2021
Interim Report
2021-01-01 – 2021-06-30
SynAct Pharma AB

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.

Summary of Half-Year 2021 interim report

Second quarter (2021-04-01 – 2021-06-30)

- Consolidated net sales during the period amounted to 0 (0) TSEK.
- The Group's profit before tax amounted to -15,856 (-8,502) TSEK.
- The Group's earnings per share amounted to -0.51 (-0.52) SEK.
- The equity/asset ratio was 87% (22%).
- The average number of shares for the period was 26,006,295.

Half-Year (2021-01-01 – 2021-06-30)

- Consolidated net sales amounted to 0 (0) TSEK.
- The Group's profit before tax amounted to -29,925 (-12,324) TSEK.
- The Group's earnings per share amounted to -0.97 (-0.52) SEK.

"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.

Definitions

- Earnings per share: Profit for the period divided by the average number of shares outstanding in the period.
- Equity/assets ratio: Equity divided by total assets.

Significant events during the second quarter

- April 13 − SynAct strengthened its IP portfolio and received "Intention to Grant" from the European Patent Office for a key patent covering AP1189.
- April 19 – SynAct's shareholders proposed Marina Bozilenko as new member of the Board of Directors.
- May 4 – SynAct expanded the AP1189 BEGIN study in Rheumatoid Arthritis with more patients.
- May 4 – SynAct announced that Board and Management have extended the lock-up period for their SynAct Pharma AB shares until December 31, 2021.
- May 12 – The Company announced a research collaboration with Örebro University with the purpose of studying reduction of inflammation in vascular disease.
- 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.
- May 21 – The Annual General Meeting of SynAct Pharma AB was held.
- June 1 – Recruitment and dosing of the clinical Phase 2a study with AP1189 in Covid-19 infected patients was completed.
- 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.
- June 30 – SynAct announced positive top-line data from the Phase 2a trial of AP1189 in Covid-19 infected patients with pulmonary insufficiency.

Significant events after the end of the period

- July 7 − SynAct announced additional data from the Phase 2a trial of AP1189 in Covid-19 infected patients.
- July 7 – The appointment of Anders Dyhr Toft, MD PhD MBA, as Chief Medical Officer (CMO) was announced.
- 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.
- 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.
- August 25 – SynAct communicated that a European patent was granted covering the company's leading drug candidate AP1189 in methods of treating kidney disease.
- 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.

Positive data of AP1189 in Covid-19 patients bodes well for the future

The hard work at the start of the year continued in the second quarter as SynAct Pharma made additional progress on its pipeline. The company passed a critical milestone at the end of the quarter when positive data was announced from the phase 2a clinical study of our leading candidate drug AP1189 in Covid-19 infected patients with the hospitalization- and oxygen-requiring critical condition called Acute Respiratory Distress Syndrome (ARDS). This, and other steps taken during the quarter, put us in a tremendous position to execute on our plan to make SynAct a leader in resolution therapy, a new method for treating inflammation and autoimmune diseases.

As mentioned, the results from the phase 2a clinical study done in Brazil with Covid-19 infected patients with pulmonary insufficiency clearly show that AP1189 may be able to help patients recover respiratory function and be discharged quicker from the hospital. With geographic hotspots like Brazil and India still plagued by high levels of Covid-19, vaccine hesitancy, new and emerging virus variants and the possibility of seasonal variations, more effective treatments are a must to help patients, decrease mortality and reduce the burden on the healthcare system.

It's worth mentioning a few findings from this phase 2a study with Covid-19 infected patients to highlight AP1189's potential.

In all, there were 42 patients treated orally with 100mg of AP1189, once daily for two weeks. Six patients were treated with AP1189 in a safety run-in arm and 36 patients were treated in the randomized arm to assess activity versus placebo. When data was pooled for all treated patients, those treated with AP1189 achieved respiratory recovery (time to normalization of oxygen saturation on ambient air) on average 4 days (40%) quicker than those treated with placebo, a statistically significant finding (5.9 days on average for AP1189 and 9.9 days for placebo, p=0.0406).

