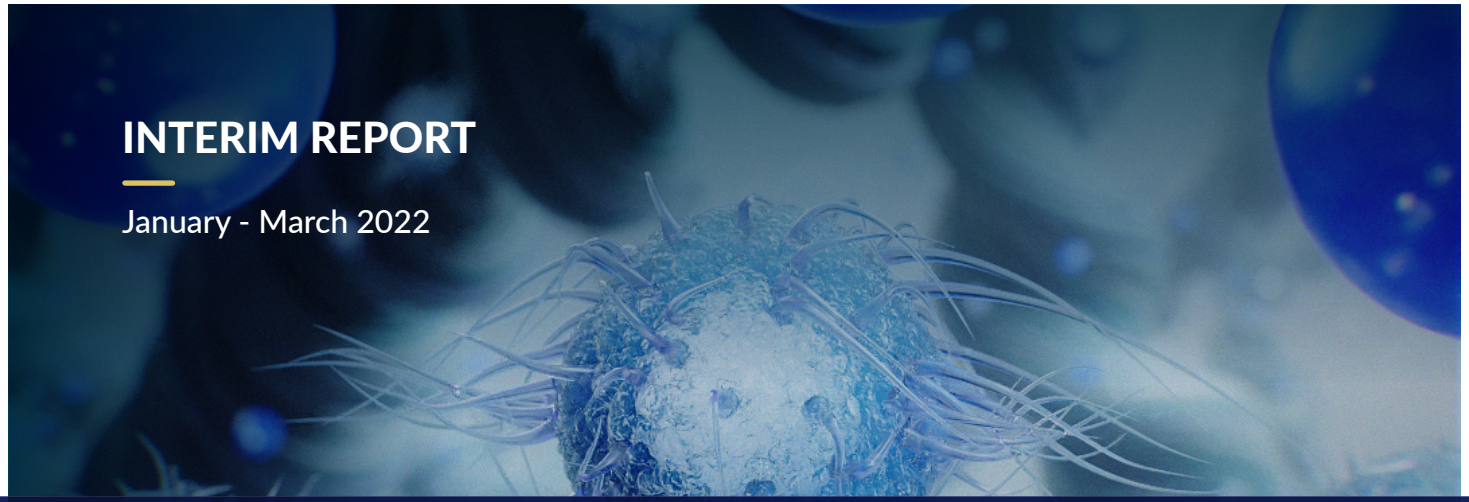


INTERIM REPORT

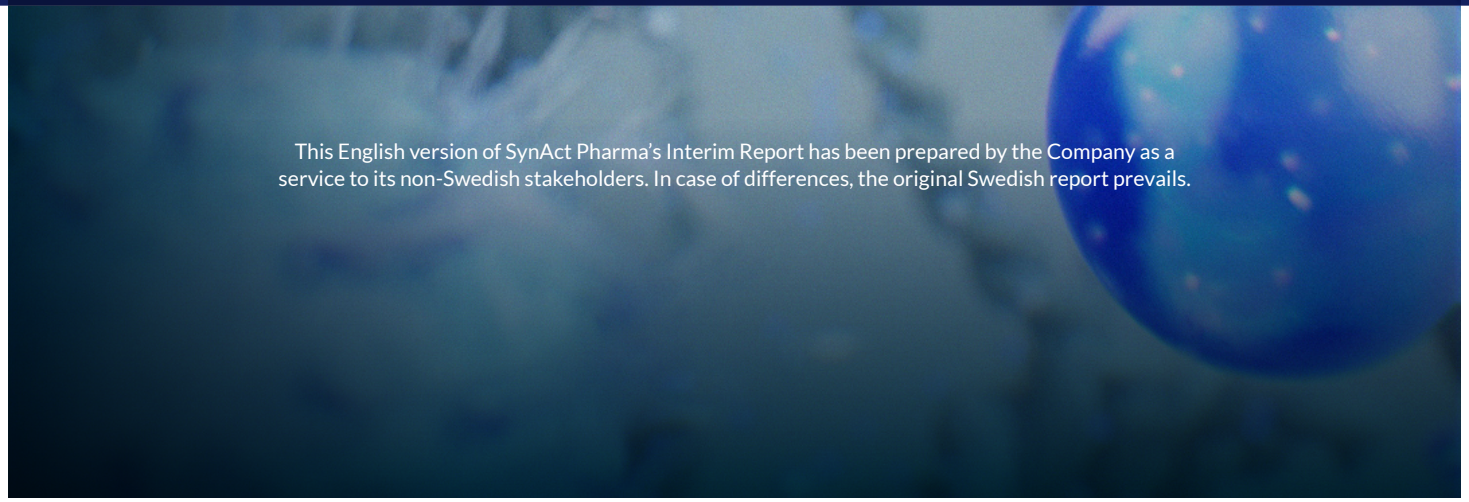
January - March 2022

SYNACT PHARMA

Research and **development** in inflammatory diseases

Q1

This English version of SynAct Pharma's Interim Report has been prepared by the Company as a service to its non-Swedish stakeholders. In case of differences, the original Swedish report prevails.



