

**Alzinova trades around Redeye Bear Case. We had a chat with analyst Kevin Sule. We discuss the outlook forward and recent rights issue, among other things.**

*Alzinova is a Swedish biotech company focusing on research and development of disease-modifying therapies against Alzheimer's disease (AD).*

**In your latest [Update \(21/6\)](#), you revisit the investment case after the recent rights issue. Tell us more about the key investment thesis and the outlook forward.**

We believe that Alzinova offers a rare investment opportunity in the Scandinavian equity markets as its main candidate, ALZ-101, is one of the very few disease-modifying therapies for Alzheimer's disease in clinical development. The candidate's vaccine approach is unique and should suit well for a life-long indication, such as Alzheimer's, potentially offering a more cost-efficient alternative than its peers. With the company now having saturated its capital need and secured a financial runway until 2024, we believe that Alzinova has set a starting point for long-term value creation.

Accordingly, we forecast ALZ-101's potential annual peak sales at more than USD 5 billion, in 2036.

**What will the proceeds from the rights issue be used for?**

As the previous warrants of series TO2 2020/2022 were traded out of the money, the company's finances were somewhat tightened and a capital raise was imperative for continued operations.

Alzinova drives an exciting, although, demanding pipeline where additional funding is essential to take the company through upcoming milestones and catalysts.

The net proceeds from the rights issue will be used accordingly:

- Completion of the Phase 1b study for ALZ-101
- Production of substance and technical material of ALZ-101 prior to Phase 2
- Strategic marketing, legal processes, patents, and operations
- A long-term follow-up study of the Phase 1b study for ALZ-101
- The establishment of a manufacturing process for ALZ-201
- Preclinical efficiency studies for ALZ-101

**Your Redeye Base Case of SEK 10 indicates a significant upside. What potential catalysts in the coming 12 months could contribute to a positive share price development?**

With the company now being in ongoing clinical phase 1b trials with ALZ-101, we see the continued study progression as the most important catalyst for Alzinova this year. During the study, we believe investors could expect further updates regarding study milestones. Top-line results are expected in H2 2023 and will constitute a significant value-defining inflection point for the company.

Furthermore, investors should keep an eye out for news regarding the preclinical progress of the company's monoclonal antibody candidate, ALZ-201, as it is being prepared for the clinic.

**From a risk perspective, what do you see as primary risks with an investment in today's Alzinova which an investor should consider before making an investment decision?**

First of all, the company is still in early-stage development in Alzheimer's, an indication that has been proven a hard nut to crack over the last decades. While we argue that the ALZ-101 offers a unique and promising mode of action, failure to show a clinically meaningful effect, or robust safety profile, in the ongoing trial would be a major setback. Moreover, we emphasize that we currently attribute the full company value to a single project.

*David Madeling  
Editor*

Interviewed analyst: Kevin Sule

Analyst own shares in the company: No

Company client of Redeye: Yes