By day 4 of treatment, 50% of AP1189-treated patients had achieved respiratory recovery as compared to 33% treated with placebo and 33% of AP1189-treated patients had been discharged from the hospital compared to 0% for placebo. AP1189 treatment appeared to decrease the rate of progression to ventilator use by 57% with 7.1% (3/42) and 16.7% (3/18) of patients requiring a ventilator in the pooled AP1189 and placebo groups, respectively. In addition, AP1189-treated patients were on average discharged from the hospital 3.3 days earlier than placebo-treated patients.

We were excited to see the full results from this phase 2a study as it showed AP1189 may help patients recover respiratory function faster. SynAct is reviewing the options to obtain fast-track regulatory approval of AP1189 in Covid-19 induced ARDS as well as potential additional clinical studies in this indication.

SynAct took other steps during the quarter to strengthen the business. The company decided to expand the AP1189 BEGIN study with more patients in rheumatoid arthritis (RA) based on the encouraging results seen in the first part of the phase 2 clinical study.

Topline data from part 1 of the BEGIN study with AP1189 in early RA demonstrated a 67 or-75% treatment effect for the 50mg and 100mg dose groups respectively (Part 1 primary endpoint attainment of: placebo – 44%, 50mg – 67% and 100mg – 75%, previously reported in November 2020. We estimate that a small increase in the number of study patients would give us the ability to demonstrate statistical significance in the study. It is well worth the extra time, and we are excited about making this change.

The current RA study is designed to test AP1189 as a potential first line treatment in newly diagnosed patients and to move the patients from high disease activity to low activity. We see potentially great opportunities in both acute and chronic treatment with AP1189 in RA.

Despite the impact from the Covid-19 pandemic on our RA clinical study we have been able to maintain recruitment of patients – although at a slightly slower pace than planned – and we expect that we will complete recruitment within the first half of September 2021, i.e.delayed by six weeks relative to the timelines communicated in May 2021. Key results will be reported early in Q4 as soon as the full data set has been collected and validated. SynAct will present topline pharmacology and efficacy data on AP1189 at the American College of Rheumatology's AGR 2021 conference in San Francisco in November.

SynAct still expects topline data by the end of this year from the ongoing Phase 2a clinical study with AP1189 in idiopathic membranous nephropathy patients with Nephrotic Syndrome, a relatively rare condition characterized by loss of protein in the urine that untreated is associated with development of edema and hypoalbuminia.

We also announced a new research partnership with Örebro University to study the reduction of inflammation in vascular disease. The project is important as it will provide an opportunity to unravel whether our melanocortin receptor agonists have the potential to be used as treatment for cardiovascular disease.

During the quarter, Marina Bozilenko joined the board of directors. She is a great addition to the board and has more than 30 years of experience in investment banking and the healthcare industry, including raising more than $30 billion in capital and executing numerous M&A transactions. She will be a key asset as SynAct pushes forward with its growth and commercialization plans and goal of moving to Nasdaq Stockholm later this year.

After the quarter ended, SynAct also appointed Anders Dyhr Toft, MD PhD MBA, as Chief Medical Officer. He will head up clinical development and medical affairs in close collaboration with SynAct's CSO Dr. Thomas Jonassen.

Dr. Toft joins SynAct following almost two decades at Novo Nordisk where he in senior leadership roles in both Medical Affairs, Operations and Commercial has played key roles in multiple block buster launches of medicines for people living with chronic disease. In his most recent role as Corporate Vice President heading up Commercial Innovation at Novo Nordisk, he spearheaded establishment of external partnerships to drive forward the company's innovation.

The activities for the communicated up listing to Nasdaq Main Market in Stockholm are progressing according to plan.

It is also worth mentioning the company's board and management extended the lock-up of their SynAct shares until the end of 2021.This highlights the long-term commitment and belief in the company's pipeline and future.

We are incredibly grateful to all our shareholders who continue to show so much confidence in our science and our vision for SynAct. The Covid-19 pandemic has certainly added complexity, but we have clear priorities, and our attractive project pipeline is progressing well. Our future is bright, and the second half of 2021 promises to be another busy period for us.