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Significant events in the first quarter of 2022

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CEO Jeppe Øvlesen comments on the first quarter

p. 5

SynAct Pharma is a clinical stage biotechnology company focused on resolving inflammation with melanocortin biology

www.synactpharma.com

Interim report for the first quarter 2022

Quarter 1 (January - March)

- The Group's net sales amounted to SEK 0 (0) thousand, which is in line with expectations given the phase the company's research portfolio is in.
- Operating expenses amounted to SEK 22,304 (14,058) thousand, an increase of 58%, driven both by increased investments in R&D and higher administrative costs for the application for listing on Nasdaq and the rights issue decided and initiated during the quarter.
- The Group's loss after tax amounted to SEK 20,005 (11,735) thousand. Profit after tax is improved by the effect that arises as a result of the Danish tax credit scheme, which means an early tax refund related to part of the research and development costs incurred.
- The Group's earnings per share before and after dilution amounted to SEK -0.77 (-0.46).
- Cash flow from operating activities amounted to SEK -16,991 (-10,377) thousand.
- Cash flow from financing activities amounted to SEK -242 (74,400) thousand.
- Cash flow for the period amounted to SEK -17,233 (64,020) thousand
- Cash and cash equivalents at the end of the period amounted to SEK 6,806 (78,883) thousand

The Group's financial performance per quarter

(SEK thousand)	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1
Net sales	–	–	–	–	–
Operating income	-22 304	-26 153	-20 885	-15 603	-14 058
Profit before tax	-22 317	-26 207	-20 676	-15 856	-14 070
Profit for the period	-20 055	-26 210	-18 222	-13 137	-11 735
Total assets	22 155	38 369	59 836	75 273	88 945
Equity / asset ratio (%)[1]	3%	54%	79%	87%	88%
Earnings per share (SEK)	-0,77	-1,01	-0,70	-0,51	-0,46
Research & development cost / operating expenses (%)[1]	60%	77%	78%	83%	79%

1) Alternative performance measures - APM, ref. p. 18 for definitions

"SynAct Pharma AB" means the parent company SynAct Pharma AB with corporate registration number 559058-4826. The "Company" or "SynAct" means the Group i.e., SynAct Pharma AB and its wholly owned affiliate SynAct Pharma ApS. Numbers in this report are, with a few explicit exceptions, presented rounded to thousand SEK. Due to rounding, deviations (<1 TSEK) may occur in row totals.

Significant events during the first quarter of 2022 and after the end of the reporting period

The CEO, Jeppe Øvlesen comments on the first quarter

Continued AP1189 development with RA in focus

During the first quarter, we made important decisions regarding the continued development of AP1189 and not least secured financing for the next development phase. We have prepared to be able to start important studies in RA shortly, have been active in business development and have prepared for listing of the share on Nasdaq.

Jeppe Øvlesen
CEO

The positive and intense spirit that characterized 2021 continued in the first quarter, with a clear focus on both our exciting clinical programs with our leading candidate drug AP1189 and the equally important business development activities that will ensure that SynAct has a very productive and rewarding year ahead of us.

Reinforced by the positive progress around the AP1189 program in 2021, we can now continue the development of the candidate drug and hopefully pass more important milestones in the near future.

The emerging profile of AP1189 as a safe and efficacious once-daily oral medication for patients suffering from rheumatoid arthritis (RA) is very exciting. We have therefore decided to continue development of the compound in two important patient populations in RA.

- In the EXPAND study we will continue development in RA patients in a study where the compound as in the BEGIN study is given in combination with Methotrexate in previous treatment naïve RA with high disease activity. Compared to the BEGIN study we will dose for 12 weeks with our new tablet and as in the BEGIN study use a once daily treatment approach. This study will, when reported in the second half of 2023, give us very valuable information of the full potential of the compounds efficacy and will add equally important data on the compound's safety profile. Positive data in the EXPAND study and parallel positive data in the other study (the RESOLVE study), could in our opinion be sufficient to initiate late clinical development in first line treatment in 2024.

- In the RESOLVE study we intend to evaluate of treatment effect of AP1189 as novel treatment approach in patients with inappropriate response to Methotrexate. Methotrexate is recognized as the standard first line treatment for RA. However, following 3- 6 month´s treatment more that 40% of all patients still have uncontrolled disease activity. This patient population referred to as DMARD-IR is from a commercial aspect very attractive. A number of different second-line treatments including the biologics can in many cases bring the patient to disease control, but none of the existing treatment options are oral and most of them are associated with unwanted adverse events. We expect to have the outcome of our first interaction with the US, FDA on our DMARD-IR development program by the end of Q2 2022. This will be followed by filing of and IND with the aim to run part 1 of a combined dose range and efficacy study in DMARD-IR patients in parallel with our EXPAND study.

Together these two development programs in RA will bring us in a very strong position in RA when data is available in the second half of 2023.

We have developed tablet with a very attractive pharmacokinetic profile. As reported early in May our pharmacokinetic study on new tablet formulations of AP1189 has successfully been completed. The data confirms the tablet formulation as superior to the until now used AP1189 suspension. Consequently, clinical development of AP1189 moving forward will be conducted using the new tablet that increase patient convenience including a reduced risk for nausea compared to the suspension used up to now. We look very much forward to continue the development of our AP1189 compound using the new tablet.

In order to make this possible and enable us to finance upcoming activities, we have completed a financing round. In February, we successfully completed a directed share issue which brought proceeds of 126 MSEK to the company. The proceeds from the rights issue will be used for conducting the above-described clinical phase 2 development program in RA, continue development of AP1189 for kidney disease in a re-designed study set-up, other research and development activities related to AP1189 and new chemical molecules and to cover general administration costs.

Parallel to the development of AP1189, business development activities are continuing with a high level of activity and will remain an important part for us moving forward. Following the positive data from BEGIN, we have had good interactions with several potential partners. We see a continued strong interest for our development program. These discussions will continue, and we are now in a favorable position thanks to the strong BEGIN data.

