for research, development and commercialization of the Company's drug candidates. SynAct's key employees and personnel have high competence and extensive experience in the Company's business area and the Company's future growth is highly dependent on the knowledge, experience and commitment of the management and other key personnel. The Company may fail to retain its 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 thereby adversely affect the Company's profitability and future earnings capacity.

LEGAL AND REGULATORY RISKS

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. As per the date of the Prospectus, the Company's patent portfolio consists of patent protection for the active substance in AP1189 up until 2027, for use of AP1189 for the treatment of arthritis diseases in combination with MTX up until 2040, in kidney disease up until 2039 as well as additional applications that can provide protection up until 2042. Patents and other intellectual property rights have a limited life, and there is a risk that granted patents will not provide sufficient commercial protection, as objections and other invalidity claims against granted patents can be made after the patent is granted.

Other market operators may also have applied for patents

regarding drug candidates included by the Company's patent applications, without the Company's knowledge. There is therefore a risk that the Company may infringe, or allegedly infringes, a patent held by a third party. A potential infringement in the patent of a third party may limit the opportunities of the Company or any of its partners to use the Company's drug candidates as planned. Thus, the Company's patent applications may have a lower priority in relation to other patent applications or limit the possibility for the Company to commercialize its drug candidates and obtain necessary patent protection, which would greatly affect SynAct's opportunities to further develop its drug candidates.

Risks related regulatory approval and registration
In order 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 structure for 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.

FINANCIAL RISKS

Risks related to future capital needs
Research and development of pharmaceuticals is a capital-intensive business. The research and development projects that the Company conducts, together with the fact that the Company does not generate, and has not generated, any sales revenues, leads to significant deficits and there is a risk that the Company's research and development projects will become more cost and time consuming than planned. As stated above in this section, the continued development of the Company's drug candidates and the conditions for market launch are associated with risks and great uncertainty that may lead to commercialization delays or no commercialization at all. Therefore, it may take long before the Company's drug candidates reach commercialization and current cash flow can be generated from the Company's operations. Any delays in SynAct's research and development projects may result in that positive cash flow is generated later than expected. The Company may therefore, depending on when a positive cash flow is achieved, also in the future need to raise additional capital in addition to the capital raised through the Rights Issue. There is a risk that the Company will not be able to raise capital when needed, or that capital cannot be raised on conditions favorable to the Company, which may affect the Company's operations and financial position adversely.

Risks related to tax
SynAct has its registered seat in Sweden, but a large part of its operations is conducted through the Danish subsidiary SynAct Pharma ApS. The tax considerations that the Company makes are based on interpretations of current tax legislation, tax treaties and other tax regulations as well as requirements from relevant tax authorities in Sweden and Denmark as well as other countries where the Company may conduct its business. There is a risk that the Company's understanding or interpretation of the said laws and regulations is not correct in all respects. Furthermore, tax authorities in relevant jurisdictions may make assessments or decisions that differ from the Company's understanding or interpretation of the said laws and regulations.

Risks related to changes in exchange rates
The Company has its registered seat in Sweden and reports its financial position and earnings in SEK, which means that transactions in foreign currency will be converted to SEK. A large part of the Company's operations is conducted through the operating subsidiary SynAct Pharma ApS, which has DKK as its reporting currency. Currency flows in connection with the purchase and sale of goods and services in currencies other than SEK give rise to a so-called transaction exposure. The Company is in many cases dependent on international subcontractors to carry out studies and production of materials. The Company is therefore exposed to currency risks through the purchases of services and input materials for research and development that are made in different currencies.

RISKS RELATED TO THE SHARES

Risks related to the development of the share price and volatility
The volatility risk is particularly high in companies that, like SynAct, have not launched any drugs on the market, which means that the share price is largely based on expectations of the Company's future performances. A smaller company on an unregulated market, such as Spotlight Stock Market, runs a particularly high risk that trading in its securities will not be active and liquid. During the financial year 2021, an average of approximately 103,000 shares were traded per day in SynAct, corresponding to an average turnover of approximately MSEK 9.4. The development of the share price is dependent on various factors, of which some are specific to the Company and its operations while others are related to the stock market as a whole. The share price may be significantly volatile and may for example be affected by supply and demand, variations in actual or expected results, inability to meet analysts' earnings expectations, changes in general economic conditions, for example due to pandemics such as Covid-19 and other disease outbreaks, changes in regulatory conditions and other factors. The price of the Company's share may also be affected by competitors' activities and positions in the market. If any of these risks were to be realized, it could have a material adverse effect on the market price of the shares and the opportunity for investors to recover the invested capital.

Risks related to future issues and dilution
The Company has not yet launched any products or drugs on the market, and it is uncertain if and when the Company

can start generating sales revenue. To enable continued development of the Company's drug candidates, the Company needs further financing. If additional financing is arranged through share capital, additional issues of new shares or other securities in the Company will, for existing shareholders, unless they participate in such possible issues of new shares, lead to a dilution of their shareholding in the Company. As the time and conditions for any future issues of new shares will depend on the Company's situation and the market conditions at that current time, the Company cannot predict or estimate the amount, time, or other conditions for such issues of new shares. Depending on the conditions of any further issues of new shares, such issues may have a negative impact on the market price of the Company's shares.

FINANCIAL DEVELOPMENT

Sales

Net sales for the year amounted to 0 TSEK (0). The company is not expected to generate any revenue until at the earliest after the completion of the planned Phase II study regarding the drug candidate AP1189. The parent company's turnover is from services delivered to the Danish subsidiary.

Research and development (R&D) costs

Total expenditure for R&D amounted to 60,490 (22,788) TSEK. The main drivers behind the cost increase are higher clinical study activity, investments in the Clinical Manufacturing and Control (CMC) and pre-clinical toxicology programs for the lead candidate, AP1189. The Company does not activate R&D expenditure on AP1189 as assessment shows that the activities and the project does not meet requirement for capitalization according to IAS 38 Intangible Assets. For further information, please refer to note 2 to the financial reports.

General and Administration

General and administration costs amounted to 16,225 (8,811) TSEK. The increase is mainly driven by activities related to preparations for the planned application to list the company's shares at Nasdaq Stockholm.

Other operating income/expense & financial items

The Company has reported small and insignificant other operating income arising from sub-leasing of office space at its Danish affiliate. Net financial items was impacted by from exchange rate difference on inter-company dealings and negative interest rates on cash held at the Danish bank.

Tax on profit/loss for the period

The groups reported tax was 7,505 TSEK (4,753) for the full year. According to Danish Tax Law ("Skattekreditordningen"), the subsidiary SynAct Pharma ApS is entitled to a tax credit for part of the expenses categorized as Research & Development up to a cap of 25 MDKK, which with a corporate tax rate of 22% implies a maximum annual tax credit of 5.5 MDKK. Refer to note 12 to the financial reports for more information.

Loss for the period

The Group's loss for 2021 amounted to -69,304 (-26,551) TSEK.

Cash flow and balance sheet

The Group's cash and cash equivalents on December 31, 2021, amounted to 23,997 TSEK (14,548). The receivable for the Danish Tax authorities, because of the Danish "Skattekreditordning" (refer to Tax on profit/loss for the period and Annual Report 2020, note 12, page 33 for more information), amounts to 7,564 TSEK (4,559). It is expected that tax credit related to 2021 will be paid by the authorities in November 2022.

From December 2021, the Company has reassessed its setup for lease of offices and apply IFRS 16 – Leasing for all its leased premised. As an impact of this, a right-of-use asset of 3,179 TSEK has been recognized as well as corresponding short- and long-term leasing liabilities. See note 8 to the financial reports for more information.

Cash flow amounted to 9,319 TSEK (11,319). In the cash flow from financing activities, 74.4 million relates to the issue amount from the directed share issue carried out in February 2021.

VAT

The Company has previously been denied deduction for inbound VAT, for the years up to and including 2018, by the Swedish Tax Authorities. SynAct did not accept this decision and appealed to the first instance ("Förvaltningsrätten"). In December 2021, the court ruled in favor of SynAct and approved the VAT deductions. However, this ruling has been appealed to second instance ("Kammarrätten") by the Swedish Tax Authorities where SynAct Pharma will continue to defend its position. SynAct continues to recognize the inbound VAT for the years up to and including 2018 as a liability on the balance sheet until the case is finally settled. See note 22 to the financial reports.

Parent company

The revenue of the parent company relates to services provided to the subsidiary and amounted 1,637 TSEK (1,697). Operating profit was -60,966 TSEK (-72,267).

Staff and remuneration to senior executives

At the end of the year, the number of employees was 3 (0). During the year, there were consulting agreements on market terms between the Company and representatives from the Board and senior executives. These are terminated. See also Note 9 to the financial statements.

SynAct Pharma will offer market-based remuneration levels and terms of employment that enable the ability to recruit and retain senior executives and key competencies.

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

Title	Name	Notice period (Company – mths)	Notice period (Employee - mths)	Severance pay (mths)
VD/CEO	Jeppe Øvlesen	12	6	6
CFO	Patrik Renblad	6	6	3*
CSO	Thomas Jonassen	10**	6	-
COO	Thomas Boesen	6**	6	-

*) The severance pay is increased by one month per year of employment starting 1 August 2022, with a ceiling of 6 months.