Jeppe Øvlesen, VD

About SynAct

SynAct Pharma AB is a biotech company in clinical phase listed on Spotlight Stock Market. The company's leading 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. Melanocortin is a body-specific hormone that acts by activating specific melanocortin receptors on the cell surface of certain white blood cells. 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 (deceased cells and cell residues are cleaned away and the tissue heals).

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.

Operational risks and uncertainties

In summary, the risks and uncertainties to which SynAct's business is exposed are related to, among other things, drug development, competition, technology development, patents, regulatory requirements, capital requirements, currencies and interest rates. During the current period, the company has been affected by the Covid-19 situation, but in addition, no significant changes regarding risk or uncertainties have occurred. For more detailed accounting of risks and uncertainties, please refer to the Annual Report for 2020.

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.

Shares

The share in SynAct Pharma AB was listed on 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 the Swedish Financial Supervisory Authority and a subsidiary of Spotlight Group AB, which as of September 15, 2020, is listed on Spotlight Stock Market. Spotlight operates a Trading Platform (MTF). In February 2021, a directed share issue was completed that increased the number of shares and votes in the Company by 1,600,000 from 24,406,295 to 26,006,295, and the share capital was increased by SEK 200,000 from SEK 3,050,786,875 to SEK 3,250,786,875.

Shareholders

For SynAct's list of shareholders as of June 30, 2021, please refer to Spotlight's website or by clicking here.

Financial calendar

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

- Q3 2021 − November 12, 2021
- Q4 2021 − February 11, 2022

Comment on the Group's and the Parent Company's financial performance for the second quarter and half-year

Sales

Net sales for the second quarter of 2021 and half-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.

Financial development

The Group’s profit for the second quarter 2021 amounted to -13,137 TSEK (-7,438) and for half-year to -24,872 (-10,255) TSEK. The main cost driver is related to the clinical development program for SynAct’s drug candidate AP1189.

Liquidity and balance sheet

The Group’s cash and cash equivalents on June 30, 2021, amounted to 62,532 TSEK (4,198). The company's other receivables amounted to 2,496 TSEK (1,363). If research and development expenses arise in the Danish company, a tax credit may be obtained, called the "Tax Credit Scheme" in Denmark. According to this, SynAct Pharma ApS will receive an up-to-date tax revenue of 9,654 TSEK (2,038) for some of the expenses attributable to research and development. SynAct's credit under the "Tax Credit Scheme" will be paid in November 2021.

Cash flow for the second quarter amounted to -16,114 TSEK (-3,659) and for half-year 47,907 TSEK (677). In the financing operations, 74.4 million relates to the issue amount from the directed share issue carried out in February.

During the year, the Covid-19 pandemic has developed in a way that has put a heavy burden on society. SynAct follows the spread and its consequences. The greatest risk lies around clinical studies where the increased burden on healthcare could potentially imply delays in patient recruitment, or patients becoming subject to travel or visit restrictions and could therefore be unable to make the expected visits. Given that Covid-19 has developed very differently in different countries, the risk of delays is hard to estimate. Delays may also occur at other subcontractors. SynAct is currently well funded and well equipped to cope with delays and despite the Covid-19 pandemic, we are doing our utmost to keep the studies on track according to the planned recruitment.

According to the Board's assessment, the company's existing working capital is sufficient to finance the company until the planned reporting of the milestones for the company's Phase 2a studies in rheumatoid arthritis (RA) and nephrotic syndrome and to prepare and conduct a phase 2b study.

Parent company

The revenue of the parent company relates to services provided to the subsidiary and amounted to 409 TSEK (430) and 818 TSEK (858) for the first six months. Operating profit for the quarter was -2,115 TSEK (-667) and -4,470 TSEK (-1,494) year-to-date.