The continued development program focusing on both first line treatment in the EXPAND study and DMRID-IR patients in the RESOLVE studies will further strengthen the business opportunities and eventually identify the right partner who on commercial terms can bring the compound to market.

The EXPAND and the RESOLVE studies will be conducted at clinical sites in Eastern Europe. For the RESOLVE study also for US sites. In the BEGIN study around half the patients very successfully was recruited at these Moldovan and Bulgarian sites. The geopolitical situation with the war in Ukraine could, if it goes beyond Ukraine, have impact on recruitment at sites in Moldova. SynAct intend to benefit from the good relationship established in the BEGIN study and intend to include these sites in the EXPAND and RESOLVE studies. However, only a fraction of the patients are planned to be recruited from these sites and a plan to move to alternative sites, in case the conflict spreads out of Ukraine, is in place.

Although COVID-19 has affected the recruitment and implementation of our previous and ongoing (NS) studies, neither SynAct nor our collaborating suppliers and partners expect any adverse effects from the pandemic at this time. We have previously tested AP1189 on patients with COVID-19 with good results. There are currently no plans to further develop AP1189 for this disease as the symptomatology, following the vaccination programs and the dominance of the omicron variant, has changed significantly. However, we assess the feasibility of other virus-induced inflammatory diseases and expect to update the market in the second half of the year.

Our planned listing on the Nasdaq Main Market is still very important for the company's ability to attract investors, and this is still a priority. We initiated the formal review process during Q1 and are in that process, which, if successful, could lead to a decision on listing before the end of the first half of this year. We have been preparing for a long time and believe that we are standing firm, but it is a thorough review and assessment and we neither can nor should take positive outcome for granted.

We also continued to attract very competent and strong leaders and colleagues, both to the company and our board, making SynAct today a much stronger and more capable organization than it was a year ago. In January, we appointed Patrik Renblad to Chief Financial Officer. Patrik joined in August last year and will be important when we take SynAct to the next level. Also in the first quarter, we strengthened our board of directors with the nomination of Kerstin Hasselgren as a new member. With her experience from the pharmaceutical industry and not least from the listing of Xspray Pharma on the Nasdaq Main Market, she already is and will continue to be an extremely important reinforcement for our board.

During the quarter, our total operating expenses amounted to SEK 22 million, of which investments in R&D amounted to SEK 13 million, mainly for the ongoing NS and tablet studies, but also in investments for preparations for the next two RA studies. Within the administration, costs have been relatively high (approximately SEK 9 million) due to a number of activities to prepare SynAct for the Nasdaq listing and costs related to the rights issue. The latter refer to such costs that are not directly attributable to the transaction itself, as these issue expenses are reported against equity and not as a cost.

We expect R&D costs to increase in the coming quarters when the new studies start, while administration costs are expected to decrease when the Nasdaq project is completed from the second half of this year. As communicated in March, our cash is expected to last until the end of 2023.

Strengthened by the important milestones and the sustained, and funded, development of our pipeline, I see that we have an exciting year ahead of us, and I look forward to updating you as our projects continue to develop.

”Strengthened by the important milestones and the sustained, and funded, development of our pipeline, I see that we have an exciting year ahead of us!”

Jeppe Øvlesen
CEO

SynAct Pharma AB in brief

About SynAct Pharma AB

SynAct Pharma AB is a biotech company in clinical phase listed on Spotlight Stock Market. The company's drug candidate AP1189 is a "First-in-Class" melanocortin receptor agonist focused on active inflammatory and autoimmune diseases. The company's research and patents are based on the endogenous hormone, melanocortin, which is activated in inflammatory conditions and contributes anti-inflammatory effects, which are important components of the healing process and for recovery to normal tissue function.

Business model

SynAct's business strategy is to drive projects into clinical development in order to secure proof-of-concept, i.e. support for clinical relevance. The company's ambition is to conduct phase 2 clinical studies, and then to sign commercial agreements with one or more major pharmaceutical companies.

Group relationship and shareholding

SynAct Pharma AB is the parent company of a group that includes the wholly owned subsidiary SynAct Pharma ApS. In addition to the above, SynAct has no additional shareholdings in other companies

Ownership (March 31, 2022)

Shareholder	Capital and votes(%)
Bioinvest ApS	14.43%
Avanza Pension	6.41%
Nordnet Pensionsförsäkring	4.92%
Torbjörn Bjerke	3.17%
Henrik Stage	1.98%
Robert Sahlin	1.21%
Peter Nordwall	1.00%
Per Granath	0.85%
Patrik Strempl	0.84%
Niklas Borgquist	0.82%
Total (10 största)	**35.61%**
Others	**64.39%**

Compiled and processed data from the share register of SynAct Pharma AB kept by Euroclear AB. Share of capital and votes is based on the number of shares outstanding at the time, 26,006,295.

Lock-up agreement

The board with Torbjørn Bjerke, Kerstin Hasselgren, Terje Kalland, Uli Hacksell, Marina Bozilenko and Thomas Jonassen and the management with Jeppe Øvlesen, Patrik Renblad, Thomas Boesen and Jim Knight have all entered into lock-in agreements, that with certain exceptions prohibit the sale of shares until the end of July 2022 and allows sales of a maximum of 10% for three months until the end of October 2022.

The agreements above are entered between the respective executives and the banks ABG Sundal Collier AB and Van Lanschot Kempen N.V. The lock-in agreements do not affect the Group financially or in terms of accounting.

Review by the Company's Auditor

This report has not been reviewed by the Company's Auditor.