**) Employment agreements based on Danish law (Danish: Funktionærloven) with the addition of five months extra notice for both parties. Termination period from the Company depends on the employee's seniority.

Pension agreements are in accordance with the guidelines and all are defined contribution

NOMINATION COMMITTEE

The Nomination Committee for the Annual General Meeting 2022 consists of the following people:

- Pernille Singer, appointed by BioInvest ApS
- Jens Bager, appointed by GL Capital AB
- Steen Christensen, appointed by Next Stage Ventures ApS
- Torbjørn Bjerke, Chairman of the Board of Directors

The appointment of the Nomination Committee and the work of the Nomination Committee follow instructions and rules of procedure for the Nomination Committee decided by the 2021 Annual General Meeting. In its work before the Annual General Meeting, the Nomination Committee's goal has been to ensure that the Board as a group has the necessary competence and experience to lead SynAct Pharma's operations and development in a successful manner. The Nomination Committee applies rule 4.1 in the Swedish Code of Corporate Governance (the "Code"). The Nomination Committee has thus taken special account of the need for diversity in terms of competence, experience and background, taking into account, among other things, the company's strategic development, governance and control. The Nomination Committee has discussed diversity perspectives based on the view that they are essential in the composition of the Board and the Nomination Committee aims at equal distribution between the sexes.

Before the 2021 Annual General Meeting, the Nomination Committee shall prepare proposals regarding the election of the Chairman and other members of the Board, the election of the Chairman of the Annual General Meeting, the election of auditors, decisions on fees and matters relating thereto.

THE WORK OF THE BOARD

The company's board consists of seven ordinary members, including the chairman of the board. Six members were elected by the 2021 Annual General Meeting and one was elected at an Extraordinary General Meeting on March 28, 2022, all for the period until the end of the 2022 Annual General Meeting.

The Board is, among other things, responsible for setting goals and strategies, internal controls, ensuring routines and systems for evaluating set goals, continuously evaluating the company's results and financial position and evaluating the operational management. The Board follows a written rules of procedure which are revised annually and which are adopted at the statutory Board meeting every year. The rules of procedure regulate, among other things, the Board's function and functions as well as the division of work between the Board and the CEO and, where applicable, between the Board and various committees.

During the year, the Board constituted audit and remuneration committees, which supported the Board in matters concerning control and remuneration during the period. During the year, an evaluation of the Board's work was carried out.

THE SHARE

At the Annual General Meeting in May 2021, the Board of Directors was authorized to decide on a new issue of shares, issue of convertibles and / or convertibles and / or other terms until the next Annual General Meeting, on one or more occasions or issue of warrants. The reason for deviating from the shareholders' preferential rights should be to enable the company to raise working capital, to carry out company 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 conversion of convertibles and / or exercise of warrants) may amount to a maximum of 6,501,574, 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 deviation from the shareholders' preferential rights, the issue shall take place on market terms.

RIGHTS ISSUE

With the support of the authorization from the Annual General Meeting on May 21, 2021, SynAct Pharma AB's Board of Directors decided on March 28, 2022 on a new share issue with preferential rights for existing shareholders of approximately SEK 150 million before issue costs, secured at 100 percent (the "Rights Issue"). The issue proceeds will be used for the implementation of further clinical phase 2 development with AP1189 in rheumatoid arthritis (RA), continued development of AP1189 in kidney disease with a modified study set, other research and development activities related to AP1189 and new chemical molecules and for general administration costs. Due to the Rights Issue, the Board has decided that the Company's interim report for Q1 2022 will be published on May 30, 2022 instead of May 6, 2022, as previously communicated.

THE BOARD'S PROPOSAL ON GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

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 II 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 II 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, insofar as 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, save as otherwise provided by 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 2022 Annual General Meeting.

INCENTIVE SCHEME
During 2021, no bonus or share-based incentive schemes were applicable in the Company.

DIVIDEND POLICY

SynAct has so far not paid dividends and it is the Board's assessment that all available funds are needed for the further development of the project portfolio. The Board's assessment may change in the future if or when the Company's project generates positive cash flows.

PROPOSED ALLOCATION OF RESULTS

The following profits (SEK) are available to the Annual General Meeting:

Premium fund	98 120 006
Balanced results	-
Profit for the year	-60 966 487
	37 153 519

The Board of Directors proposes that SEK 37,153,519 is carried forward.

MULTI-YEAR COMPARISON

Development of operations, financial position and results

Multi-year overview - Group (TSEK)	**IFRS 2021**	**IFRS 2020**	**IFRS 2019**	**IFRS 2018**	**K3 2017**
Net sales	–	–	–	–	–
Operating profit	-76 699	-31 285	-25 335	-28 088	-18 192
Profit after financial items	-76 809	-31 304	-27 638	-27 941	-18 036
Profit for the year	-69 304	-26 551	-24 491	-23 142	-15 395
Balance sheet total (TSEK)	38 369	21 593	25 913	13 259	15 225
Equity/asset ratio (%)	54%	73%	47%	72%	85%
Earnings per share (SEK)	-2,68	-1,23	-1,63	-1,68	-1,24
Research & Development cost/operating expenses (%)	79%	73%	60%	78%	65%

Multi-year overview - Parent company (TSEK)	**2021**	**2020**	**2019**	**2018**	**2017**
Net sales	1 637	1 697	1 287	–	–
Profit after financial items	-60 966	-72 267	-9 999	-4 390	-4 610
Balance sheet total	45 334	31 068	80 407	52 558	36 000
Equity/asset ratio (%)	89%	87%	85%	98%	98%

SIGNIFICANT EVENTS IN 2021

QUARTER 1

- **On January 11,** board member and CSO Thomas Jonassen and CEO Jeppe Øvlesen carried out a restructuring in which the respective holdings of shares in SynAct have transferred to the newly formed company BioInvest ApS.
- **On January 26,** Thomas Boesen was appointed Chief Operating Officer.
- **On February 4,** it was announced that SynAct is preparing to move to Nasdaq Stockholm.
- **On February 5,** it was announced that SynAct had completed a directed share issue of SEK 80 million.
- **On February 11,** James Knight was appointed Chief Business Officer.
- **On March 18,** it was announced that SynAct has started dosing in Part 2 of the Phase II clinical trial with AP1189 in Covid-19 infected patients.

QUARTER 2

- **On April 13,** SynAct strengthened its IP portfolio and received "Intention to Grant" from the European Patent Office for a key patent covering AP1189.
- **On April 19,** SynAct's shareholders proposed Marina Bozilenko as new member of the Board of Directors. She is subsequently elected on the Annual General Meeting on May 21, 2021.
- **On May 4,** SynAct expanded the AP1189 BEGIN study in Rheumatoid Arthritis with more patients.
- **On May 4,** SynAct announced that Board and Management have extended the lock-up period for their SynAct Pharma AB shares until December 31, 2021.
- **On May 12,** the Company announced a research collaboration with Örebro University with the purpose of studying reduction of inflammation in vascular disease.
- **On May 14,** a collaboration on pharmacogenetic aspects of AP1189 in Rheumatoid Arthritis with Barts and London School of Medicine, Queen Mary University of London was announced.
- **On May 21,** the Annual General Meeting of SynAct Pharma AB was held.
- **On June 1,** recruitment and dosing of the clinical Phase 2a study with AP1189 in Covid-19 infected patients was completed.
- **On June 23,** two patent applications covering novel salt and crystal forms related to AP1189 and the oral delivery of AP1189 and these novel forms were filed.
- **On June 30 ,** SynAct announced positive top-line data from the Phase 2a trial of AP1189 in Covid-19 infected patients with pulmonary insufficiency.

QUARTER 3

- **On July 7,** SynAct announced additional data from the Phase 2a trial of AP1189 in Covid-19 infected patients.
- **On July 7,** the appointment of Anders Dyhr Toft, MD PhD MBA, as Chief Medical Officer (CMO) was announced.
- **On August 6,** SynAct strengthened its organization further by the hiring of Patrik Renblad as VP Finance and Lise Agersted as Director of Operational R&D.
- **On August 20,** SynAct communicated that the American College of Rheumatology Convergence (ACR) has invited the company to present an abstract on AP1189 at ACR Convergence 2021 conference in November.
- **On August 25,** SynAct communicated that a European patent was granted covering the company's leading drug candidate AP1189 in methods of treating kidney disease.
- **On August 27,** SynAct Pharma provided an update on the recruitment status on the BEGIN study, a phase 2a study testing AP1189 in RA. The company has recruited 98 of the planned 105 subjects and expects to complete recruitments by mid-September which would enable top-line data to be presented early in the fourth quarter 2021.
- **On September 24 ,** SynAct Pharma announced the completion of recruitment to the BEGIN study and updated the expected timeline for reporting of top-line data to end of November.