Key Performance Indicators

TSEK	2021 apr-jun	2020 apr-jun	2021 jan-jun	2020 jan-jun	2020 jan-dec
Net sales	-	-	-	-	-
Operating income	-15 603	-6 238	-29 661	-12 379	-31 285
Profit before tax for period	-15 856	-8 502	-29 925	-12 324	-31 304
Profit after tax for period	-13 137	-7 438	-24 872	-10 255	-26 550
Earnings per share (SEK)	-0,51	-0,52	-0,97	-0,52	-1,23
Equity/Asset ratio	87%	22%	87%	22%	73%
Cash flow from operating activities	-16 114	-3 659	-26 491	-13 219	-33 238
Cash and cash equivalents at end of period	62 532	4 198	62 532	14 548	3 505
Research and Development expenses/operating expenses, %	83%	84%	81%	81%	73%

Condensed Consolidated Income Statement

TSEK	2021 apr-jun	2020 apr-jun	2021 jan-jun	2020 jan-jun	2020 jan-dec
Net sales	-	-	-	-	-
Gross profit	**-**	**-**	**-**	**-**	**-**
Research and development costs	-12,952	-5,257	-24,025	-10,053	-22,788
Sales, general and administration	-2,686	-981	-5,653	-2,326	-8,811
Other operating income/expenses	35	-	17	-	314
Total operating expenses	**-15,603**	**-6,238**	**-29,661**	**-12,379**	**-31,285**
Operating income	**-15,603**	**-6,238**	**-29,661**	**-12,379**	**-31,285**
Net financial items	-253	-2,264	-265	55	-19
Profit after financial items	**-15,856**	**-8,502**	**-29,925**	**-12,324**	**-31,304**
Tax on profit/loss for the period	2,719	1,064	5,054	2,069	4,753
Profit for the period	**-13,137**	**-7,438**	**-24,872**	**-10,255**	**-26,550**
Earnings per share (SEK)	-0.51	-0.52	-0.97	-0.52	-1.23

Condensed Consolidated Statement of Comprehensive Income

TSEK	2021 apr-jun	2020 apr-jun	2021 jan-jun	2020 jan-jun	2020 jan-dec
Profit for the period	**-13,137**	**-7,438**	**-24,872**	**-10,255**	**-26,550**
Items reclassifiable to profit or loss					
Exchange rate differences from conversion of foreign operations	-32	2,074	126	-86	-574
Comprehensive income after tax for the period	**-13,169**	**-5,363**	**-24,746**	**-10,341**	**-27,124**
Comprehensive income for the period	**-13,169**	**-5,363**	**-24,746**	**-10,341**	**-27,124**

Condensed Consolidated Statement of Financial Position

TSEK	6/30/2021	6/30/2020	12/31/2020
Assets			
Non-current assets			
Financial assets	268	199	264
Total non-current assets	**268**	**199**	**264**
Current assets			
Tax Credit	9,654	2,038	4,559
Other current receivables	2,496	1,363	1,902
Prepaid expenses	322	421	320
Cash and cash equivalents	62,532	4,198	14,548
Total current assets	**75,004**	**8,019**	**21,329**
Total assets	**75,273**	**8,218**	**21,593**
Equity and liabilities			
Share capital	3,251	2,446	3,051
Other paid-in capital	193,602	89,201	119,402
Reserves	-178	184	-304
Retained earnings/losses including net profit	-131,153	-89,984	-106,280
Total equity	**65,521**	**1,846**	**15,868**
Current liabilities			
Accounts payable	6,600	4,033	2,775
Other current liabilities	67	0	194
Accrued expenses	3,085	2,338	2,756
Total current liabilities	**9,751**	**6,371**	**5,725**
Total equity and liabilities	**75,273**	**8,218**	**21,593**

Condensed Consolidated Statement of Changes in Equity

TSEK	2021 apr-jun	2020 apr-jun	2021 jan-jun	2020 jan-jun	2020 jan-dec
Opening equity	**78,690**	**7,210**	**15,867**	**12,187**	**12,187**
Profit/loss for the period	-13,137	-7,438	-24,872	-10,255	-26,550
Other comprehensive income/loss for the period	-13,169	-5,363	-24,746	-10,341	-27,124
Comprehensive income for the period	**-13,169**	**-5,363**	**-24,746**	**-10,341**	**-27,124**
Transactions with owners					
New share issue	-	-	80,000	-	32,427
Issue cost	-	-	-5,600	-	-1,622
Total transactions with owners	**0**	**0**	**74,400**	**0**	**30,806**
Closing equity	**65,521**	**1,846**	**65,521**	**1,846**	**15,869**