Forward looking statements

This financial report contains statements that are forward-looking and actual future results may differ materially from those stated. In addition to the factors discussed, factors that may affect the results are development in research programs.

The Share

The share in SynAct Pharma AB was listed on the Spotlight Stock Market ("Spotlight") on July 11, 2016. Spotlight is a subsidiary of ATS Finans AB, which is a securities company under the supervision of Finansinspektionen. Spotlight operates a Trading Platform (MTF). The share is traded under the ticker "SYNACT".

Financial reporting calendar

SynAct prepares and publishes a quarterly financial report. Upcoming reports are planned as follows:

Date:	Report:
2022-08-05	Interim Report Q2 2022
2022-11-04	Interim Report Q3 2022
2023-02-17	Annual Results 2022
2023-05-05	Interim Report Q1 2023

Comments on the Group's and the Parent Company's financial development for the first quarter of 2022

Net sales

Net sales for the first quarter of 2022 amounted to SEK 0 thousand (0). The company is not expected to generate any revenue until after the completion of the planned phase II program regarding the drug candidate AP1189 planned for the end of 2023.

The parent company's sales are from services delivered to the Danish subsidiary and amounted to SEK 1,294 thousand (410) in the first quarter.

Research and development (R&D) costs

Total costs for R&D in the first quarter amounted to SEK 13,490 (11,073) thousand. The main reasons for the cost increase are increased activity in the clinical studies, investments in clinical manufacturing and control ("CMC") and pre-clinical activities that support both the leading drug candidate, AP1189 and projects in the early research phase.

As the planned clinical trials with AP1189 in RA start during the second half of the year, costs are expected to rise further.

SynAct's research and development is led and managed by the Company and its management, but in all essentials the activities are carried out by consultants and contract suppliers.

General & administration costs

Administrative expenses amounted to SEK 8,758 (2,967) thousand in the first quarter. The increase is driven by activities related to the preparations for the planned application to list the company's share on Nasdaq Stockholm's Main Market and by activities related to the rights issue, which cannot be reported as issue expenses. Administrative expenses are expected to be at a relatively high level also during the second quarter, but expected to reduce after the completion of the listing project.

Financial items

Net financial items amounted to SEK -13 (-11) thousand in the first quarter. The change is attributable to exchange rate adjustments and interest expenses from leasing liabilities.

In the Parent Company, net financial items amounted to SEK -14,238 (-6) thousand. Shareholders' contributions provided to subsidiaries that intend to cover the subsidiary's costs for research are expensed and the cost is reported in the income statement in net financial items. The accounting management in the parent company thus reflects the management in the group, where all expenses for research are charged to the income statement.

Tax for the period

Tax revenues in the first quarter amounted to SEK 2,262 thousand (2,335). See Note 8 - Tax receivables for more information.

Loss for the period

The Group's profit for the first quarter of 2022 amounted to SEK -20,055 thousand (-11,735).

Cash flow and balance sheet

The Group's cash and cash equivalents as of March 31, 2022 amounted to SEK 6,806 thousand (78,883).

Receivables from the Danish tax authorities that follow from the so-called "Tax Credit Scheme" (see Tax on profit for the period above and Note 8 - Tax receivables for more information) amounted to SEK 9,877 thousand (7,014).

The Group applies IFRS 16 Leasing on leased office premises, which generated a right of use in the balance sheet of SEK 2,944 thousand and the corresponding short- and long-term leasing liabilities of SEK 1,010 thousand and SEK 1,870 thousand, respectively.

The first quarter's cash flow amounted to SEK -17,233 (64,020) thousand. The rights issue decided by the Board in March 2022 did not affect cash flow in financing activities during the quarter when the proceeds went to the Company during April and May, respectively.

Employees

The number of employees was 5 (0). As of January 1, SynAct's CEO (Jeppe Øvlesen), CSO (Thomas Jonassen) and COO (Thomas Boesen) are employed by the Company. In the company's management team, only the CBO (Jim Knight) is contracted on a consulting basis.

Corporate Governance

The company chose not to publish a Corporate Governance Report for 2021, which is a requirement for companies listed on a regulated market but not on Spotlight Stock Market. With the only exception, SynAct follows the Swedish Code of Corporate Governance and will, after listing the Company's share on the regulated market (Nasdaq), publish the Corporate Governance Report for 2022.

Consolidated Income Statement

SEK (thousand)	2022 Jan-Mar	2021 Jan-Mar	2021 Jan-Dec
Net sales	-	-	-
Gross profit	**-**	**-**	**-**
Research and development costs	-13,490	-11,073	-60,490
General and administration	-8,758	-2,967	-16,225
Other operating income/expenses	-56	-18	16
Total operating expenses	**-22,304**	**-14,058**	**-76,699**
Operating income	**-22,304**	**-14,058**	**-76,699**
Net financial items	-13	-11	-110
Profit after financial items	**-22,317**	**-14,070**	**-76,809**
Tax on profit/loss for the period	2,262	2,335	7,505
Profit for the period	**-20,055**	**-11,735**	**-69,304**
Earnings per share (SEK)	-0.77	-0.46	-2.68
Dilued earnings per share (SEK)	-0.77	-0.46	-2.68
Average number of shares outstanding (thousand)	26,006	25,366	25,848

The result for the period is attributable in its entirety to the owners of the parent company

