Alzinova
Annual Report 2021

alzinova

Contents

The Business

Alzinova at a glance 4

The year in brief 6

CEO comments 8

About Alzinova 10

Interview Prof. Torleif Härd 11

About Alzheimer's disease 12

Collaboration with Alzheimerfonden 14

The market for Alzheimer's disease treatments 16

Alzinova's technology and drug candidates 18

First with an oligomer-specific vaccine in clinical phase 20

Interview Prof. Juha Rinne 21

Annual Report

Administration report 22

Significant events during the financial year 2021 24

Financial position 25

Board of Directors, senior management, and auditor 28

Financial Reports

Income statement 32

Balance sheet 33

Change in equity 34

Cash flow statement 34

Notes 35

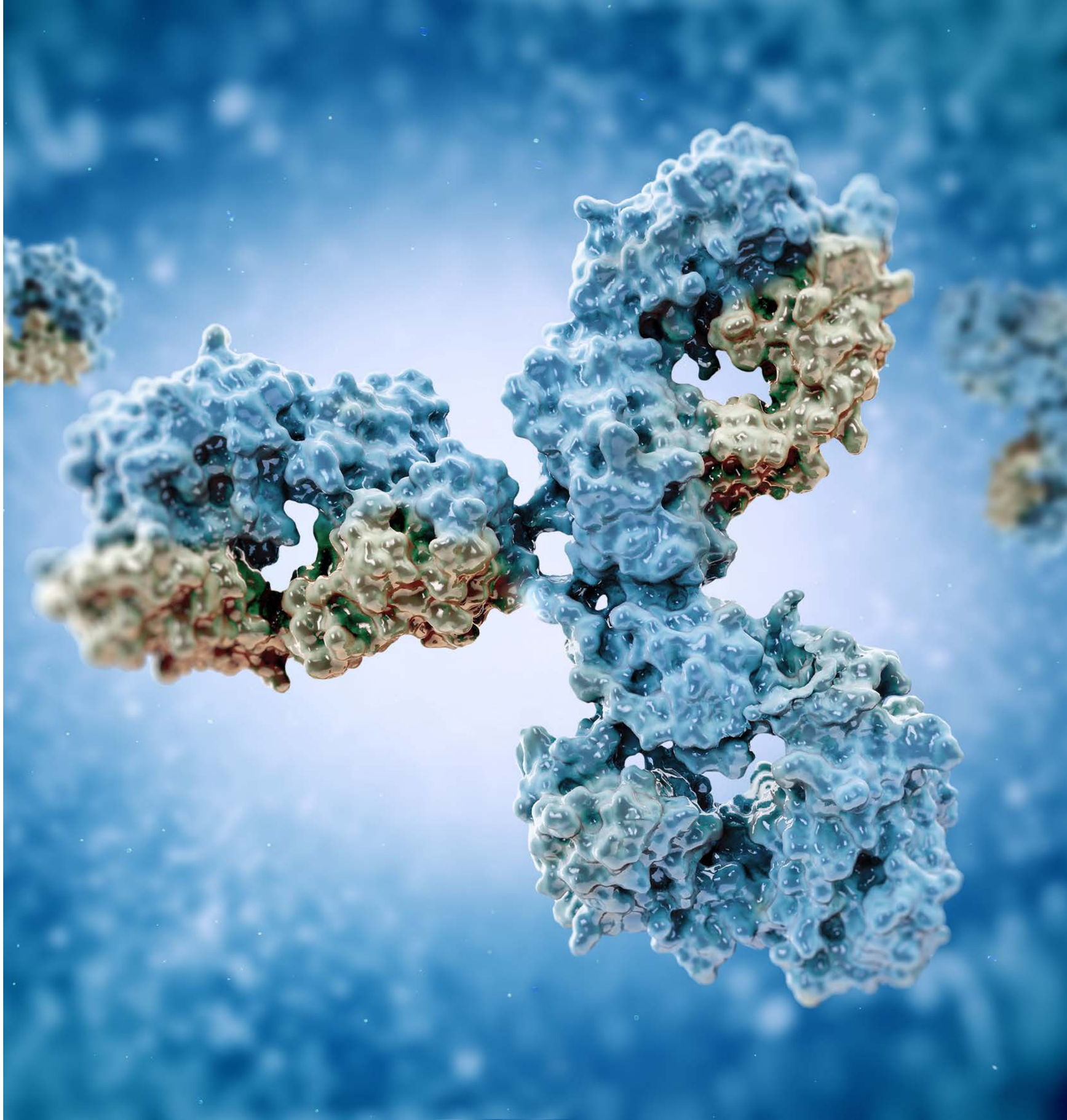
Signatures 38

Auditor's report 39

Definitions and abbreviations 42

Contact information 43

NOTE: This is an English translation of the original version in Swedish. In case of any discrepancy, the Swedish version shall prevail.