QUARTER 4

- **On October 15,** SynAct Pharma dosed the first healthy volunteer in the company's clinical pharmacokinetics study where new tablets are being tested.
- **On October 22,** Final dosing of patients in the BEGIN study is announced and the company confirms the timeline for reporting of top-line results to before end of November this year.
- **On November 5,** The company announces completion of the three month's toxicology program in two species, enabling the dosing of AP1189 for duration of up to three months in future clinical trials.
- **On November 11,** SynAct Pharma announces a revision of the design of the clinical study of AP1189 in Nephrotic Syndrome.
- **On November 19,** tSynAct Pharma announces Nomination Committee for the Annual General Meeting 2022.
- **On November 23,** SynAct Pharma reports positive pharmacokinetic data on AP1189 tablets.
- **On November 30,** SynAct Pharma's AP1189 achieves primary endpoint and favorable safety profile in patients with Rheumatoid Arthritis with ongoing active joint disease in the Phase 2a study BEGIN.
- **On December 1,** SynAct Pharma strengthens the patent portfolio for AP1889 after an Intention to Grant was issued by the European Patent Office.
- **On December 2,** SynAct Pharma announces additional data from the BEGIN study.
- **On December 7,** SynAct Pharma's Board of Directors and Management extend lock-up agreements.

EVENTS AFTER THE END OF THE PERIOD

- **On January 7, 2022,** Patrik Renblad was appointed Chief Financial Officer.
- **On March 9,** the Nomination Committee proposed Kerstin Hasselgren to be elected as new member of the Board of Directors at an extraordinary general meeting on March 28.
- **On March 28,** SynAct Pharma announces a fully guaranteed rights issue of SEK 150 million before issuing cost. Kerstin Hasselgren is elected as new member of the Board at the extraordinary general meeting.
- **On April 1,** SynAct Pharma publishes the prospectus for the rights issue.
- **On April 25,** SynAct Pharma publishes the outcome of the rights issue. Through the issue, the Company will receive SEK 150 million before issue costs. After registration with the Swedish Companies Registration Office, the number of shares will increase by 2,364,208 to a total of 28,370,503 shares and the share capital by SEK 295,526 to SEK 3,546,313.

CONSOLIDATED INCOME STATEMENT

(TSEK)	Note	2021-01-01 -2021-12-31	2020-01-01 -2020-12-31
Net sales		-	–
Gross profit		**-**	**–**
Research and development costs	9	-60 490	-22 788
Sales, general and administration costs	6,8,9	-16 225	-8 811
Other operating income	5	157	360
Other operating expenses		-141	-46
Operating income	**7**	**-76 699**	**-31 285**
Financial income	10	–	30
Financial expenses	11	-110	-49
Profit after financial items		**-76 809**	**-31 304**
Tax on profit/loss for the year	12	7 505	4 753
Profit for the period attributable to the shareholders of SynAct Pharma AB		**-69 304**	**-26 551**
Earnings per share, basic and diluted (SEK)	13	-2,68	-1,23

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(TSEK)	Note	2021-01-01 -2021-12-31	2020-01-01 -2020-12-31
Profit for the year		**-69 304**	**-26 551**
Other comprehensive income			
Items reclassifiable to profit or loss			
Exchange rate difference from conversion of foreign operations	21	-94	-574
Other comprehensive income after tax for the year		**-94**	**-574**
Comprehensive income attributable to the shareholders of SynAct Pharma AB		**-69 398**	**-27 125**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
ASSETS

	Note	2021-12-31	2020-12-31
NON-CURRENT ASSETS			
Right-of-use assets	8	3 179	–
Financial non-current assets	14,15, 24	274	264
Total non-current assets		**3 454**	**264**
CURRENT ASSETS			
Tax credit		7 564	4 559
Other current receivables	17	3 107	1 902
Prepaid expenses	18	247	320
Cash and cash equivalents	19	23 997	14 548
Total current assets		**34 916**	**21 329**
TOTAL ASSETS		**38 369**	**21 593**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
EQUITY AND LIABILITIES

	Note	2021-12-31	2020-12-31
EQUITY	21		
Share capital		3 251	3 051
Other paid-in capital		193 602	119 401
Reserves		-399	-304
Retained earnings/losses including net profit		-175 585	-106 280
Total equity attributable to shareholders of SynAct Pharma AB		**20 869**	**15 868**
NON-CURRENT LIABILITIES			
Leasing liability	8	2 110	–
Total non-current liabilities		**2 110**	**–**
CURRENT LIABILITIES			
Accounts payable	15,16	4 254	2 775
Leasing liability	8	979	–
Other current liabilities		654	194
Accrued expenses	22	9 503	2 756
Total current liabilities		**15 390**	**5 725**
TOTAL EQUITY AND LIABILITIES		**38 369**	**21 593**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(TSEK)	Note	Share capital	Other paid-in capital	Translation reserve	Retained earnings including profit for the year	Total
Opening equity 2020-01-01		**2 096**	**89 550**	**270**	**-79 729**	**12 188**
Profit for the year		–	–	–	-26 551	-26 551
Other comprehensive income		–	–	-574	–	-574
Comprehensive income for the year		**–**	**–**	**-574**	**-26 551**	**-27 125**
Transactions with owners:						
New share issue		955	31 473	–	–	32 427
Issue costs		-	-1 622	–	–	-1 622
Total transactions with owners		**955**	**29 851**	**–**	**–**	**30 806**
Closing equity 2020-12-31		**3 051**	**119 401**	**-304**	**-106 280**	**15 868**
Opening equity 2021-01-01		**3 051**	**119 401**	**-304**	**-106 280**	**15 868**
Profit for the year		–	–	–	-69 304	-69 304
Other comprehensive income		–	–	-94	–	-94
Comprehensive income for the year		**–**	**–**	**-94**	**-69 304**	**-69 398**
Transactions with owners:						
New share issue		200	79 800	–	–	80 000
Issue costs		–	-5 600	–	–	-5 600
Total transactions with owners		**200**	**74 200**	**–**	**–**	**74 400**
Closing equity 2021-12-31	**21**	**3 251**	**193 602**	**-399**	**-175 585**	**20 869**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(TSEK)	Note	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Cash flow from operations			
Operating income		-76 699	-31 285
Adjustment for non-cash items	19	88	–
Interest received		–	6
Interest paid		-110	-2 359
Corporate income tax received		4 625	3 168
Cash flow from operations before change in working capital		**-72 096**	**-30 470**
Cash flow from change in working capital			
Change in operating receivables		-1 210	-530
Change in accounts payable		1 436	-329
Change in operating liabilities		6 872	-1 910
Cash flow from operating activities		**-64 997**	**-33 239**
Investment activities			
Investments in financial non-current assets	14	-6	-93
Cash flow from investment activities		**-6**	**-93**
Financing activities			
New share issue		80 000	49 758
Issue costs		-5 600	-5 036
Amortization of leasing liability	19	-77	–
Cash flow from financing activities		**74 323**	**44 722**
Cash flow for the year		**9 319**	**11 391**
Cash and cash equivalents at the beginning of the year		**14 548**	**3 505**
Exchange rate differences in cash and cash equivalents		130	-348
Cash and cash equivalents at the end of the year	**19**	**23 997**	**14 548**

NOTES

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 has been listed on Spotlight Stock Market, with ticker SYNACT, since 2016.

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.

On April 28, 2022, the Board of Directors approved this annual report and consolidated accounts, which will be submitted for adoption at the Annual General Meeting on May 20, 2022.

NOTE 2 - SUMMARY OF KEY ACCOUNTING POLICIES FOR THE GROUP

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

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

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. All amounts are, unless otherwise stated, rounded to the nearest thousands of SEK (TSEK).

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

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

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

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.

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

Research and development costs
Research and development costs mainly consists of costs for the Group's development projects, including development of the Group's drug candidates. The group reports external development costs based on an evaluation of determination rates using information provided by the Group's suppliers. Payments for these activities are based on the conditions of the individual the agreements, which may differ from when the cost occurred, which is reflected in the Group's financial reports as a prepaid cost or an accrued cost.

Sales, General and Administration costs
General Administration and sales costs consist of salaries and other related costs for employees of the Group management function and functions for finance, corporate governance, business development and other administrative

functions. Administration and sales costs also include fees for services relating to legal matters, accounting, auditing, tax and consulting, travel expenses and expenses for rent and other operating costs.

Remuneration to employees

Short-term benefits

Short-term benefits to employees such as salary, social fees, holiday pay and bonuses are expensed in the period where the employees perform the services. A provision for estimated bonus payments are reported when the group have a legal or informal obligation to do so and payments as a result of the services in question being obtained from the employees and sales can be calculated reliably.

Pension

Within the Group, there are only defined-contribution pension plans. Defined contribution pension plans mean that the group pays fees to a separate legal entity and the risks of change in value until the funds are paid falls on the employee. The group thus has no additional obligations after the fees have been paid. Pension costs for defined contribution pension plans burdens the result as the employees perform their services. The obligations are calculated without discounting since payments for all plans fall 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 demonstrable 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 reported 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

There are currently no share-based payments in the group.

Financial income

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

Financial expenses

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

Taxes

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

Current tax is tax payable or received in respect of the current year, applying the tax rates that have been decided or in practice decided at the balance sheet date. The current tax also includes adjustment of current tax attributable to previous periods.

Deferred tax is recognized on all temporary differences that arise between the taxable value 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 realised or regulated. Deferred tax is calculated using the tax rates and rules that are decided or announced at the balance sheet date and which are expected to apply when the deferred tax asset concerned is realised or the deferred tax liability settles.