Consolidated Statement of Comprehensive Income

SEK (thousand)	2022 Jan-Mar	2021 Jan-Mar	2021 Jan-Dec
Profit for the period	**-20,055**	**-11,735**	**-69,304**
Items reclassifiable to profit or loss			
Exchange rate differences from conversion of foreign operations	-57	158	-94
Comprehensive income after tax for the period	**-20,111**	**-11,577**	**-69,398**
Comprehensive income for the period	**-20,111**	**-11,577**	**-69,398**

The total comprehensive income for the period is attributable in its entirety to the owners of the parent company

Consolidated statement of financial position

SEK (thousand)	2022-03-31	2021-03-31	2021-12-31
Assets			
Non-current assets			
Right-of-use assets	2,944	-	3,179
Financial assets	277	271	274
Total non-current assets	**3,222**	**271**	**3,454**
Current assets			
Tax credit	9,877	7,014	7,564
Other current receivables	2,097	2,464	3,107
Prepaid expenses	153	313	247
Cash and cash equivalents	6,806	78,883	23,997
Total current assets	**18,933**	**88,674**	**34,916**
Total assets	**22,155**	**88,945**	**38,369**

SEK (thousand)	2022-03-31	2021-03-31	2021-12-31
Equity and liabilities			
Share capital	3,251	3,251	3,251
Other paid-in capital	193,602	193,602	193,602
Reserves	-455	-146	-399
Retained earnings/losses including net profit	-195,640	-118,016	-175,585
Total equity	**758**	**78,690**	**20,869**
Non-current liabilities			
Leasing liability	1,870	-	2,110
Total non-current liabilities	**1,870**	**-**	**2,110**
Current liabilities			
Accounts payable	3,672	7,428	4,254
Leasing liability	1,010	-	979
Other current liabilities	6,542	1,614	2,267
Accrued expenses	8,303	1,231	7,889
Total current liabilities	**19,527**	**10,255**	**15,390**
Total equity and liabilities	**22,155**	**88,945**	**38,369**

Consolidated statement of changes in equity

2021-01-01 – 2021-12-31 SEK (thousand)	Share capital	Other paid-in capital	Reserves	Retained earnings, including profit for the period	Total
Opening equity	**3,051**	**119,401**	**-304**	**-106,281**	**15,868**
Profit for the period	-	-	-	-69,304	-69,304
Other comprehensive income	-	-	-94	-	-94
Comprehensive income for the period	**-**	**-**	**-94**	**-69,304**	**-69,398**
Transactions with owners					
New share issue	200	79,800	-	-	80,000
Issue expenses	-	-5,600	-	-	-5,600
Total transaction with owners	**200**	**74,200**	**-**	**-**	**74,400**
Closing equity	**3,251**	**193,602**	**-399**	**-175,585**	**20,869**

2022-01-01 – 2022-03-31 TSEK	Share capital	Other paid-in capital	Reserves	Retained earnings, including profit for the period	Total
Opening equity	**3,251**	**193,602**	**-399**	**-175,585**	**20,869**
Profit for the period	-	-	-	-20,055	-20,055
Other comprehensive income	-	-	-57	-	-57
Comprehensive income for the period	**-**	**-**	**-57**	**-20,055**	**-20,111**
Transactions with owners					
Total transaction with owners	**-**	**-**	**-**	**-**	**-**
Closing equity	**3,251**	**193,602**	**-455**	**-195,640**	**758**

Condensed consolidated statement of cash flows

SEK (thousand)	2022 Jan-Mar	2021 Jan-Mar	2021 Jan-Dec
Cash flow from operations			
Operating income	-22,304	-14,058	-76,699
Adjustment for non-cash items	271	-	88
Interest received	46	-	-
Interest paid	-45	-11	-110
Corporate income tax received	-	-	4,625
Cash flow from operations before change in working capital	**-22,032**	**-14,070**	**-72,096**
Change in working capital	5,041	3,693	7,099
Cash flow from operating activities	**-16,991**	**-10,377**	**-64,997**
Cash flow from investing activities	-	-3	-6
Cash flow from financing activities	-242	74,400	74,323
Cash flow for the period	**-17 233**	**64 020**	**9 319**
Cash and cash equivalents at beginning of period	23,997	14,548	14,548
Decrease/increase in cash and cash equivalents	-17,233	64,020	9,319
Exchange rate difference in cash and cash equivalents	42	315	130
Cash and cash equivalents at end of period	**6,806**	**78,883**	**23,997**

Parent company's condensed income statement

SEK (thousand)	2022 Jan-Mar	2021 Jan-Mar	2021 Jan-Dec
Net sales	1,294	410	1,637
Gross profit	**1,294**	**410**	**1,637**
General and administration expenses	-7,498	-2,757	-12,571
Other operating expenses	-55	-7	-27
Total operating expenses	**-7,554**	**-2,764**	**-12,598**
Operating income	**-6,260**	**-2,355**	**-10,962**
Net financial items	-14,238	-6	-50,005
Profit after financial items	**-20,498**	**-2,361**	**-60,966**
Tax on profit for the period	-	-	-
Profit for the period	**-20,498**	**-2,361**	**-60,966**

Parent company's statement of comprehensive income

SEK (thousand)	2022 Jan-Mar	2021 Jan-Mar	2021 Jan-Dec
Profit for the period	-20,498	-2,361	-60,966
Other comprehensive income	-	-	-
Total comprehensive income	**-20,498**	**-2,361**	**-60,966**

Parent company's condensed balance sheet

SEK (thousand)	2022-03-31	2021-03-31	2021-12-31
Assets			
Non-current assets			
Financial assets	24,419	44,291	24,419
Total non-current assets	**24,419**	**44,291**	**24,419**
Current assets			
Other receivables	919	512	865
Prepaid expenses	151	184	202
Cash and cash equivalents	2,436	58,117	19,849
Total current assets	**3,506**	**58,813**	**20,915**
Total assets	**27,925**	**103,105**	**45,334**