Alzinova at a glance

- Alzinova's goal is to enable patients with Alzheimer's disease to live an independent and active life.
- Alzinova's lead candidate, ALZ-101, is a therapeutic vaccine for the treatment of Alzheimer's disease. The vaccine is in clinical development with a Phase 1b study in Alzheimer's patients.
- Based on the same technology, Alzinova is also developing a monoclonal antibody, ALZ-201, as a complementary treatment to fight Alzheimer's disease.
- Data show that the unique specifity of Alzinova's vaccine (ALZ-101) and monoclonal antibody (ALZ-201) provides "best-in-class" potential.
- Preparation work ahead of the next clinical development phase is also ongoing to ensure Alzinova's candidates are more attractive to strategic partners.
- Alzinova was listed on Nasdaq First North Growth Market in March 2019 (ALZ).

"Our vision is to enable patients to live an independent and active life without any impact of Alzheimer's disease, by developing novel disease modifying treatments."

The year in brief

The year was marked by Alzinova entering the clinical development phase with the therapeutic vaccine, ALZ-101. This is an important milestone and means that Alzinova is a pioneer in the field as the first company with an *oligomer-specific* vaccine in the clinical phase. Data from the research collaboration with Amsterdam University Medical Centers confirmed the unique oligomer specificity and preclinical effect of the company's complementary antibody, ALZ-201. Collaborations were initiated with Sahlgrenska University Hospital and Alzheimerfonden to strengthen research into Alzheimer's disease. This gives hope to Alzheimer's patients and their relatives who suffer from this terrible disease.

Documentation required for the application to start the planned Phase 1b study with the drug candidate ALZ-101 was completed and submitted in June to the regulatory authorities in Finland, Fimea.

The drug substance for the vaccine, ALZ-101 was manufactured for the Phase 1b study in patients with Alzheimer's Disease.

In September, Alzinova obtained approval from the regulatory authorities in Finland, Fimea, to initiate the first clinical trial (Phase 1b) with the vaccine candidate, ALZ-101.

The first patient with Alzheimer's Disease was recruited in October to the Phase 1b study with the vaccine candidate, ALZ-101.

Alzinova initiated a biomarker collaboration with the Clinical Neurochemistry Laboratory at Sahlgrenska University Hospital in Gothenburg to track changes in the brain related to Alzheimer's.

Alzinova's Board of Directors was expanded with a new member, Anders Blom.

Alzinova presented preclinical data on the company's Alzheimer's disease candidates at the Alzheimer's Association International Conference (AAIC). The preclinical data support the continued development of Alzinova's lead candidate, ALZ-101 and the monoclonal antibody, ALZ-201.

Data from the research collaboration with Amsterdam University Medical Centers confirmed the unique oligomer specificity and preclinical effect of the antibody, ALZ-201.

Alzinova initiated a collaboration with the Alzheimerfonden.

Financial overview

- Net sales amounted to 0 SEK (0 SEK).
- Result after financial items amounted to -7 552 006 SEK (-6 499 557 SEK).
- Earnings per share amounted to -0,48 SEK (-0,41 SEK)
- Equity ratio amounted to 96,5% (95,2%).

Biomarker collaboration with Sahlgrenska University Hospital

As part of the preparations for Phase 1b clinical study with therapeutic vaccine (ALZ-101) for the treatment of Alzheimer's disease, Alzinova initiated a collaboration with the Clinical Neurochemistry Laboratory at Sahlgrenska University Hospital in Gothenburg, Sweden. The work is led by Kaj Blennow and Henrik Zetterberg, world-leading professors in neurochemistry.

The collaboration focuses on measuring and evaluating potential changes in biomarkers associated with Alzheimer's disease and/or neurodegeneration following multiple immunisations with ALZ-101, as compared to placebo, in study participants with early Alzheimer's disease.

CEO comments

We develop disease modifying treatments that will significantly improve the lives of millions of patients and their loved ones who are suffering from Alzheimer's disease.

2021 was a successful year for Alzinova when we started the first clinical study with the therapeutic vaccine, ALZ-101, in Alzheimer's patients and we established new collaborations with leading groups in the fight against Alzheimer's.

Our vision...

...is to enable patients to live an independent and active life without any impact of Alzheimer's disease, by developing novel disease-modifying treatments.

We do this by developing Alzinova's oligomer-specific vaccine, ALZ-101, and the monoclonal antibody, ALZ-201, both of which are based on our unique AβCC peptide technology and, as such, have "Best-in-Class" potential.

Focus areas for ALZ-101

During 2021, we have focused on three main areas for ALZ-101:

- Preparing for and initiating the Phase 1b clinical study in patients with Alzheimer's disease.
- Continuing the development and implementation of preclinical studies to verify positive treatment effects.
- Preparing and optimising the work for the next clinical development phase - Phase 2.

