



HALF-YEARLY REPORT

20190101-20190630

The Board of Directors and the Chief Executive Officer of Alzinova AB hereby present the interim report for the first half of the financial year 2019.

Summary of events during the first half of 2019

Six months (2019-01-01 – 2019-06-30)

- Net sales amounted to SEK 0 (SEK 0).
- Result after financial items amounted to SEK -2,737,617 (SEK -1,596,884).
- Earnings per share amounted to SEK -0.36 (SEK -0.29).
- Solidity amounted to 95.5% (90.3 %).

Three months (2019-04-01 – 2019-06-30)

- Net sales amounted to SEK 0 (SEK 0).
- Result after financial items amounted to SEK -1,567,023 (SEK -740,892).
- Earnings per share amounted to SEK -0.21 (SEK -0.14).

Earnings per share: Result for the period divided by 7,633,415 shares as of 2019-06-30.

Solidity: Equity divided by total capital.

Amounts in brackets: Corresponding period in the previous year.

"The Company" and "Alzinova" refers to Alzinova AB, reg.no/org.nr. 556861-8168.

Significant events during the second quarter of 2019

- The timetable for the planned clinical study on the vaccine ALZ-101 was updated in May. The current estimation is as follows: The manufacturer's delivery of the drug for the study is now projected to take place in the fourth quarter of 2019. Initial dosing on the first patient is planned for the second quarter of 2020, i.e., a delay of about six months. In spite of this, the clinical study is expected to be completed with only a slight delay of 3 months compared to the previous plan. The reason is that recruitment for the study is expected to be more efficient due to a larger base of available patients, from other, prematurely terminated studies.
- In May, everyone in the managing body and board exercised subscription warrants that were offered as part of an incentive scheme launched in 2015. The exercise of warrants increased the share capital of the Company by SEK 27,244,959, to SEK 2,007,588,145. The number of shares increased by 103,593 to 7,633,415.

CEO comments

During the second quarter, our focus has been on preparations in advance of the clinical study. Most importantly, we have made major progress by developing and finalizing the production methods for the GMP documentation (Good Manufacturing Practice). The documentation will be used in our upcoming clinical trial. So far, the result looks very promising, although we have revised the timetable for delivery somewhat. We consider that the process development we are currently performing is robust and of high quality, and will have a highly positive impact on the continued clinical development of ALZ-101, our vaccine candidate. It is therefore an effective use of the resources for this project. In parallel, we are continuing to develop new projects in order to demonstrate disease modifying effects in pre-clinical studies. We are thereby establishing a strong package which will add value to our background technology (A β CC), the vaccine (ALZ-101) and the antibody (ALZ-201). The work on initiating the first clinical study ever with an oligomer specific immunotherapy against Alzheimer's disease is proceeding according to the plan communicated during the second quarter.



We have taken note, through our market intelligence, that several clinical trials on Alzheimer's disease have been terminated before completion. This has primarily been the fate of smaller molecules, such as BACE inhibitors. Their common trait is that they affect all forms of Amyloid β , which according to our assessment means that one would obtain both positive and negative impacts on the disease process. Furthermore, a couple of immunotherapies have been terminated prematurely. These also have in common that they affect too wide a range of Amyloid β , which should explain why the positive effects are insufficient. Several of the completed immunotherapy studies show very interesting results, however, since tendencies of positive effects on the patients' disease processes and cognition have been observed. ALZ-101 is entirely specific to those toxic substances that are believed to be causing the disease. Hence, the hope is that treatment with ALZ-101 will be able to demonstrate significant effects on patients' disease processes and cognition.

Our financial position is stable after the successful new share issue last winter.

All in all, our outlook on the future for ALZ-101 is very positive, thanks to its specific neutralization of those toxic substances in the brain that cause Alzheimer's disease.

Gothenburg, 2019-08-28

Per Wester

CEO, Alzinova AB

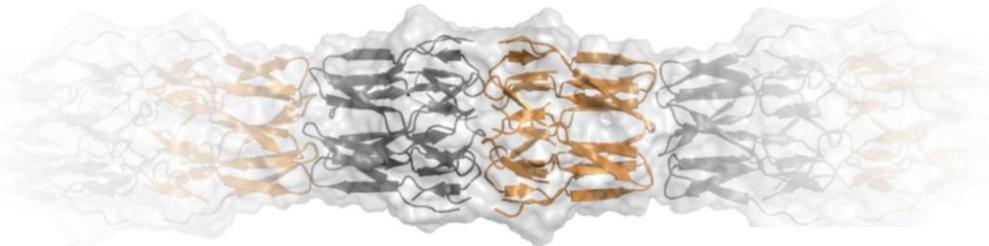
About Alzinova

Alzinova AB is engaged in pharmaceutical research and development for treatment of Alzheimer's disease – one of our major health scourges, without efficient treatment options. The Company's patented technology enables the development of novel therapies, that with high precision could target the substances involved in the formation of the disease and render them harmless. Alzinova's focus is to develop a vaccine as a long-acting therapy for treatment and prevention of Alzheimer's disease. The vaccine is currently under preclinical development, in preparation for human clinical trials. Alzinova was founded by researchers from the MIVAC research center at the University of Gothenburg, and by GU Ventures AB.

