



Alzinova carries out a 95 percent guaranteed rights issue of units of approximately SEK 50 million to finance the clinical development of ALZ-101

The Board of Directors of Alzinova AB (publ) ("Alzinova" or "the Company") has today, with the support of the authorization from the Annual General Meeting on 14 May 2020, decided to carry out a rights issue of units consisting of shares and warrants ("Units") with preferential rights for the Company's existing shareholders (the "Rights Issue"). The initial issue proceeds amount to approximately SEK 50 million. Upon full exercise of the warrants, the Company will receive an additional SEK 25-42 million (depending on the final exercise price and assuming full subscription). The Company has received subscription commitments from existing shareholders of approximately SEK 0.5 million, corresponding to approximately 1% of the Rights Issue, as well as guarantee commitments from reputable qualified investors of SEK 46.6 million, which ensures the Rights Issue to 95%.

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Background and Purpose for the Rights Issue

Alzinova AB is a Swedish biopharmaceutical company that specializes in the treatment of Alzheimer's disease - one of our largest public diseases against which effective treatment is lacking. The Company's patented A β CC technology enables the development of disease-modifying new therapies with the potential to target, with high precision, the harmful substances that are involved in the onset and progression of the disease. Alzinova's primary focus is to develop an *oligomer-specific* vaccine as a long-acting drug for the treatment and prevention of Alzheimer's. The drug candidate ALZ-101 is undergoing late preclinical development and studies in humans are expected to begin during the first half of 2021 with the first patient's first dose planned for the second quarter of 2021. The Phase 1b study is expected to be completed during the first half of 2023, for which the Company currently has the funds to carry out. The Rights Issue will finance preparatory activities for the next step of clinical development and thus make the project attractive for partnerships.

In parallel with the Phase 1b study, Alzinova plans to prepare the drug candidate ALZ-101 for the start of a Phase 2 study with the aim of optimizing the conditions and time horizon for this start. Preparations for phase 2 include process optimization of substance production, pharmaceutical development and preclinical efficacy and toxicology studies for ALZ-101. To strengthen the clinical documentation, the Company plans to carry out a follow-up of the phase 1-b study, which is expected to start at the end of 2022. This long-term follow-up will be able to provide additional valuable information on long-term safety and tolerability of ALZ-101 and may also provide opportunities to monitor the effects after a long period of treatment. In the event of a future strategic partnership, the next phase of clinical development can thus start quickly.

Furthermore, Alzinova plans to humanize the *oligomer-specific* antibody ALZ-201. The goal of this is to build a strong product portfolio with disease-modifying therapy for Alzheimer's disease.

The issue proceeds from the Rights Issue, including any proceeds from the exercise of the warrants, will be used to strengthen working capital and are planned to be distributed as a percentage as follows and, in case not all measures can be implemented, according to the following priorities:

- 1. Process optimization of substance manufacturing (17% of the issue proceeds)**
Further development and optimization of the manufacturing process of the substance ALZ-101 for the upcoming phase-2 program
- 2. Pharmaceutical development and optimization ALZ-101 (13% of the issue proceeds)**

Further development of alternative pharmaceutical formulations to obtain improved stability and simpler drug handling, which is required in phase 2

3. Pre-clinical effect and tox studies ALZ-101 (28% of the issue proceeds)

The Company is planning further preclinical efficacy studies in two different models as well as a toxicology study in primates

4. Phase 1b long-term follow up study on ALZ-101 (25% of the issue proceeds)

Follow-up study to the planned phase 1b study in patients. This study will provide information on long-term safety and tolerability, immune response, as well as information on effects on biomarkers and cognitive functions

5. Humanization of antibody ALZ-201 (1% of the issue proceeds)

The Company plans to humanize the monoclonal antibody ALZ-201 as a first step in the development of the antibody and in including it in the Company's pipeline

6. Strategic marketing, legal, patent and operations (16% of the issue proceeds)

The Company plans to internally strengthen BD, strengthen the patent portfolio and identify one or more strategic partners

Stated percentages are approximate and may therefore be adjusted slightly.

The Rights Issue

The Board has today, with the support of the authorization from the Annual General Meeting on May 14, 2020, decided on a Rights Issue of a maximum of 7,633,415 Units containing shares and warrants. The Rights Issue shall be carried out on the following conditions:

Issue volume: If the Rights Issue is fully subscribed, Alzinova will initially receive approximately SEK 49.6 million before deductions of costs related to the Rights Issue.

Record date: The record date at Euroclear Sweden AB for determining which shareholders have the right to receive unit rights falls on 25 September 2020. The last day for trading in the Company's share, including the right to receive unit rights, falls on 23 September 2020. First day for trading in the Company's share excluding the right to receive unit rights falls on 24 September 2020.