SEK (thousand)	2022-03-31	2021-03-31	2021-12-31
Equity and liabilities			
Restricted equity			
Share capital	3,251	3,251	3,251
Non-restricted equity			
Other paid-in capital	170,387	170,387	170,387
Retained earnings/losses	-133,233	-72,267	-72,267
Profit for the period	-20,498	-2,361	-60,966
Total equity	**19,906**	**99,010**	**40,404**
Current liabilities			
Accounts payable	762	1,358	1,136
Other liabilities	3,801	1,614	2,163
Accrued expenses	3,456	1,124	1,630
Total current liabilities	**8,019**	**4,095**	**4,930**
Total equity and liabilities	**27,925**	**103,105**	**45,334**

Notes and disclosures

Note 1 - General information

This interim report covers the Swedish parent company SynAct Pharma AB (publ) (”SynAct” or the ”Parent Company”), corporate identity number 559058-4826 and its subsidiaries (collectively, the ”Group”). The Group’s main business is to conduct the development of pharmaceuticals. The parent company is listed on Spotlight Stock Market, with ticker SYNACT. 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. This interim report was approved for publishing on May 30, 2022.

Note 2 - Accounting principles

The interim report has been prepared in accordance with IAS 34 Interim Reporting. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) with interpretations from the IFRS Interpretation Committee, approved by and implemented in the European Union.

The accounting principles applied in this interim report are aligned with the ones used for the Annual Report 2021, note 2 pages 32 to 36. INo new or changed standards implemented on or after January 1, 2022, h have had any significant impact on the company’s financial reporting.

Note 3 - Significant risks and uncertainties

The risks and uncertainties to which SynAct’s operations are exposed are, in summary, related to, among other things, drug development, competition, technology development, patents, regulatory requirements, capital requirements, currencies and interest rates.

The Group’s overall risk management focuses on identifying, analyzing and evaluating risks that could affect the business and the Company’s overall goals with the intention of minimizing potential adverse effects. The most significant risks and uncertainties are described below. See the Annual Report for 2021, pages 18-21 for further information on the Group’s general risk management.

As the company does not have approved products on the market that can generate positive cash flow, the business presupposes additional capital. After analyzing and evaluating various financing alternatives, the Board decided on March 28, 2022 to carry out a fully guaranteed rights issue of SEK 150 million, which will add approximately SEK 126 million after deduction of issue expenses. It is the Board’s assessment that after this capital injection, the Company has the necessary financial means to finance the planned and communicated clinical studies and run the Company until the end of 2023.

Even if this risk is mitigated in the short term, the Company’s operations presuppose new capital injections in the medium term, which is why this refinancing risk cannot be considered negligible.

The macroeconomic situation with rising inflation and interest rates did not have a significant impact on SynAct’s operations in the first quarter. Our suppliers and partners have been able to produce and deliver according to the plans we work with and without any significant cost increases. However, it cannot be ruled out that increased inflation and rising interest rates may lead to price increases for goods and services that could have a negative impact on the Company’s future financial results and position.

SynAct Pharma will conduct clinical trials at clinics in Eastern Europe in the vicinity of the conflict in Ukraine, including in neighboring Moldova. The risks of this have been considered and action plans in the scenario where the conflict spreads and further affects the neighboring countries have been developed. Minor delays and / or minor impact on the Company’s operating costs cannot be completely ruled out.

The COVID-19 pandemic affected clinical trials ongoing in 2020 and 2021 with delays in patient recruitment. With regard to the new studies that are planned to start in the second half of 2022, the assessment is that the pandemic (as it is currently occurring) should not be able to significantly affect the recruitment to and implementation of the studies.

SynAct Pharma has initiated the process for review prior to listing on Nasdaq Stockholm’s Main Market. Even if the Company has prepared carefully for the review that is currently being carried out and which forms the basis for Nasdaq’s decision on admission to trading of SynAct’s shares, there is a risk that approval will not take place or that approval will be delayed.

Note 4 - Transactions with related parties

The financial statements include costs related to the following transactions between SynAct and related parties.

SEK (thousand)		2022	2021	2021
Related party	**Service**	Jan-Mar	Jan-Mar	Jan-Dec
UST Leadership AB (Torbjørn Bjerke, chairman)	Consultancy	0	174	654
JSH Biotech ApS (John Haurum, f. board member)	Consultancy	0	48	167
Corporate Culture ApS (Jeppe Øvlesen, CEO)	Consultancy	0	575	1,942
Next Stage Ventures ApS (Henrik Stage, f. CFO)	Consultancy	209	517	1,578
TJ Biotech ApS (Thomas Jonassen, CSO)	Consultancy	0	465	1,940
Boesen Consult ApS (Thomas Boesen, COO)	Consultancy	0	203	799
James Knight Consulting (Jim Knight, CBO)	Consultancy	586	178	701

The Company's CEO (Jeppe Øvlesen), CSO (Thomas Jonassen) and COO (Thomas Boesen) were until 2021-12-31 contracted on a consulting basis, but have been employed by the Company since January 1, 2022.

In addition to the transactions described above, the Company has entered into an agreement with Boesen Biotech ApS regarding the transfer of intellectual property rights. The agreement did not involve any financial transactions in reported periods. See Note 12, Contingent liabilities for more information.