Future outlook

It is estimated that Alzheimer's disease afflicts on the order of 33 million patients worldwide today. The number of cases is growing by 6.9 million every year. The cost to society of the disease is estimated to be approximately USD 570 billion annually. There are no treatments available that are capable of providing anything more than temporary symptom relief. A pharmaceutical with even moderate efficacy would therefore be a major sales and revenue opportunity. According to Global Data, the annual sales volume of disease modifying therapies for Alzheimer's disease in the US, 5EU (Germany, France, UK, Italy and Spain), Japan, China and India will reach up to USD 13 billion.

Alzinova continues to focus primarily on development of the vaccine ALZ-101.



The picture shows a model of the active component (the antigen) in ALZ-101

Alzinova could also evaluate the possibilities of continuing development of the antibody, ALZ-201. The vaccine ALZ-101 is still the focus of activity, however.

Corporate structure and shareholding

Alzinova has no subsidiaries and is not part of any group. Neither does the company hold any shares.

Risk factors

Alzinova maintains procedures to continuously identify and manage risk factors. Since Alzinova has not yet launched any pharmaceuticals or diagnostic medical devices, neither individually nor through cooperation, the Company has not made any sales or generated any revenue. Assessing the Company's sales potential may therefore be difficult; there is a risk that revenue is forgone, in whole or in part. The pre-clinical, clinical and registration phases are all associated with risks that may prevent the Company's products from resulting in commercializable therapies, and thereby from generating revenue, fully or partially.

Alzinova still has no revenue. Depending on when the Company is able to generate a positive cash flow, the Company may therefore find itself forced to raise additional external capital in the future. Both the amount and timing of the Company's future capital requirements are dependent on a number of factors, such as the commercial success of the Company's products. There is a risk that the company fails to raise new capital when the need arises, or that capital can not be raised at favourable terms for the Company. This could have negative effects on the Company's financial position and result, and, in turn, on the market value of the Company.

A detailed assessment of the Company's uncertainty factors was included in the Company Description that was published before the listing on Nasdaq First North in Stockholm. The Company Description is available on the company website: www.alzinova.com.

The share

The Alzinova share was listed on Spotlight Stockmarket on 25 November 2015. As of 11 March 2019, the Company is listed on Nasdaq First North. There is one class of shares in the company. The share entitles to one (1) vote per share. Each share has equal right to shares in the Company's assets and profit. As of 30 June 2019, the number of shares in Alzinova amounted to 7,633,415.

Financial development

During the quarter, the company has mainly invested in the development of ALZ-101, a vaccine against Alzheimer's disease. At the turn of the quarter, the company had a cash balance of approximately MSEK 39.13. The solidity at the end of the quarter was 95.5%.

Auditors' review

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

Policies for the preparation of the interim financial report

The interim financial report is prepared in accordance with the Swedish Annual Accounts Act as well as the Swedish Accounting Standards Board BFNAR 2012:1 annual report and consolidated (K3).

Upcoming financial reports

Interim financial report 3, 2019	2019-10-25
Year-end Report, 2019	2020-02-26

The Board of Directors and the Chief Executive Officer hereby confirm that this report provides a true and fair view of the Company's operations.

Gothenburg, 28 August 2019
Alzinova AB

Income statement

(SEK)	2019-04-01	2018-04-01	2019-01-01	2018-01-01	2018-01-01
	2019-06-30	2018-06-30	2019-06-30	2018-06-30	2018-12-31
	3 months	3 months	6 months	6 months	12 months
Net sales	-	-	-	-	-
Work performed for own account	1,374,924	3,043,635	3,418,718	6,438,996	9,347,078
Other operating income	-	12,975	-	12,977	12,979
	1,374,924	3,056,610	3,418,718	6,451,973	9,360,057
Operating costs					
Other external charges	-2,208,050	-3,130,340	-4,714,417	-6,736,988	-10,726,729
Personnel costs	-727,571	-660,017	-1,435,592	-1,304,561	-2,823,542
Operating result	-1,560,697	-733,747	-2,731,291	-1,589,576	-4,190,214
Result from financial items					
Exchange differences on short-term deposits	-	-	-	-	14,352
Interest costs	-6,326	-7,145	-6,326	-7,308	-13,449
Result after financial items	-1,567,023	-740,892	-2,737,617	-1,596,884	-4,189,311
Profit or loss before tax	-1,567,023	-740,892	-2,737,617	-1,596,884	-4,189,311
Result for the period	-1,567,023	-740,892	-2,737,617	-1,596,884	-4,189,311

Balance sheet

(SEK)	2019-06-30	2018-06-30	2018-12-31
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Balanced costs for development work	24,405,337	18,078,537	20,986,618
Patents	1,585,087	1,492,876	1,543,716
	25,990,424	19,571,413	22,530,334
Total fixed assets	25,990,424	19,571,413	22,530,334
Current assets			
<i>Short-term receivables</i>			
Current tax assets	75,769	31,969	17,043
Other receivables	211,892	93,008	1,068,618
Prepayments and accrued income	92,000	86,079	118,209
	379,661	211,056	1,203,870
Cash and bank balances	39,127,481	11,012,891	42,353,541
Total current assets	39,507,142	11,223,947	43,557,411
TOTAL ASSETS	65,497,566	30,795,360	66,087,745

Balance sheet (cont.)