Deferred tax liabilities and deferred tax assets are offset as far as possible within the framework of local tax laws and regulations. Deferred tax assets relating to deductible temporary differences and loss carryforwards are accounted for only to the extent that they are likely to be used. The value of deferred tax assets is reduced when it is no longer considered likely that they can be used.

Leasing agreement

At the beginning of the agreement, the Group assesses whether there is a leasing agreement, i.e. whether the agreement contains the right to the use of an identified asset for a fixed period of time in exchange for compensation. Except for short-term leases and low-value leases the group reports leasing liabilities for future leasing payments and right-of-use assets that represents the right to use the underlying assets.

Right-of-use assets

The Group reports right-of-use assets at the commencement date of the lease, at the time when the underlying asset is available for use. Right-of-use are valued at acquisition value less accumulated depreciation and any write-downs and adjusted for any revaluation of leasing liabilities. In the acquisition value of usufruct assets include the amount reported leasing liabilities, initial direct expenses and leasing fees paid at or before the commencement date, after deduction for any benefits received in connection with the signing of the leasing agreement.

Rights of use are depreciated on a straight-line basis over the asset estimated leasing period, which is currently three years for the group.

Leasing liabilities
The Group reports leasing liabilities calculated at the present value of all remaining leasing fees over the estimated period of use at the commencement date. Leasing payments consist of fixed fees minus any leasing incentives that can be obtained and variable lease payments that depend on an index or a interest. When calculating the present value of all remaining leasing fees, the group uses its marginal borrowing rate at the commencement date, because the interest rate that is implicit in the lease cannot be easily determined. After the commencement date, the lease liability is increased to reflect the interest rate and is reduced for the leasing fees paid. The carrying amount of leasing liabilities is revalued in the event of any changes to the leasing period or leasing fees (including index increases).

Short-term leasing agreement
The Group applies the exemption for leasing agreements with a leasing period of less than 12 months (short-term leasing agreement). Short-term leasing agreements are reported as cost on a straight-line basis over the leasing period.

Intangible assets
Intangible assets acquired separately are recognized at cost reduced by accumulated depreciation and any impairment losses. Intangible assets are systematically depreciated over the assessed useful life of the asset. The useful life is reassessed at each closing date and adjusts as necessary. When determining the depreciable amount of the assets, the residual value of the asset is taken into account where appropriate.

Capitalized expenditure on development work
Development expenditure is capitalized when the criteria is met. The most important criteria for activation are that the final product of the development work has a demonstrable future earnings or cost savings and that there are technical and financial conditions to complete the development work. In addition, development expenses and research expenses are expensed as operating expenses.

Market approval for the Group's products has not yet been obtained, and the Group has therefore assessed that conditions for activation of development expenses do not exist.

Impairment of non-financial assets
Assets that have an indefinite useful life are tested at least annually for any impairment requirement and when there is an indication of impairment. Assets depreciating are assessed for impairment whenever events or changes in conditions indicate that the carrying amount is not recoverable.

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

Previously reported impairment is reversed if the recoverable amount is deemed to exceed the carrying amount. However, reversal does not take place with an amount greater than the carrying amount. The value amounts to what it would have been if impairment had not been recognised in previous periods. However, impairment of any goodwill is never reversed.

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

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

Financial assets classified at amortized cost are initially valued at fair value with the addition of transaction costs. After initial recognition, the assets are valued at amortized cost less a loss provision of expected credit losses. Assets classified at amortised cost are held according to the business model of collecting contractual cash flows that are only payments of principal and interest on the principal amount outstanding.

Classification and valuation of financial liabilities
Financial liabilities are classified at accrued cost. Financial liabilities recognized at accrued cost are initially measured at fair value, net of transaction costs. After initial recognition, they are valued at accrued cost according to the effective interest method.

All financial liabilities of the Group (accounts payable and other current liabilities) are classified at accrued cost.

During the financial year or comparison year, the Group has not held any financial instruments that are measured at fair value, either through profit or loss or other total sales.

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 written off from the balance sheet when the rights in the agreement are realized, mature or the Group loses control of 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 write-offs and removal from the balance sheet are recognized in profit or loss.

A financial asset and financial liability are offset and recognised 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 realise 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 statements into account. A provision is made when there is an exposure to credit risk. Expected credit losses have been deemed immaterial, as the company's financial assets consist essentially of bank balances with banks with high credit ratings.

Cash and cash equivalents

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

Equity

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

Warrants

The Group has only issued warrants such as transferred at fair value. Prices received for issued options to acquire shares in companies within the group are reported as a contribution to equity, based on the option premium, at the date when the option was transferred to the counterparty. During the financial year 2020, warrants were issued (TO2), but the group has not had any outstanding warrants in 2021.

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 as a result 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 settlement 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 recognised when there is a possible commitment arising from events occurring and the existence of which is confirmed by one or more uncertain future events or when there is an obligation that is not recognised as liability or provision because it is unlikely that an outflow of resources will occur.

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 disposal 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.

Earnings per share

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

Cash flow

The cash flow statement is prepared according to the indirect method. The reported cash flow covers 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 activates expenditure on the development of medicines to the extent that they are deemed to meet the criteria for activation under IAS 38 p. 57. The company's expenses for the development of medicines are deemed not to meet the criteria for activation and have thus been expensed. Activation of expenditure on the development of medicinal products takes place at a late stage of phase III, or at the start of registration studies, depending on when the criteria are assessed. The reason for this is that it is previously too uncertain whether the expenditure will generate future economic benefits and that the financing of the completion of the asset is not secured.

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 profit 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

Since the company does not have approved products on the market, the business requires capital injections from the owners. By the fully guaranteed rights issue SynAct Pharma raises approximately SEK 126 million after issue costs. The Company's existing working capital together with the proceeds from the fully guaranteed issue is, in the Board's assessment, sufficient to finance the Company's clinical development program for AP1189, consisting of two phase 2 studies in RA and a phase 2 study in nephrotic syndrome and run the business until the end of 2023.

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.

NOTE 5 - OTHER OPERATING INCOME

	Group 2021	Group 2020
Re-invoicing of rental costs	157	219
Public grants	–	141
Total	**157**	**360**

NOTE 6 - FEES TO AUDITORS

	Group 2021	Group 2020
Mazars		
Audit fees	514	313
Other audit activities	149	60
Other services	–	67
Total	**663**	**440**

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 agreement 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 7 - COSTS PER COST TYPE

	Group 2021	Group 2020
External expenses	70 260	31 387
Employee expenses	6 455	213
Other operating expenses	141	46
Total	**76 856**	**31 645**

NOTE 8 - LEASING AGREEMENTS

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

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

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

	Group 2021-12-31	Group 2020-12-31
Right-of-use assets		
Opening balance	–	–
Re-evaluation of agreements	3 267	–
Re-classification, right-of-use assets from leasing agreement	–	–
Closing balance accumulated aquisition values	**3 267**	**–**
Opening balance, depreciation	–	–
Depreciation, current year	-88	–
Closing balance accumulated depreciation	**-88**	**–**
Closing balance booked value	**3 179**	**–**

Depreciation of right-of-use assets is included in the income statement in the sub-item General and administration cost of TSEK 88 .

	Group 2021-12-31	Group 2020-12-31
Leasing liabilities		
Non-current leasing liabilities	2 110	–
Current leasing liabilities	979	–
Maturity analysis, non-discounted future leasing fees		
<12 months	1 134	314
1-2 years	1 157	–
>2 years	1 180	–
Total	**3 471**	**314**

	Group 2021	Group 2020
Interest expenses attributable to leasing liabilities	15	–
Costs attributable to short-term leasing agreements	879	681
Costs attributable to leasing agreements for which the underlying asset is of low value	–	–
Costs attributable to variable lease payments that are not included in lease liabilities	19	–
This year's payments for leasing fees in the Group	856	608

NOT 9 - STAFF AND EMPLOYEE EXPENSES

	2021		2020	
Average number of employees	**Number of employees**	**Men**	**Number of employees**	**Men**
Parent company				
Sweden	1	1	–	–
	1	**1**	**–**	**–**
Affiliate				
Denmark	2	1	–	–
	2	**1**	**–**	**–**

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

Salaries and other allowances	**2021**	**2020**
Parent company		
The Board of Directors and senior executives	1 450	210
Other employees	622	–
Affiliate		
Senior executives	2 903	–
Other employees	485	–
Total	**5 460**	**210**

Social security and pension costs	**2021**	**2020**
Parent company		
Social security costs	550	66
Affiliate		
Social security costs	3	–
Total	**553**	**66**

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

Gender balance among board and senior executives	2021	2020
Share of women on the Board of Directors	17%	0%
Share of men on the Board of Directors	83%	100%
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

2021	Basic salary, board fees	Pension	Variable comp.	Remuneration for position	Other compensation	Total
Chairman						
Torbjørn Bjerke[2]	425	-	-	–	654	1 079
Board members						
John Haurum[2]	300	-	-	–	167	467
Terje Kalland	225	-	-	–	-	225
Thomas Jonassen	–	-	-	1 940	-	1 940
Uli Hacksell	250	-	-	–	-	250
Marina Bozilenko	250	-	-	-	-	250
Senior executives						
CEO[1]	–	–	–	1 942	-	1 942
Other senior executives (4)[1]	955	–	–	2 704	2 167	5 825
of which in affiliate	–	–	–	*3 554*	-	-
Total	**2 405**	**–**	**–**	**6 586**	**2 988**	**11 978**