Broadening our portfolio

The work to broaden our portfolio started during 2021 with the humanisation of the oligomer-specific, monoclonal antibody, ALZ-201. As such, the antibody has been engineered to be tolerated by humans. We have also selected a lead candidate, which will be further developed.

Building our company

We have continued to build the company by strengthening the organisation. At the start of 2021, Ann-Sofie Sternås was recruited to be responsible for the company's patent strategies. Furthermore, the company's focus on communication has increased with the recruitment of Jamie Smith.

During the year, the Board of Directors was strengthened when Anders Blom was elected as a board member. Anders brings valuable experience and expertise in business and corporate development but also financing experience from listed companies.

Extended collaborations

During the past year, we established new collaborations in the fight against Alzheimer's. I am especially pleased that we are collaborating closely with Alzheimerfonden. We are both working to help people suffering from Alzheimer's disease and we see the direct benefits we can gain from working with each other and how this will benefit patients, relatives and society generally.

I am also very excited about the research collaboration on biomarkers with the Clinical Neurochemistry Laboratory at Sahlgrenska University Hospital. This will give us a great opportunity to document and understand how our *oligomer-specific* treatments change different biomarkers related to Alzheimer's disease.

Kristina Torfgård
VD, Alzinova AB

Last, but not least, I would also like to mention our collaboration with Clinical Research Services Turku CRST in Finland, which during the year resulted in us now treating Alzheimer's patients with our therapeutic vaccine, ALZ-101.

10-year anniversary

In December 2021, Alzinova turned 10 years old. Over these years, many people have been involved in the company and its research. I want to sincerely thank all the shareholders who finance the company and its research, and everyone who has contributed to us developing from a research project into an established, clinical phase, biopharmaceutical company.

Continued fight against Alzheimer's

I am proud to lead this innovative company and, together with employees, the board and partners, to develop disease modifying therapies, which have the potential to significantly improve the lives of millions of Alzheimer's patients and their relatives.

We look forward to working together with our partners to continue the fight against Alzheimer's disease - we are already well on our way to developing disease-modifying treatments that will significantly improve the lives of millions of patients and their relatives suffering from Alzheimer's disease.

Gothenburg 13 April, 2022

Kristina Torfgård, CEO, Alzinova AB

About Alzinova

Alzinova AB is a Swedish biopharmaceutical company specialising in the treatment of Alzheimer's disease – one of our major health scourges, without effective treatment options.

The Company's proprietary AβCC-peptide™ technology enables the development of disease modifying therapies that, with high precision, target the neurotoxic amyloid beta oligomers that are involved in the onset and progression of the disease. Using this technology, we can develop effective treatments that also have a favourable safety profile.

Alzinova's focus is to develop an oligomer-specific vaccine as a long-acting therapy to treat and prevent Alzheimer's disease.

The vaccine candidate, ALZ-101, is in clinical development. A Phase 1b study in Alzheimer's patients was initiated in the third quarter of 2021.

Based on the same technology, the Company is also developing the antibody, ALZ-201, which is currently in early preclinical development. The aim is to broaden Alzinova's scope of activities and develop ALZ-201 within Alzinova's portfolio of disease modifying therapies.

Alzinova was founded by researchers from the MIVAC research center at the University of Gothenburg, in collaboration with GU Ventures AB.

2007 - 2008
Research project
UNIVERSITY OF GOTHENBURG

2009 - 2015
Company start and start of preclinical development
GU Ventures

2015 - 2018
Preclinical phase, vaccine ALZ-101
SPOTLIGHT STOCK MARKET

2019 - 2021
Late preclinical phase, vaccin ALZ-101
NASDAQ OMX FIRSTNORTH

2021 -
Clinical phase, vaccine ALZ-101

From research project to clinical phase biopharma company

Based on the invention of a unique technology platform, Alzinova was founded in 2011 by two researchers, from the University of Gothenburg, Anders Sandberg, PhD, and Professor Torleif Härd.

Photo credit: SLU, Sweden

Torleif is now dean at the Faculty of Natural Resources and Agricultural Science at the Swedish University of Agricultural Sciences. Here, he looks back on the 10-year journey Alzinova has made from research projects at the university to an established, clinical phase biopharmaceutical company.

How did Alzinova get started?
Well, it all began after we patented a protein engineering solution. We thought it might be useful for specifically stabilising the neurotoxic oligomers of the amyloid beta peptide, so we filed a patent. There was also a vaccine program that started around the same time - MIVAC development - so we went there with our project. We did some more experiments and became more and more convinced that we were on to something that could be something in the future. So we decided that that was the right time to start a company – Alzinova!