EQUITY AND LIABILITIES

Equity

Restricted equity

Share capital	2,007,588	1,440,819	1,440,819
Bonus issue under registration	-	-	539,524
Fund for development costs	22,336,498	16,009,698	18,917,780
	24,344,086	17,450,517	20,898,123

Non-restricted equity

Share premium reserve	77,601,555	38,070,211	76,081,120
Retained profit or loss	-36,644,964	-26,128,853	-29,036,935
Net profit or loss for the year	-2,737,617	-1,596,884	-4,189,311
	38,218,974	10,344,474	42,854,874

Total equity	62,563,060	27,794,991	63,752,997
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Long-term liabilities

Other long-term liabilities	800,000	800,000	800,000
	800,000	800,000	800,000

Short-term liabilities

Accounts payable	715,759	801,214	48,101
Other short-term liabilities	561,503	493,773	470,292
Accruals and deferred income	857,244	905,382	1,016,355
	2,134,506	2,200,369	1,534,748

TOTAL EQUITY AND LIABILITIES	65,497,566	30,795,360	66,087,745
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Change in equity, condensed

2019-04-01 - 2019-06-30	Share capital	Not registered share capital	Fund for development costs	Share premium reserve	Retained earnings	Net profit or loss for the year
At the beginning of the period	1,440,819	539,524	18,917,780	76,081,120	-29,036,935	-4,189,311
Registered new share issue	539,524	-539,524				
New issue under registration						
Bonus issue						
New share issue						
Subscription warrants	27,245			1,520,435		
Transfer of previous year's result					-4,189,311	4,189,311
Transfer within equity			3,418,718		-3,418,718	
Net profit or loss for the year						-2,737,617
At the end of the year	2,007,588	0	22,336,498	77,601,555	-36,644,964	-2,737,617

2018-01-01 - 2018-12-31	Share capital	Not registered share capital	Fund for development costs	Share premium reserve	Retained earnings	Net profit or loss for the year
At the beginning of the period	1,440,819		9,716,200	38,070,211	-17,327,257	-2,508,098
Registered new share issue				38,010,909		
New issue under registration		539,524				
Bonus issue						
New share issue						
Transfer of previous year's result					-2,508,098	2,508,098
Transfer within equity			9,201,580		-9,201,580	
Net profit or loss for the year						-4,189,311
At the end of the year	1,440,819	539,524	18,917,780	76,081,120	-29,036,935	-4,189,311

Condensed cash flow statement

(SEK)	2019-04-01	2018-04-01	2019-01-01	2018-01-01	2018-01-01
	2019-06-30	2018-06-30	2019-06-30	2018-06-30	2018-12-31
	3 months	3 months	6 months	6 months	12 months
OPERATING ACTIVITIES					
Result after financial items	-1,567,023	-740,892	-2,737,617	-1,596,884	-4,189,311
<i>Adjustments for items not included in cash flow</i>	-	-	-	-	-
	-1,567,023	-740,892	-2,737,617	-1,596,884	-4,189,311
Cash flow from operating activities before change in working capital	-1,567,023	-740,892	-2,737,617	-1,596,884	-4,189,311
<i>Cash flow from change in working capital</i>					
Increase (-)/Decrease (+) in operating receivables	-47,488	-61,679	824,209	508,669	215,851
Increase (+)/Decrease (-) in operating liabilities	-71,595	669,578	599,758	671,725	6,104
Cash flow from operating activities	-1,686,106	-132,993	-1,313,650	-416,490	-3,967,356
Investing activities					
Acquisition of intangible fixed assets	-1,383,446	-3,033,663	-3,460,090	-6,452,794	-9,411,715
Cash flow from investing activities	-1,383,446	-3,033,663	-3,460,090	-6,452,794	-9,411,715
Financing activities					
New share issue / Warrants	1,547,679	-	1,547,679	-	44,431,288
Raised loans	-	-	-	-	-6,580,851
Cash flow from financing activities	1,547,679	-	-	-	37,850,437
Cash flow for the period	-1,521,873	-3,166,656	-3,226,061	-6,869,284	24,471,366
Cash and cash equivalents at the beginning of the period	40,649,354	14,179,547	42,353,541	17,882,175	17,882,175
Cash and cash equivalents at the end of the period	39,127,481	11,012,891	39,127,480	11,012,891	42,353,541