2020	Basic salary, board fee	Pensions	Variable comp.	Remune-ration for position	Other com-pensation	Total
Chairman						
Torbjørn Bjerke[2]	60	-	-	–	700	760
Board members						
John Haurum[2]	60	-	-	–	405	465
Terje Kalland	60	-	-	–	-	60
Thomas Jonassen	–	-	-	1 729	-	1 729
Uli Hacksell	30	-	-	–	-	30
Senior executives						
CEO[1]	–	–	–	1 695	-	1 695
Other senior executives (3)[1]	–	–	–	1 544	205	1 749
of which affiliate	–	–	–	*2 940*	-	-
Total	**210**	**–**	**–**	**4 968**	**1 310**	**6 488**

Remuneration of senior executives
Remuneration to the CEO and other senior executives consists of remuneration such as consulting fees, see below. Other senior executives refer to the 4 (3) persons/s who, together with the CEO, constituted group management. Other senior executives refer to the Chief Financial Officer, Chief Medical Officer, Chief Business Officer and Chief Operating Officer.

1) Fees invoiced through own company for senior positions in SynAct Pharma
CEO Jeppe Øvlesen via the company Corporate Culture ApS and CSO Thomas Jonassen via the company TJ Biotech ApS, see feesabove. In addition, to the CFO via the company Next Stage Ventures ApS amounting to SEK 1,550 (TSEK 1,717) of which SEK 655 thousand is invoiced to the subsidiary and 895 thousand invoiced to the Parent Company, of which SEK 212 thousand is other remuneration. CBO via the company James Knight Consulting Inc amounting to SEK 573 thousand (0) and compensation to the COO via company Boesen Consult ApS amounting to SEK 799 thousand (0) of which SEK 7 thousands relate to other compensation.

2) Other remuneration
Other remuneration constitutes remuneration for other services in the Group and severance payment to the CMO. Purchased services from Torbjørn Bjerke via UST Leadership AB amounting to SEK 654 thousand (SEK 700 thousand) and purchased services from John Haurum through the company JSH BioTECH ApS amounting to SEK 167 thousand (SEK 405 thousand).

Severance
If the termination of employment is made by the CEO, a notice period of 3 months applies. If the termination of employment is made by the company, a notice period of 3 months applies. The CEO is not entitled to special severance pay but is paid during the notice period. Between the company and other senior executives, a mutual notice period of three to twelve months applies during which salary is paid. No severance pay is paid to the members of the Board of Directors.

NOTE 10 - FINANCIAL INCOME

	Koncernen 2021	Koncernen 2020
Exchange rate differences	–	30
Summa	**–**	**30**

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

NOTE 11 - FINANCIAL EXPENSES

	Group 2021	Group 2020
Other interest expense	-105	-39
Exchange rate differences	-5	-10
Summa	**-110**	**-49**

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

NOTE 12 - TAX ON PROFIT FOR THE YEAR

	Group 2021	Group 2020
Current tax[1]	7 505	4 753
Reported tax	**7 505**	**4 753**
Reconciliation of effective tax rate		
Profit before tax	-76 809	-31 304
Tax at the current tax rate for the Parent Company 20,6% (21,4%)	15 823	6 699
Tax effect of:		
Effect of other tax rates for foreign subsidiaries	922	117
Tax on undisclosed deferred tax assets	-9 200	-2 062
Non-deductible costs	-39	-2
Reported tax	**7 505**	**4 753**
Effective tax rate	0%	0%

1) Under Danish tax law (the tax credit scheme), the subsidiary SynAct Pharma ApS can obtain tax revenue for some of the expenses directly attributable to the company's research and development. Offsetting research and development expenses that result in tax revenue obtained, reduces the company's potential future tax deduction by a corresponding amount. SynAct Pharma ApS can calculate a maximum of tax deficits attributable to research and development up to MDKK 25 per year. This corresponds to MDKK 5.5 as possible tax revenue, with a corporate income tax rate of 22% in Denmark.

The Group has tax deductions for issue costs totaling SEK 5,600 thousand (1,622 thousand) that are recognized directly in equity. No deferred tax has been recognized for these.

There are tax loss carryforwards for which deferred tax assets have not been recognized in the balance sheet amounting to SEK 51,544 thousand (SEK 35,043 thousand) in Sweden and deficit deductions in Denmark amounting to SEK 70,962 thousand (25,831 thousand, SEK 14,044 thousand) and they have no time limit. Tax receivables have not been recognized for these items, as it is unlikely that the Group will use them for offsetting future taxable profits in the near future.

NOTE 13 - EARNINGS PER SHARE

	Group 2021	Groupn 2020
Basic and diluted earnings per share		
Profit for the year (TSEK) attributable to shareholders of the Parent Company	-69 304	-26 551
Average number of ordinary shares outstanding	25 848 487	21 549 984
Basic and diluted earnings per share (SEK)	**-2,68**	**-1,23**

For the calculation of earnings per share, the weighted average number of ordinary shares outstanding is adjusted. There is no dilution effect for issued warrants (TO2) that was open during parts of 2020, since the profit for the year was negative.

NOTE 14 - FINANCIAL NON-CURRENT ASSETS

	Group 2021	Group 2020
Opening balance acquisition cost	264	179
Deposit paid	128	93
Deposits refunded	-121	–
Exchange rate difference	3	-8
Reported non-current financial assets	**274**	**264**

Non-current financial assets consists of deposits of DKK 199 thousand.

NOTE 15 - FINANCIAL ASSETS AND LIABILITIES

Financial assets measured at amortised cost	Group 2021-12-31	Group 2020-12-31
Financial assets		
Financial non-current assets	274	264
Other current receivables	–	–
Cash and cash equivalents	23 997	14 548
Total	**24 271**	**14 812**

Financial liabilities measured at amortized cost	Group 2021-12-31	Group 2020-12-31
Financial liabilities		
Accounts payable	4 254	2 775
Other current liabilities	–	–
Accrued expenses	5 079	1 018
Total	**9 333**	**3 793**

SynAct Pharma has, in addition to present value calculated leasing-related debt of SEK 3.1 million, see Note 8. There are no financial instruments that are valued and reported at fair value. Financial assets and liabilities valued at accrued acquisition value correspond in substance to fair value.

NOTE 16 - FINANCIAL RISKS

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

The Group's financialoperations 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 derivativesand 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 that fair value or future cash flows from a financial instrument will vary due to changes in market prices. The market risk that affects the Group is 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 vary due to changes in foreign exchange rates. The mainexposition comes from the Group's purchases in foreign currencies. This exposure is referred to as transaction exposure. Currency risks can also be found in the translation of foreign operations' assets and liabilities to the parent company's functional currency so-called conversionexposure.

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

Currency exposure 2020 (%)	Operating income	Operating expenses
EUR	-	11%
DKK	-	68%
SEK	-	19%
Other currencies	-	1%

As shown in 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 -1,778 thousand (-339 thousand). A 10% stronger DKK against SEK would have a negative impact on profit after tax and equity of approximately SEK - 3,459 thousand (-2,022 thousand).

Translation exposure
The Group has a translation exposure that arises from the translation of foreign subsidiaries' income and net assets into SEK. The translation is against DKK, where the exposure at the balance sheet date amounts to SEK 9,144 thousand (15,324 thousand). A 10% stronger SEK against DKK would have a negative impact on equity of approximatel SEK -914 thousand (-1.533 thousand).

The Group also has translation exposure that arises from the conversion of foreign accounts payable to SEK. This exposure at the balance sheet date amounts to SEK 2,527 thousand (1,966 thousand) in DKK and SEK 474 thousand (483 thousand) in EUR. A 10% stronger DKK against SEK would have a negative impact on profit after tax and equity by approximately SEK -253 thousand (-197 thousand). A 10% stronger EUR against SEK would have a negative impact on profit after tax and equity of approximately SEK -47 thousand (-48 thousand).

Refinancing risk
Refinancing risk refers to the risk that cash and cash equivalents are not available and that financing can only be partially or not at all available or at an increased cost. The Group is currently financed with equity and is therefore 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 groupwill have difficulties in fulfilling its obligations related to financial liabilities. The Board manages liquidity risks by continuously monitoring cash flow in order to reduce liquidity risk and ensure payment capacity. 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 undisclosed interest payments and repayments of financial liabilities are shown in the table below. Amounts in foreign currency have been translated into SEK at the balance sheet date rate. Liabilities have been included in the period when re-denomination may be required at the earliest.

			2021-12-31
Maturity analysis	**<6 months**	**6-12 months**	**>12 months**
Accounts payable	4 257	–	–
Other current liabilities	654	–	–
Accrued expenses	5 079	4 424	–

			2020-12-31
Maturity analysis	**<6 months**	**6-12 months**	**>12 months**
Accounts payable	2 775	–	–
Other current liabilities	194	–	–
Accrued expenses	1 018	1 738	–

Capital management
The Group's goal regarding the capital structure is to ensure the Group's ability to continue its operations, so that it can generate returns to shareholders and benefit other stakeholders and keep the costs of capital down. The company's return capacity depends onthe quality and value of generated research results, which are continuously evaluated by company management and the Board of Directors.