Note 5 - Share issues

In February 2021, the Company carried out a directed new issue of SEK 80 million, net SEK 74.4 million after issue expenses. Through the issue, 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 3,050,787 to SEK 3,250,787.

On March 28, 2022, it was decided on a fully guaranteed rights issue that will provide the Company with approximately SEK 150 million before issue expenses that are estimated at approximately SEK 24 million. Through the rights issue that ended after the reporting date, the number of shares will increase by 2,364,208 to 28,370,503 shares. The share capital will increase by SEK 295,526 to SEK 3,546,313.

Note 6 - Number of shares

	2022	2021	2021
Thousand	Jan-Mar	Jan-Mar	Jan-Dec
Number of registered shares at the beginning of the period	26,006	24,406	24,406
Number of registered shares at the end of the period	26,006	26,006	26,006

The effect on the number of shares of the rights issue that the Company announced on March 28, 2022 is not reflected in the table above.

Note 7 - Leasing

As of Q4 2021, the Group changed the assessment of lease agreements for office premises, which were previously assessed as short-term contracts and therefore were exempted from the main principle in IFRS 16 (Leasing agreements).

As of December 2021, the principle is fully applied to leased premises, which has generated a right of use in the balance sheet of SEK 2,944 (0) thousand and the corresponding short- and long-term lease liabilities amounting to SEK 1,010 (0) thousand and SEK 1,870 (0) thousand, respectively.

Note 8 - Tax receivables

According to Danish tax law (the tax credit scheme), the subsidiary SynAct Pharma ApS can receive a current tax income for some of the expenses that are directly attributable to the company's research and development. Settled expenses for research and development that result in tax revenue received reduce the company's tax loss carryforwards with the corresponding amount. SynAct Pharma ApS can settle a maximum of tax deficits attributable to research and development up to DKK 25 million per year. This corresponds to 5.5 MDKK as possible tax revenue, as the tax rate in Denmark is 22%.

The claim on the Danish tax authorities that follows from this scheme amounted to SEK 9,877 thou-

sand (7,014). The company's balance under the "Tax Credit Scheme" for 2021 with an amount of SEK 7,645 thousand is expected to be paid in November 2022.

Note 9 - VAT

SynAct Pharma has previously been denied a deduction for input VAT for the years 2018 and earlier. The company has disputed this why it 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 liability, SEK 3,689 (1,614) thousand, under other liabilities in the consolidated and the parent company's balance sheets. The change from previous reporting is due to the fact that the Swedish Tax Agency, following the court ruling in December 2021, refunded amounts previously paid-in by the Company.

Note 10 - Accrued expenses

The company reports accrued expenses of SEK 8,303 (1,231) thousand. The change since the comparison period of SEK 7,072 thousand is partly due to increased activity in the clinical studies and thus increased accrued costs with SEK 3,221 thousand, partly on increased provisions for costs related to personnel (bonus, pension and holidays) and board fees totaling SEK 1,990 thousand and other accrued expenses of SEK 1,474 thousand.

Note 11 - Financial assets and liabilities

SEK (thousand)	2022-03-31	2021-03-31	2021-12-31
Financial assets			
Non-current financial assets	277	271	274
Other current receivables	–	–	–
Cash and cash equivalents	6,806	78,883	23,997
Total financial assets	**7,083**	**79,154**	**24,271**

SEK (thousand)	2022-03-31	2021-03-31	2021-12-31
Financial liabilities			
Accounts payable	3,672	7,428	4,254
Other current liabilities	–	–	–
Accrued expenses	11,589	2,827	9,503
Total financial liabilities	**15,262**	**10,255**	**13,757**

SynAct Pharma does not hold any financial instruments that are valued at fair value. For all financial assets and liabilities, the reported value above is deemed to be an approximation of fair value. No change in classification of financial instruments has occurred over the reported periods.

Note 12 - Contingent liabilities

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 successful achievement 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.

As the remuneration that may be paid to Boesen Biotech is not considered to be secure commitment for SynAct, they are not reported as a liability. Based on current plans, a first milestone payment may be charged to the income statement and balance sheet at the earliest at the end of 2022 and have a cash flow effect no earlier than 2024.

Alternative performance measures - APM

The use of Alternative Performance Measures in financial reports is regulated by the European Securities and Markets Authority (ESMA) in guidelines issued in 2015. According to these guidelines, an alternative key ratio refers to a financial measure of historical or future earnings development, financial position, financial result or cash flows. It is not such a financial measure that is defined or specified in the applicable rules for financial reporting.

SynAct Pharma uses alternative key figures to increase the understanding of the information provided in financial reports, both for external analysis, comparison and internal evaluation. The company has chosen equity / assets ratio and research and development costs / operating expenses as alternative key figures in its reporting. Definitions and tables for deriving these are shown below.

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.

SEK (thousand)	2022-03-31	2021-03-31	2021-12-31
Assets			
Total non-current assets	3,222	271	3,454
Total current assets	18,933	88,674	34,916
Total assets	**22,155**	**88,945**	**38,369**
Equity and liabilities			
Total equity	**758**	**78,690**	**20,869**
Total non-current liabilities	1,870	0	2,110
Total current liabilities	19,527	10,255	15,390
Total liabilities	**21,397**	**10,255**	**17,500**
Total equity and liabilities	**22,155**	**88,945**	**38,369**
Equity / asset ratio (%)	**3%**	**88%**	**54%**

Research and development costs / operating expenses

Total cost of Research and Development as a percentage of total operating expenses. Indicates the share of total investment allocated to R&D. Subsequently, the residual (1 - R&D/Operating Expenses), indicates share of total invested into General & Administration activities.