Condensed Consolidated Statement of Cash Flows

TSEK	2021 apr-jun	2020 apr-jun	2021 jan-jun	2020 jan-jun	2020 jan-dec
Cash flow from operations					
Operating income	-15,603	-6,238	-29,661	-12,379	-31,285
Adjustment for non-cash items:					
Interest received	0	2	0	2	7
Interest paid	-16	-5	-27	-2,320	-2,359
Corporate income tax received	0	3,168	0	3,168	3,168
Cash flow from operations before change in working capital	**-15,619**	**-3,072**	**-29,689**	**-11,529**	**-30,470**
Change in working capital	-495	-586	3,198	-1,690	-2,768
Cash flow from operating activities	**-16,114**	**-3,659**	**-26,491**	**-13,219**	**-33,238**
Cash flow from investing activities	0	0	-3	-19	-93
Cash flow from financing activities	0	0	74,400	13,916	44,722
Cash flow for the period	**-16,114**	**-3,659**	**47,907**	**677**	**11,391**
Cash and cash equivalents at beginning of period	78,883	8,105	14,548	3,505	3,505
Decrease/increase in cash and cash equivalents	-16,114	-3,659	47,907	677	11,391
Exchange rate difference in cash and cash equivalents	-237	-249	78	15	-348
Cash and cash equivalents at end of period	**62,532**	**4,197**	**62,532**	**4,197**	**14,548**

Condensed Income Statement of Parent Company

TSEK	2021 apr-jun	2020 apr-jun	2021 jan-jun	2020 jan-jun	2020 jan-dec
Net sales	409	430	818	858	1,697
Gross profit	**409**	**430**	**818**	**858**	**1,697**
General and administration expenses	-2,516	-1,097	-5,273	-2,353	-8,294
Other operating expenses	-8	-	-15	-	-46
Total operating expenses	**-2,524**	**-1,097**	**-5,288**	**-2,353**	**-8,340**
Operating income	**-2,115**	**-667**	**-4,470**	**-1,494**	**-6,643**
Net financial items	3	-4	-3	-10	-65,624
Profit after financial items	**-2,112**	**-672**	**-4,473**	**-1,504**	**-72,267**
Tax on profit for the period	-	-	-	-	-
Profit for the period	**-2,112**	**-672**	**-4,473**	**-1,504**	**-72,267**

Condensed Statement of Comprehensive Income of Parent Company

TSEK	2021 apr-jun	2020 apr-jun	2020 jan-jun	2020 jan-jun	2020 jan-dec
Profit for the period	-2,112	-672	-4,473	-1,504	-72,267
Other comprehensive income	-	-	-	-	-
Total comprehensive income	**-2,112**	**-672**	**-4,473**	**-1,504**	**-72,267**

Condensed Statement of Financial Position of Parent Company

TSEK	6/30/2021	2020-06-31	12/31/2020
Assets			
Non-current assets			
Financial assets	54,295	66,628	24,469
Total non-current assets	**54,295**	**66,628**	**24,469**
Current assets			
Other receivables	557	2,325	756
Prepaid expenses	205	260	0
Cash and cash equivalents	45,467	474	5,843
Total current assets	**46,229**	**3,059**	**6,599**
Total assets	**100,523**	**69,687**	**31,068**
Equity and liabilities			
Restricted equity			
Share capital	3,251	2,446	3,051
Non-restricted equity			
Other paid-in capital	170,387	89,201	96,187
Accumulated profit/loss	-76,739	-24,719	-72,267
Total equity	**96,898**	**66,928**	**26,971**
Current liabilities			
Accounts payable	481	435	1,198
Other liabilities	67	0	231
Accrued expenses	3,078	2,324	2,669
Total current liabilities	**3,625**	**2,759**	**4,097**
Total equity and liabilities	**100,523**	**69,687**	**31,068**

Accounting and valuation principles, as well as disclosures

NOTE 1 Summary of key accounting policies

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.

Principles for the preparation of the interim report

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The interim report has been prepared in accordance with IAS 34 Interim Reporting.
The Parent applies the Annual Accounts Act and the Financial Reporting Council "RFR2" Accounting for Legal Entities.

Accounting Policies

For the Group and the Parent Company, unchanged accounting principles have been applied, which are described in full in the Annual Report for 2020.