NOTE 17 - OTHER CURRENT RECEIVABLES

	Group 2021-12-31	Group 2020-12-31
VAT receivables	2 971	1 721
Other receivables	136	182
Total	**3 107**	**1 902**

NOTE 18 - PRE-PAID EXPENSES

	Group 2021-12-31	Group 2020-12-31
Pre-paid rent	–	103
Other pre-paid expenses	247	217
Total	**247**	**320**

NOTE 19 - CASH AND CASH EQUIVALENTS

	Group 2021-12-31	Group 2020-12-31
Cash		
Available balance	23 997	14 548
Total	**23 997**	**14 548**

Cash relates to bank balance, predominantly in SEK.

	Group 2021-12-31	Group 2020-12-31
Non-cash items in cash flow report:		
Depreciations	88	–
Total	**88**	**–**

Reconciliation of liabilities from financing activities

	2021-01-01	Cash flow	Non-cash related items	2021-12-31
Leasing liabilities	–	-77	3 166	3 089
Total	**–**	**-77**	**3 166**	**3 089**

There have been no liabilities in financing activities during 2020.

NOTE 20 - GROUP COMPANIES

	Main activity	Country	Share 2021	Share 2020
SynAct Pharma AB	Research, development and commercializaiton of pharm.	Sweden	Parent company	
SynAct Pharma ApS	Research and development of pharmaceuticals.	Denmark	100%	100%,

NOTE 21 - EQUITY

Share capital and other capital contributed

	Number of shares	Share capital	Other capital contributed
By December 31, 2019	**16 771 167**	**2 096**	**89 550**
New share issue resolved Oct 2019	2 795 268	349	-349
Exercise of warrants (TO 2)	4 839 860	605	30 200
By December 31, 2020	**24 406 295**	**3 051**	**119 401**
New share issue resolved Feb 2021	1 600 000	200	74 200
By December 31, 2021	**26 006 295**	**3 251**	**193 602**

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 arising from the translation of financial statements from foreign operations.

Translation reserve	2021-12-31	2020-12-31
Opening carrying amount	-304	270
Change of the year	-94	-574
Closing carrying amount	**-399**	**-304**

NOTE 22 - ACCRUED COSTS AND DEFERRED INCOME

	2021-12-31	2020-12-31
Accrued salary and fees	2 810	125
Accrued VAT[1]	1 614	1 614
Accrued expenses related to R&D	3 933	–
Accrued transaction costs	–	621
Other accrued expenses	1 146	397
Total	**9 503**	**2 756**

1) The Parent Company has been denied deductions on input VAT for 2018 and previous periods by the Swedish Tax Agency. The company has contested the Tax Agency's decision not to conduct VAT-liable activities and appealed to the Administrative Court. In December 2021, the Administrative Court in Malmö announced a ruling in the Company's favor in the case, whereby a deduction was granted. However, the Swedish Tax Agency has appealed the decision to the Court of Appeal, which is why the Company continues to report the debt in the consolidated and the parent company's balance sheets.

NOTE 23 - RELATED PARTY TRANSACTIONS

For information on remuneration to senior executives, see Note 9 Employees and personnel costs.

In March 2021, the subsidiary SynAct Pharma ApS acquired the rights to 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 according to the agreement, Boesen Biotech ApS is entitled 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 4.5 MDKK in payment. In the event of any future commercialization of a 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.

There are no further agreements or transactions with related parties, other than what is reported in Note 9.

NOTE 24 - PLEDGES, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

Collateral pledged in the Group amounts to SEK 274 thousand (SEK 264 thousand), which consists of deposits. There are no other commitments in the Group.

NOTE 25 - EVENTS AFTER THE BALANCE SHEET DATE

- **On January 7, 2022** Patrik Renblad was appointed Chief Financial Officer.
- **On March 9,** SynAct Pharma informed that the Nomination Committee proposes that Kerstin Hasselgren be elected as a new Board member at an Extraordinary General Meeting on March 28.
- **On March 28,** SynAct Pharma announced a fully guaranteed rights issue of SEK 150 million before issue costs. Kerstin Hasselgren is elected as a new member of the Board at the Extraordinary General Meeting.
- **On April 1,** SynAct Pharma published the prospectus for the rights issue.
- **On April 25,** Synact Pharma announced the outcome of the rights issue. Through the issue, the Company will receive SEK 150 million before issue costs. After registration with the Swedish Companies Registration Office, the number of shares will increase by 2,364,208 to a total of 28,370,503 shares and the share capital by SEK 295,526 to SEK 3,546,313.

PARENT COMPANY INCOME STATEMENT

(TSEK)	Note	2021-01-01 -2021-12-31	2020-01-01 -2020-12-31
Net sales	17	1 637	1 697
Gross profit		**1 637**	**1 697**
General and administration costs	2,3,4	-12 571	-8 294
Other operating expenses		-27	-46
Operating profit		**-10 962**	**-6 643**
Financial items			
Results from shares in group companies	5	-50 000	-66 159
Other interest income and similar profit items	6	–	536
Interest expense and similar profit and loss items	7	-5	-1
		-50 005	**-65 624**
Profit after financial items		**-60 966**	**-72 267**
Tax on profit for the year	8	–	–
Profit for the year		**-60 966**	**-72 267**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

(TSEK)	Note	2021-01-01 -2021-12-31	2020-01-01 -2020-12-31
Profit for the year		-60 966	-72 267
Other comprehensive income		–	–
Comprehensive income for the year		**-60 966**	**-72 267**

PARENT COMPANY STATEMENT OF FINANCIAL POSITION
ASSETS

	Note	2021-12-31	2020-12-31
NON-CURRENT ASSETS			
Financial non-current assets			
Shares in group companies	9	24 419	24 419
Other long-term receivables	10	–	50
Total		**24 419**	**24 469**
Total non-current assets		**24 419**	**24 469**
CURRENT ASSETS			
Current receivables			
Receivables from group companies	17	1	–
Other current receivables	11	863	579
Prepayments	12	202	177
Total		**1 066**	**756**
Cash and cash equivalents	13	19 849	5 843
Total current assets		**20 915**	**6 599**
TOTAL ASSETS		**45 334**	**31 068**

PARENT COMPANY STATEMENT OF FINANCIAL POSITION
EQUITY AND LIABILITIES

	Note	2021-12-31	2020-12-31
EQUITY	14		
Restricted equity			
Share capital		3 251	3 051
Total restricted equity		**3 251**	**3 051**
Unrestricted equity			
Premium fund		98 120	96 187
Profit for the year		-60 966	-72 267
Total u*restricted equity*		**37 154**	**23 920**
Total equity		**40 404**	**26 971**
CURRENT LIABILITIES			
Accounts payable		1 136	1 198
Liabilities to group companies		–	36
Other current liabilities		549	194
Accrued expenses	15	3 244	2 669
Total current liabilities		**4 930**	**4 097**
Total liabilities		**4 930**	**4 097**
TOTAL EQUITY AND LIABILITIES		**45 334**	**31 068**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	RESTRICTED EQUITY		UNRESTRICTED EQUITY			
	Share capital	Ongoing new share issue	Premium fund	Retained earnings	Profit for the year	Total
Opening equity 2020-01-01	**2 096**	**349**	**75 985**	**–**	**-9 999**	**68 432**
Reversal results previous year			-9 999		9 999	-
Profit for the year					-72 267	-72 267
Other comprehensive income	-	-	-	-	-	-
Comprehensive income for the year	**-**	**-**	**-**	**-**	**-72 267**	**-72 267**
Transactions with owners:						
New share issue	954	-349	31 823	–		32 428
Issue costs	0	0	-1 622	–		-1 622
Total transactions with owners	**954**	**-349**	**30 201**	**–**		**30 806**
Closing equity 2020-12-31	**3 051**	**–**	**96 187**	**–**	**-72 267**	**26 971**

	RESTRICTED EQUITY		UNRESTRICTED EQUITY			
	Share capital	Ongoing new share issue	Premium fund	Retained earnings	Profit for the year	Total
Opening equity 2021-01-01	**3 051**	**–**	**96 187**	**–**	**-72 267**	**26 971**
Reversal results previous year			-72 267		72 267	-
Profit for the year					-60 966	-60 966
Other comprehensive income	-	-	-	-	-	-
Comprehensive income for the year	**-**	**-**	**-**	**-**	**-60 966**	**-60 966**
Transactions with owners:						
New share issue	200	–	79 800	–		80 000
Issue costs	–	–	-5 600	–		-5 600
Summa transaktioner med ägare	**200**	**0**	**74 200**	**–**		**74 400**
Closing equity 2021-12-31	**3 251**	**–**	**98 120**	**–**	**-60 966**	**40 405**

PARENT COMPANY STATEMENT OF CASH FLOWS

(TSEK)	Note	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Operating activities			
Operating income		-10 962	-6 643
Interest received		–	1
Interests paid		-5	-2 311
Cash flow from operating activities before changes in working capital		**-10 966**	**-8 952**
Changes in working capital			
Change in operating receivables		-310	1 630
Change in accounts payable		-61	-376
Change in operating liabilities		893	-1 778
Cash flow from operating activities		**-10 445**	**-9 475**
Investing activities			
Contributions and loans made to subsidiaries		-50 000	-29 666
Removal of non-current financial assets		50	–
Cash flow from investing activities		**-49 950**	**-29 666**
Financing activities			
New share issue		80 000	49 758
Issuing costs		-5 600	-5 036
Cash flow from financing activities		**74 400**	**44 722**
Cash flow for the year		**14 005**	**5 581**
Cash at the beginning of the year		**5 843**	**262**
Exchange rate difference		–	–
Cash and cash equivalents in subsidiaries at merger			–
Cash and cash equivalents at year-end	**13**	**19 849**	**5 843**

NOTES - PARENT COMPANY

NOT 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.