SEK (thousand)	2022 jan-mar	2021 jan-mar	2021 jan-dec
Research and development costs	-13,490	-11,073	-60,490
General and administration costs	-8,758	-2,967	-16,225
Other operating income / expense	-56	-18	16
Total operating expenses	**-22,304**	**-14,058**	**-76,699**
Research and development costs / operating expenses (%)	**60%**	**79%**	**79%**

The CEO declaration

The CEOassures that this interim report provides a true and fair view of the development and the Group's and the Parent Company's operations, position and results, and describes significant risks and uncertainties that the Parent Company and the companies included in the Group face. The interim report has not been reviewed by the company's auditors. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the EU and the interim report has been prepared in accordance with IAS 34 - Interim Financial Reporting.

Lund, May 30,

Jeppe Øvlesen
Chief Executive Officer (CEO)

Dictionary

AP1189
The mechanism of action of SynAct Pharma's leading drug candidate AP1189 is the promotion of inflammatory resolution by the selective activation of melanocortin receptors 1 and 3. These receptors are found on all immune cells, including macrophages and neutrophils. Activation of these receptors leads to two direct anti-inflammatory effects: it affects these cells to produce fewer inflammation-driving molecules and is also able to change them to initiate cleaning of the inflammation, also known as efferocytosis (J Immun 2015, 194: 3381-3388). This process has been shown to be effective in models of inflammatory and autoimmune diseases and the clinical potential is tested in clinical programs in patients with rheumatoid arthritis (RA), nephrotic syndrome (NS) and COVID-19. The safety and efficacy of AP1189 have not been reviewed by any global regulator.

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

BEGIN
The BEGIN study was a multi-center, two-part, double-blind, placebo-controlled study, in which two doses of AP1189 (50 mg and 100 mg orally administered once daily) was evaluated against placebo as adjunctive therapy to methotrexate in newborn patients with acute, active RA. The study's primary endpoint is a reduction in disease activity from high (defined as clinical disease activity> 22) to moderate or low activity during it four-week treatment period. Key data from the study were presented on November 30, 2021.

Clinical study
Clinical studies are performed to test the efficacy and safety of new drugs, diagnostic tests, products or treatments. Before studies on humans begin, tests have already been performed in several different ways in laboratory experiments and in animal studies. Clinical studies are conducted with both healthy volunteers and individuals with the disease being studied.

CMC
CMC is an acronym for chemistry, manufacturing and controls, which are crucial activities in the development of new pharmaceutical products. In addition to the processes themselves, CMC also refers to practices and specifications that must be followed and complied with to ensure product safety and consistency between batches.

DMARD
Disease-modifying anti-rheumatic drugs (DMARDs) are a category of otherwise unrelated drugs that are defined by their use in rheumatoid arthritis and other rheumatic diseases. The term often finds its meaning in contrast to non-steroidal anti-inflammatory drugs and steroids. The term overlaps with antirheumatics, but the two terms are not synonyms.

ESMA
European Securities and Markets Authority.

FDA
The United States Food and Drug Administration (FDA or USFDA) is the US Food and Drug Administration responsible for food (for humans and animals), dietary supplements, medicines (for humans and animals), cosmetics, medical equipment (for humans and animals) , radioactive radiation equipment and blood products.

Melanocortin
Melanocortin is a body-specific hormone that acts by activating specific melanocortin receptors on the cell surface of certain white blood cells.

Melanocortin receptors
When these receptors are activated, processes start in the body that lead to reduced release of pro-inflammatory mediators (slowed inflammation) and stimulation of healing processes (dead cells and cell debris are cleaned away and the tissue heals).

Methotrexate (MTX)
Methotrexate is a folic acid antagonist that belongs to the group of chemotherapy drugs. Today it is used in rheumatoid arthritis, psoriasis and Crohn's disease as a disease-modifying drug but can also be used as a cancer treatment.

Nephrotic Syndrome (NS)
Nephrotic syndrome (sometimes abbreviated NS) is a syndrome (a collection of symptoms) due to a change in the kidneys.

Pharmacokinetics (PK)
Pharmacokinetics is the study of the metabolism of drugs in the body, i.e., how the levels of a drug in the body change through absorption, distribution, metabolism and excretion.

RA
Rheumatoid arthritis, is an autoimmune disease characterized by chronic inflammation (arthritis) and pain (arthralgia) in the joints of the body. Inflammation has a strong ability to break down cartilage, adjacent bones, tendons and arteries.

Other company information

SynAct Pharma AB – parent company	
Company name	SynAct Pharma AB
Trade name/Ticker	SynAct Pharma/SYNACT. Shares are traded at Spotlight Stock Market.
ISIN-kod	The ISIN-code of the share is SE0008241491.
LEI-kod	549300RRYIEFEQ72N546
Registered office and domicile	Skåne County, Lund Municipality, Sweden
Corporate registration number	559058-4826
Date of incorporation	2016-04-12
Date of operation	2016-04-12
Jurisdiction	Sweden
Association form	Public limited liability company
Legislation	Swedish law and Swedish Companies Act
Company address	Scheelevägen 2, 223 81 Lund, Sweden
Phone number	+45 28 44 75 67
Homepage	www.synactpharma.com
Auditor	KPMG AB (Box 227, 201 22 Malmö), auditor in charge Linda Bengtsson.

SynAct Pharma ApS – affiliate	
Country of establishment	Denmark
Country of operations	Denmark
CVR-number (Company registration id)	34459975
Holding	100 percent

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