Functional and Reporting Currency

The functional currency of the parent company is Swedish SEK, which is also the reporting currency for the parent company and the group. Hence all financial reports are reported in SEK. All amounts, if not explicitly stated, are reported in thousand 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.

NOTE 2 Assessments and estimates

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 the 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 activation criteria in accordance with 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 deemed to be met. 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.

Loss carryforwards

The company's loss carryforwards have not been valued and are not recognized as deferred tax assets. These loss carryforwards are only valued when the Group has established a level of profit that management deem likely to lead to taxable profits.

Going concern

Since the company does not have approved products on the market, the business requires capital injections from the owners.

The Company's liquidity will cover its development milestones and last for at least 12 months. In July 2020, the Company raised approximately SEK 32.4 million before issue costs when shareholders exercised their warrants and in February 2021 a directed share issue of SEK 80 million was carried out. The Board assessment, the company's existing cash balance is sufficient to finance the company until the planned reporting of the milestones for the company's Phase 2a studies against rheumatoid arthritis (RA) and nephrotic syndrome and to prepare and conduct a phase IIb study in RA.

NOTE 3 Financial instruments

TSEK	2021-06-30	2020-06-30	2020-12-31
Financial assets			
Non-current financial assets	268	199	264
Other current receivables	–	–	–
Cash and cash equivalents	62 532	4 198	14 548
Total financial assets	**62 801**	**4 397**	**14 812**

Financial liabilities	**2021-06-30**	**2020-06-30**	**2020-12-31**
Accounts payable	6 600	4 033	2 775
Other current liabilities	–	–	–
Accruals	3 085	2 338	1 018
Total financial liabilities	**9 685**	**6 371**	**3 793**

The Group 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 4 Key performance indicators, the share

	2021	2020	2021	2020	2020
	apr-jun	apr-jun	jan-jun	jan-jun	jan-dec
Number of registered shares at start of period	26 006 295	19 566 435	24 406 295	19 566 435	19 566 435
Number of registered shares at end of period	26 006 295	19 566 435	26 006 295	19 566 435	24 406 295
Share capital (end of period), TSEK	3 251	2 446	3 251	3 051	3 051
Equity (end of period), TSEK	65 521	1 846	65 521	15 868	15 868
Earnings per share, SEK	-0,51	-0,52	-0,97	-0,52	-1,23
Operating profit, TSEK	-15 603	-6 238	-29 661	-12 379	-31 285
Research & Development expenses, TSEK	-12 952	-5 257	-24 025	-10 053	-22 788
R&D expenses/Operating expenses, %	83%	84%	81%	81%	73%

NOTE 5 – Financial risks

Through its operations, the Company is exposed to different types of financial risks; credit risk, market risks (currency risk, interest rate risk, and other price risks) and liquidity risks. The focus of the Company's overall risk management is on the unpredictability in the clinical development and on the effects of the ongoing pandemic and is aimed at minimizing potential adverse effect of the Group's financial results, which have been described in other places in this interim report and in the Annual Report for 2020. For more details, please refer to the Annual Report.

Signature of the Board of Directors

The Board of Directors and the CEO assure that the interim report provides a fair overview of the parent company's and the Group's operations, position and results and describes significant risks and uncertainties facing the Parent Company and the companies that are part of the Group. 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 Reporting. This report has not been reviewed by the Company's auditors.

Lund, August 27, 2021

Torbjörn Bjerke
Styrelseordförande

Marina Bozilenko
Styrelseledamot

John Haurum
Styrelseledamot

Terje Kalland
Styrelseledamot

Uli Hacksell
Styrelseledamot

Thomas Jonassen
Styrelseledamot

Jeppe Øvlesen

VD

Other company information

SynAct Pharma AB – Parent company	
Company name	SynAct Pharma AB
Trade name/Ticker	SynAct Pharma/SYNACT. Shares are traded at Spotlight.
ISIN-code	The ISIN-code of the share is SE0008241491.
LEI-code	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.se
Auditor	Mazars SET (Terminalgatan 1, 252 78 Helsingborg), auditor in charge Bengt Ekenberg.

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

SYNACT PHARMA

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Scheelevägen 2, 223 81 Lund, Sverige

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