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

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

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

Leasing
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
Both received and submitted group contributions are reported as allocation for the financial statements in accordance with the alternativerule. Shareholder contributions are transferred directly to the recipient's equity and are activated in shares and units with the donor, to the extent that impairment is not required. As of January 1, 2020,the Parent Company will expense shareholder contributions to subsidiaries intended to cover thesubsidiary's research costs. The cost is recognized in the income statement in net financial items. The accounting management in the Parent Company thus reflects the management in the Group where all the costs of research are burdenedwith the result. The carrying amount remains unchanged as the company's assessment is that there is no impairment requirement.

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 2021	Parent 2020
Mazars AB		
Audit assignment	464	199
Other audit activities	149	60
Tax advice	–	–
Other services	–	67
Total	**613**	**325**

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 agreement 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 orthe performance of such otherduties.

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 - LEASING AGREEMENTS

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

Future minimum lease fees	Parent 2021	Parent 2020
Within 1 year	18	18
1-5 years	–	–
More than 5 years	–	–
Total	**18**	**18**

NOTE 4 - STAFF AND EMPLOYEE EXPENSES

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

NOTE 5 - RESULTS FROM SHARES IN GROUP COMPANIES

	Parent 2021	Parent 2020
Write-off of shares in group companies	-50 000	-66 159
Summa	**-50 000**	**-66 159**

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

NOTE 6 - OTHER INTEREST INCOME AND SIMILAR PROFIT ITEMS

	Parent 2021	Parent 2020
Interest income from group companies	–	534
Exchange rate differences	–	1
Total	**–**	**536**

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

NOTE 7 - INTEREST EXPENSE AND SIMILAR PROFIT AND LOSS ITEMS

	Parent 2021	Parent 2020
Interest expenses	–	-1
Exchange rate differences	-5	–
Total	**-5**	**-1**

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

NOTE 8 - TAX ON PROFIT FOR THE YEAR

	Parent 2021	Parent 2020
Current tax	–	–
Reported tax	**–**	**–**
Reconciliation of effective tax rate		
Profit before tax	-60 966	-72 267
Tax at the current tax rate for the Parent company 20,6% (21,4%)	12 559	15 465
Tax effect of:		
Tax on undisclosed deferred tax assets	-2 246	-1 307
Non-deductible costs	-10 313	-14 158
Reported tax	**–**	**–**
Effective tax rate	0%	0%

The Parent company has tax deductions for issue costs totalling SEK 5,600 thousand (SEK 1,622 thousand) that are recognized directly in equity. No deferred tax has been recognised for these.

There are tax loss carryforwards for which deferred tax assets have not been recognized in the balance sheet amounting to SEK 51,544 thousand (SEK 35,043 thousand) without time limit. Deferred tax assets have not been recognised for these items, as it is unlikely that the Group will use them for offsetting future taxable profits in the near-term.

NOTE 9 - SHARES IN GROUP COMPANIES

	Parent 2021-12-31	Parent 2020-12-31
Opening acquisition value	90 578	24 419
Shareholder contribution	50 000	66 159
Closing accumulated acquisition values	**140 578**	**90 578**
Opening write-offs	-66 159	–
Write-offs for the year	-50 000	-66 159
Closing accumulated write-offs	**-116 159**	**-66 159**
Closing carrying amount	**24 419**	**24 419**

Company / corporate registration number / registered office SynAct Pharma ApS, 344 599 75, Holte i Danmark	Parent 2021-12-31	Parent 2020-12-31
Equity share	100%	100%
Voting share	100%	100%
Antal andelar	1 000 000	1 000 000
Carrying amount	24 419	24 419

NOTE 10 - OTHER NON-CURRENT RECEIVABLES

	Parent 2021-12-31	Parent 2020-12-31
Opening acquisition value	50	50
Bank guarantee	–	–
Refunded deposits	-50	–
Reclassifications	–	–
Total	**–**	**50**

NOTE 11 - OTHER CURRENT RECEIVABLES

	Parent 2021-12-31	Parent 2020-12-31
Vat claims	727	547
Other receivables	136	32
Total	**863**	**579**

NOTE 12 - PRE-PAID EXPENSES

	Parent 2021-12-31	Parent 2020-12-31
Prepaid rental costs	9	9
Other pre-paid expenses	192	168
Total	**202**	**177**

NOTE 13 - CASH AND CASH EQUIVALENTS

	Parent 2021-12-31	Parent 2020-12-31
Available credits	19 849	5 843
Total	**19 849**	**5 843**

NOTE 14 - EQUITY

Per December 31, 2021

The share capital consists of 26 006 295 (24 406 295) shares with a quota value of SEK 0.125 (SEK 0.125 kr). All shares have an equal right to the company's profit. See also information in the Group's Note 21 Equity.

The premium fund 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 allocation of profits	**2021-12-31**
At the disposal of the Annual General Meeting are the following earnings (TSEK),	
Premium fund	98 120
Retained earnings	-60 966
Profit for the year	**37 154**
Proposed allocation:	
Balanced in new accounts	**37 154**

NOTE 15 - ACCRUED EXPENSES AND PRE-PAID INCOME

	Parent 2021-12-31	**Parent 2020-12-31**
Accrued salaries and board fees	847	125
Accrued VAT costs	1 614	1 614
Accrued issue costs	–	621
Other accrued expenses	784	309
Total	**3 244**	**2 669**

Accrued VAT costs, see Note 22 for the Group.

NOTE 16 - COLLATERAL AND CONTINGENT LIABILITIES

For information about collateral and contingent liabilities in the Parent company, please refer to the Group's Note 24 Pledged Securities, Contingent Liabilities and other commitments. In the Parent company there are no pledged securities.

NOTE 17 - RELATED PARTIES TRANSACTIONS

	Sale of goods/ services	Purchase of goods/services	Other	Claim on Balance Day	Debt on Balance Day
Subsidiaries					
2021	1 637	–	–	1	–
2020	1 697	–	–	–	36

For information on remuneration to senior executives see the Group's Note 9 Employees and personnel costs.

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 taken from the SynAct Pharma's balance sheet or statement of financial position (so-called book value). Equity divided by total assets.

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

	2021-12-31	2020-12-31
ASSETS		
Non-current assets	3 454	264
Current assets	34 916	21 329
Total assets	**38 369**	**21 593**
EQUITY AND LIABILITIES		
Total equity	**20 869**	**15 868**
Non-current liabilities	2 110	–
Current liabilities	15 390	5 725
Total liabilities		
Total equity and liabilities	**38 369**	**21 593**
Equity/asset ratio (%)	**54%**	**73%**

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 Sales, General & Administration activities.

(TSEK)	2021	2020
Research and development costs	-60 490	-22 788
Sales, general and administration	-16 225	-8 811
Other operating income/expenses	157	360
Total operating expenses	**-76 699**	**-31 285**
R&D/O perating expenses (%)	79%	73%

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 atrue and fair view of the parent company's and theGroup's position and results. The management report for the Parent Company and the Group gives a true and fair view of the development of the parent company's and the Group's operations, position and results and describes significant risks and uncertainties faced by the Parent Company and the companies that are part of the Group.

Lund, April 28 2022

Torbjørn Bjerke
Chairman

John Haurum
Board member

Terje Kalland
Board member

Thomas Jonassen
Board member

Uli Hacksell
Board member

Marina Bozilenko
Board member

Kerstin Hasselgren
Board member

Jeppe Øvlesen
Chief Executive Officer

Our audit report was submitted on April 28, 2022
Mazars AB

Bengt Ekenberg
Certified public accountant

AUDITOR'S REPORT

To the Annual General Meeting of SynAct Pharma AB
Corporate registration number 559058-4826

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Statements
We have carried out an audit of the annual report and consolidated accounts of SynAct Pharma AB for the year 2021. The company's annual report and consolidated financial statements are included on pages 18-62 of this document.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the parent company's financial position as of December 31, 2021 and of its financial statements and cash flow for the year in accordance with the Annual AccountsAct. The consolidated financial statements have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the Group's financial position as of December 31, 2021 and of the financial results and cash flow for the year in accordance with international financial reporting standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The annual report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore endorse that the General Meeting adopts the income statement and balance sheet for the Parent Company and the Group.