Unit rights: The Rights Issue shall take place with priority for those who are registered shareholders in the Company on the record date. One (1) existing share in the Company entitles to one (1) unit right and one (1) unit right entitles to subscribe for one (1) Unit. One (1) Unit consists of one (1) share and one (1) warrant of series TO2 2020/2022.

Trading in unit rights: Trading in unit rights takes place on the Nasdaq First North Growth Market ("Nasdaq First North") during the period from September 30, 2020 to October 12, 2020.

Subscription period: Subscription of Units shall take place during the period from and including September 30, 2020 to and including October 14, 2020. The Board has the right to extend the subscription period. Subscription of Units with the support of unit rights shall take place through simultaneous cash payment. Subscription of Units without the support of unit rights shall take place on a separate subscription list and allotted Units shall be paid in cash no later than three banking days after notification of allocation has been sent to the subscriber.

Subscription price: SEK 6,5 per Unit, corresponding to SEK 6,5 per share. The warrants are received free of charge.

Trading in BTU: Trading in a paid subscription unit ("BTU") takes place on Nasdaq First North from 30 September 2020 until the Rights Issue is registered with the Swedish Companies Registration Office.

Right to dividend: The new shares entitle dividends on the first record date for dividend regarding shares which takes place after they have been registered in the Company's share register.

Allocation: If all Units are not subscribed for by use of unit rights, the Board shall resolve on allocation of Units not subscribed for by use of unit rights within the limits of the maximum figures for the issue. Allocation shall thus be made accordingly:

- i. Firstly, allotment of Units subscribed without the support of unit rights shall be made to those who have also subscribed to Units with the support of unit rights, regardless of whether the subscriber was a shareholder on the record date or not, and in the event of oversubscription, allotment shall be pro-rata in relation to its number of unit rights used for subscription and, insofar as this cannot be done, by drawing lots.
- ii. Secondly, allocation of Units subscribed without the support of unit rights shall be made to others who have only registered for subscription without the support of unit rights, and in the

event of oversubscription, allocation shall be made pro-rata in relation to the number of units that each has registered for drawing and, in so far as this cannot be done, by drawing lots.

- iii. Thirdly, any remaining Units shall be allocated to the parties who have undertaken to guarantee the issue in accordance with the issue guarantee agreements entered into.

Described allocation principles may change in relation to the allocation principles decided by the Board.

Warrants: The warrants of series TO2 2020/2022 will be issued free of charge and will be available for subscription of new shares during the period January 24 - February 7, 2022. Two (2) warrants give the right to subscribe for one (1) new share in the Company at an exercise price corresponding to 70 percent of the volume-weighted average price paid for the Company's share on Nasdaq First North for a period of ten (10) trading days immediately preceding January 19, 2022, however not less than SEK 6.5 and not more than SEK 11 per share. Upon full subscription in the Rights Issue and upon full exercise of the warrants of series TO2 2020/2022, the Company will receive an additional SEK 25-42 million (depending on the final exercise price and assuming full subscription). The warrants will be admitted to trading on Nasdaq First North.

Subscription and guarantee commitments

Alzinova has received subscription commitments from the Company's existing shareholders of approximately SEK 0.5 million, corresponding to approximately 1 percent of the initial issue proceeds in the Rights Issue. In addition, the Company has entered guarantee commitments in the form of a so-called bottom guarantee of approximately SEK 41.7 million, corresponding to approximately 84% of the Rights Issue and a so-called top guarantee of approximately SEK 5 million, corresponding to approximately 10% of the Rights Issue. The bottom-up guarantee ensures, given subscription commitments, that approximately 85% of the Rights Issue is subscribed for and paid for. The top guarantee ensures, given subscription commitments and the bottom guarantee, that 95 percent of the Rights Issue is covered by subscription and guarantee commitments.

For the guarantee commitment in the bottom guarantee, each guarantor receives a cash compensation corresponding to 10 percent of the amount that has been guaranteed, or alternatively 12 percent of the guaranteed amount in newly issued units. For the guarantee commitment in the top guarantee, each guarantor receives a cash compensation corresponding to 12 percent of the amount that has been guaranteed, or 14 percent of the guaranteed amount in newly issued units. The total guarantee compensation amounts to approximately SEK 4.7 million if the compensation is paid in cash. In the event that guarantors choose to receive compensation in units, it will take place through a directed issue of units, which is not part of the Rights Issue, ("**Directed Issue**"). Payment will be made by decision of the Board with support of the Annual General Meeting authorization. Units issued to guarantors will contain one (1) share and one (1) warrant of series TO2 2020/2022. The subscription price for one unit in the Directed Issue will be set at the volume-weighted average price for the Company's shares on Nasdaq First North during the subscription period with a discount of 15 percent, but at least the subscription price in the Rights Issue.