Basis for statements
We have carried out the audit in accordance with International Standards on Auditing (ISA) and good auditing practice in Sweden. Ourliability under these standards is described in more detail in the Auditor's Liability section. We are independent in relation to the Parent Company and the Group in accordance with good accounting practice in Sweden and have otherwise fulfilled our professional ethics responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our statements.

Information other than the annual accounts and consolidated accounts
This document also contains other information than the annual accounts and the financial statements that are presented on pages 2-17 and 65 respectively. It is the Board of Directors and the CEO who are responsible for this other information.

Our statement regarding the annual accounts and the financial statements does not include this information and we do not make any statement attesting to this other information.

In connection with our audit of the annual accounts and consolidated accounts, it is our responsibility to read the informationidentified above and to consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. During this review, we also take into account the knowledge we otherwise acquired during the audit and assess whether the information otherwise appears to contain material misstatements. If, based on the work carried out on this information, we conclude that the other information material inaccuracies, we are obliged to report this. We have nothing to report in that regard.

Responsibilities of the Board of Directors and the CEO
It is the Responsibility of the Board of Directors and the CEO for the preparation of the annual accounts and consolidated accounts and for providing a true and fair view according to the annual accountsand, in the case of consolidated financial statements, in accordance with IFRS, as adopted by the EU. The Board of Directors and the CEO are also responsible for the internal control that they deem necessary to prepare an annual report and consolidated accounts that do not contain any material misstatement, whether due to irregularities or mistakes.

When preparing the annual accounts and consolidated accounts, the Board of Directors and the CEO are responsible for assessing the company's and the Group's ability to continue operations. They inform, where applicable, of conditions that may affect the ability to continue operations and to use the assumption of continued operation. However, the assumption of continued operation does not apply if styrelsone and the CEO intend to liquidate the company, cease operations or have no realistic alternative to doing any of this.

Auditor's responsibility
Our objectives are to obtain a reasonable degree of assurance as to whether the annual accounts and consolidated accounts as a whole do not contain any material misstatement, whether due to irregularities or mistakes, and to provide an audit report containing our statements. Reasonable assurance is a high degree of assurance, but is no guarantee that an audit carried out in accordance with ISA and good audit practice in Sweden will always detect a material inaccuracy if one exists. Inaccuracies may arise as a result of irregularities or mistakes and are considered material if they can reasonably be expected to influence the financial decisions made by users on the basis of the annual accounts and consolidated accounts.

As part of an ISA audit, we use professional judgment and have a professionally skepticalattitude throughout the audit. In addition:

- we identify and assess the risks of material misstatement in the annual accounts and consolidated accounts, whether due to irregularities or mistakes, design and perform audit actionsbased, among other things, on these risks and obtain audit evidence that is sufficient and appropriate to form the basis for our statements. The risk of not detecting a material irregularity as a result of irregularities is higher than that of a materialerror due tomistakes, since irregularities may include acts of collusion, falsification, intentional omissions, misinformation or breach of internal control.

- we gain an understanding of the part of the company's internal control that is relevant to our audit in order to design audit measures that are appropriate with regard to circumstances, but not to comment on the effectiveness of internal control.

- we evaluate the appropriateness of the accounting policies used and the reasonableness of the board of directors' and ceo's estimates in the accounts and related disclosures.

- we conclude on the appropriateness of the Board of Directors and the CEO using the assumption of continued operation in the preparation of the annual accounts and consolidated accounts. We also conclude, based on the audit evidence obtained, whether there is any material uncertainty regarding such events or circumstances that

may lead to significant doubts about the company's and the Group's ability to continue operations. If we conclude that there is a material uncertainty factor, we must draw attention in the auditor's report to the disclosures in the annual accounts and consolidated financial statements on: the material uncertainty factor or, if such disclosures are insufficient, modify the statement on the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or circumstances may prevent a company and a group from continuing operations.

- we evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.
- we obtain sufficient and appropriate audit evidence regarding the financial information for the entities or business activities within the Group to make a statement ofthe consolidated financial statements. We are responsible for the governance, monitoring and execution of the group audit. We are solely responsible for our statements.

We must inform the Board of Directors of, among other things, the planned scope and direction of the audit and the timingof it. We must also provide information on significant observations during the audit, including any significant deficiencies in internal control that we have identified.

REPORT ON OTHER REQUIREMENTS UNDER LAWS, REGULATIONS AND ADMINISTRATIVE PROVISIONS

Statements

In addition to our audit of the annual report and consolidated accounts, we have also carried out an audit of the management of the CEO and Board of Directors of SynAct Pharma AB for 2021 and of the proposed appropriation of the company's profit or loss.

We endorse the fact that the General Meeting disposes of the profits in accordance with the proposal in the annual report and discharges the members of the Board of Directors and the CEO from liability for the financial year.

Basis for statements

We have carried out the audit in accordance with good audit practice in Sweden. Our liability according to this is described in more detail in the Auditor's Liability section. We are independent in relation to the Parent Company and the Group in accordance with good accounting practice in Sweden and have otherwise fulfilled our professional ethics responsibilities under thesestandards.
We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our statements.

Responsibility of the Board of Directors and the CEO

It is the Board of Directors that is responsible for the proposal for appropriation regarding the company's profit or loss. When proposing a dividend, this includes, among other things, an assessment of whether the dividend is justifiable in view of the requirements of the company's and the Group's type of operations, the extent and risks are high inthe parent company's and the Group's equity, consolidation needs, liquidity and other position.

The Board of Directors is responsible for the company's organization and the management of the company's affairs. This includes, among other things, continuously assessing thecompany's and the Group's financial situation and ensuring that the company's organization is designed so that the accounting, the financial management and the company's financial affairs are otherwise controlled in a satisfactory manner. The CEO shall manage the day-to-day management in accordance with the Board's guidelines and instructions and, among other things, take the necessary measures to ensure that the company's accounts are carried out in accordance with the law and for the managementof funds to be carried out in a safe way.

Auditor's responsibility

Our objective regarding the audit of the administration, and therefore our statement of discharge, is to obtain audit evidence in order to be able to assess with a reasonable degree of certainty whether any board member or the CEO in any material respect:

- any action or omission that may give rise to liability to the company;
- otherwise acted in violation of the Swedish Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective regarding the audit of the proposal for appropriation of the company's profit or loss, and thus our statement on this, is to assess with a reasonable degree of certainty whether the proposal is compatible with the Swedish Companies Act.

Reasonable assuranceis a high degree of security, but no guarantee that an audit carried out in accordance with good audit practice in Sweden will always detect actions or omissions that may give rise to liability to the company, or that a proposal for dispositions of the company's profit or loss is not compatible with the Swedish Companies Act.

As part of an audit in accordance with good audit practice in Sweden, we use professional judgment and have a professionally sceptical attitude throughout the audit. The audit of the management and the proposal for appropriation of the company's profit or loss are mainly based on the audit of the accounts. What additional audit measures are carried out is based on our professional assessment based on risk andphysicality. This means that we focus the review on such measures, areas and conditions that are essential for the business and where deviations and violations would have a particular impact on the company's situation. We review and examine the decisions taken, the basis for decisionstaken, the measures taken and other circumstances relevant to our discharge statement.

As a basis for our statement on the Board's proposal for appropriation regarding the company's profit or loss, we have examined whether the proposalis compatible with the Swedish Companies Act.

Helsingborg, April 28, 2022

Mazars AB

Bengt Ekenberg
Certified public accountant

FINANCIAL CALENDER AND CONTACT

Interim Report Q1, 2022	2022-05-30
Annual General Meeting 2022	2022-05-20
Interim Report Q2, 2022	2022-08-05
Interim Report Q3, 2022	2022-11-04

Questions regarding the annual report can be addressed to CFO Patrik Renblad by e-mail par@synactpharma.com.

COMPANY INFORMATION

SYNACT PHARMA AB – PARENT COMPANY

Company name	SynAct Pharma AB
Trade name/short name	SynAct Pharma/SYNACT. The shares are traded on Spotlight Stock Market.
ISIN code	The share's ISIN code is SE0008241491.
Registered office and domicile	Skåne county, Lund municipality, Sweden
Company registration number	559058-4826
Date of formation of the company	2016-04-12
Date when company started its operations	2016-04-12
Country for company formation	Sweden
Legal form	Public limited liability company
Legislation	Swedish law and the Swedish Companies Act
Address	Scheelevägen 2, 223 81 Lund, Sweden
Phone	+45 28 44 75 67
Web site	www.synactpharma.com
Auditor	Mazars AB Terminalgatan 1, 252 78, Helsingborg. Auditor-in-charge Bengt Ekenberg..

SYNACT PHARMA APS – SUBSIDIARY

Country for company formation	Denmark
Country from where subsidiaries operate	Denmark
CVR-nummer (Company registration number)	34459975
Registered office and domicile	Dronninggårds Alle 136, DK-2840, Holte, Denmark
Percentage of shares and votes held by Parent	100%

SYNACT PHARMA

SynAct Pharma AB

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Postadress: Scheelevägen 2, 223 81 Lund, Sverige
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E-post: joo@synactpharma.com

www.synactpharma.com

Grafisk form: Plucera Webbyrå (www.plucera.se)