The Board's authorization from the Annual General Meeting on 14 May 2020 to carry out directed issues of, among other things, shares and warrants is limited to a maximum dilution of ten (10) percent. If so many guarantors in the Rights Issue wish to have their guarantee compensation paid in newly issued units that the Board, with reference to the limited issue authorization, cannot satisfy the wishes of all guarantors, the Board shall instead decide on the issue of units distributed pro rata to the guarantors who wished to receive their guarantee compensation in newly issued units.

The CEO is authorized to make the minor adjustments to the Board's decisions that may prove necessary for the registration of the Rights Issue at the Swedish Companies Registration Office and at Euroclear Sweden AB.

Preliminary timeline

- September 23, 2020 – Last day of trading incl. preferential rights
- September 24, 2020 – First day of trading excl. preferential rights
- September 25, 2020 – Record date
- September 29, 2020 – Estimated publication of prospectus
- September 30, 2020 – October 12, 2020 – Trading in rights
- September 30, 2020 – October 14, 2020 – Subscription period

- September 30, 2020 – Until the Rights Issue is registered at the Swedish Companies Registration Office – Trading in paid subscribed units (BTU)
- October 19, 2020 – Estimated publication of outcome of Rights Issue
- January 24, 2022 – 7 February 7, 2022 – Redemption of warrants
- Week 7 2022 – Estimated publication of outcome of redemption of warrants

Number of shares and share capital

Upon full subscription in the Rights Issue, the number of shares in the Company will initially increase from 7,633,415 to 15,266,830, implying an increase in the share capital of SEK 2,007,588.145 through the Rights Issue. Upon full exercise of all warrants issued in the Rights Issue, the number of shares will increase by a further maximum of 3,816,707 shares, implying an increase in the share capital by a maximum of SEK 1,003,793.941.

Investor meetings

Invitation to investor meetings will be sent out separately and will also be presented on Alzinova and Redeye AB's respective websites.

Prospectus

Publication of the prospectus is expected around September 29, 2020. Full terms and conditions as well as information about subscription and guarantee commitments will be available in Alzinova's prospectus which, will be published on the Company's and Redeye AB's respective websites (www.alzinova.com, www.redeye.se).

Advisers

Redeye AB acts as financial adviser, Fredersen Advokatbyrå AB acts as legal adviser and Hagberg Aneborn Fondkommission AB acts as the issuing agent in the Rights Issue.

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This information is information that Alzinova AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 8.31 CEST on September 18, 2020.

About Alzinova AB

Alzinova AB is a Swedish biopharma company specializing in the treatment of Alzheimer's disease targeting neurotoxic amyloid- β oligomers. The lead candidate, ALZ-101, is in late preclinical development as a therapeutic vaccine for the treatment of Alzheimer's. Alzinova's proprietary A β CC peptide™ technology enables the development of disease-modifying therapies that target the toxic amyloid- β oligomers involved in the onset and progression of the disease with high precision. Alzheimer's is one of the most common and devastating neurological diseases globally, with of the order of 40 million people afflicted today. In addition, the antibody ALZ-201, in early preclinical development, was generated with the A β CC peptide™ technology and the ambition is to expand the pipeline further. The Company's Certified Advisor on Nasdaq First North Growth Market is Corpura info@corpura.se +46 768-532 822. For more information about Alzinova, please visit: www.alzinova.com

IMPORTANT INFORMATION

The information in this press release does not constitute an offer to acquire, subscribe for or otherwise trade with shares or other securities in Alzinova. No action has been taken, nor will any actions be taken, to permit an offer to the public in any other jurisdiction than Sweden. An invitation to eligible persons to subscribe for shares or other securities in Alzinova will only be made through the prospectus which Alzinova intends to publish on or about September 29, 2020.

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Within the European Economic Area ("**EEA**"), no public offering of Securities is made in any other country than Sweden. In other EEA member states which have implemented Regulation (EU) 2017/1129 of the European Parliament and of the Council (the "**Prospectus Regulation**") an offering of Securities may only be made in accordance with an exemption from the Prospectus Regulation and any relevant implementing measure.

This press release may contain certain forward-looking statements which reflect Alzinova's current view of future events and financial and operational developments. Words such as "*intends*", "*estimates*", "*expects*", "*may*", "*plans*", "*deems*", "*believes*", "*assesses*", "*anticipates*", "*will*", and other similar expressions which imply indications or predictions regarding future developments or trends, and which are not based on historical facts, constitute forward-looking information. Forward-looking information is by nature affiliated with known and unknown risks and uncertainties since it is dependent on future events and circumstances. Forward-looking information does not constitute any guarantee regarding future results or development and the actual outcome may materially differ from forward-looking statements. The information, assessments and forward-looking statements in this press release are only relevant as of the date of this press release and may change without notice.