Did you think from the start that the focus would be on Alzheimer's disease?
Yes - we were thinking specifically about Alzheimer's, and we were thinking of two products: our amyloid beta aggregate (that we now use as our vaccine) and an antibody. If I'm honest, Anders and I did not really know what we were doing when we started. It was my first company and, with hindsight, we should have worked more in the lab before we started the company. But I'm proud of how Alzinova and how far the company has come since then.

Have you had any aha moments along the way?
I thought it was an aha moment when we did an experiment in 2008 or 2009 where we tested another company's antibody against our aggregate and found that their antibody bound more strongly to our unit than their own unit. This showed that we could engineer a solution that was better than something recreated from amyolid beta found in a living organism. That really was an aha moment for me.

What have you learnt through the journey with Alzinova?
It is not enough to have a good invention and good patents. You have to have help with a whole lot of stuff. That is probably the biggest lesson for me, as well as how the stock market works. I have no real skills or experience with that, so it's better to let the professionals take care of things like that. In my opinion.

What advice would you give others who are thinking about starting a company based on their invention?
My advice would be to keep the intellectual property rights to yourself as long as possible and to not be shy about asking for help, because when you get into the corporate world, it's a completely different world and different things apply. It is important to enlist the help of professional business developers.

Alzinova in 10-years' time. What will it look like?
In 10 years, we will somehow have two products on the market in some shape or form: the vaccine and an antibody. I see them as being approved and ready. How cool would that be? And how proud I

About Alzheimer's disease

Alzheimer's disease, which is the most common form of dementia, often begins with mild symptoms, deteriorates over time and ends with severe brain atrophy and death. Alzheimer's causes problems including memory loss, cognitive function, and behaviour changes.

The symptoms generally develop slowly, get worse over time and interfere with daily activities. Eventually, the physiological functions of the body are also affected, and the patient dies within about seven years after the diagnosis is established.

Alzheimer's is most common in the elderly population where 1 in 9 people over the age of 65 are affected and 65% of them are women. About 5% of cases are diagnosed at an earlier age (early onset Alzheimer's disease)

Three stages associated with Alzheimer's disease:

- Mild cognitive impairment (MCI) due to Alzheimer's disease;
- Mild to moderate Alzheimer's;
- Severe Alzheimer's disease.

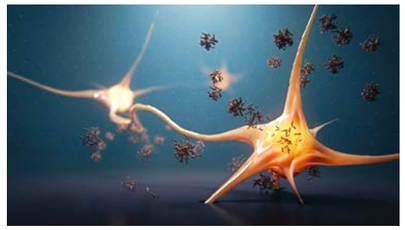
It is very difficult to completely separate these three stages. Sometimes, they are also called: early, middle and late Alzheimer's.

A disease modifying treatment should preferably be started as early as possible, before the brain has deteriorated too much.

The goal is therefore to diagnose early and start treatment before the patient has clinical symptoms.

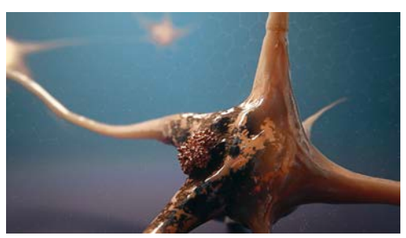
More than 30 million people worldwide have Alzheimer's disease.

What causes Alzheimer's?



Alzheimer's is associated by the accumulation of a body-generated peptide (part of a protein) in the brain. This peptide is called amyloid beta42 (Aβ42). Why it accumulates is not known, but it seems to happen in all people sooner or later.

However, Aβ42 can have many different forms in addition to the oligomer form. The insoluble form dominates in the brain as lumps called "plaques". These occur many years before the first symptoms appear. However, the plaque does not seem to cause the disease, but is rather a sign that the brain cannot take care of all the Aβ42 that is produced and that there is therefore an increased risk of developing Alzheimer's disease.



As the amount of peptide increases in the brain, it clumps together into soluble aggregates, called oligomers, which are neurotoxic and therefore harmful to the brain. These oligomers can bind to synapses (points where the nerve cells communicate with each other) and destroy their function, eventually leading to brain cell death.

Collaboration with Alzheimerfonden

Given that we share the same goal - to enable Alzheimer's patients to live an independent and active life – it was natural to start a collaboration with Alzheimerfonden. We took the opportunity to ask some questions to Liselotte Jansson, Secretary General and Chairwoman of the Board of Alzheimerfonden.

Photo credit: Alzheimerfonden, Sweden

What is Alzheimerfonden?

Alzheimerfonden is a fundraising foundation that focuses on raising money from the public, individuals, and companies. We then distribute grants to Swedish Alzheimer's research to help find a cure for Alzheimer's disease and other dementia diseases.

What is your general perspective on Alzheimer's research?

It has progressed very quickly in recent years. Every year, the number of researchers who apply for funding from us increases significantly. I started at Alzheimerfonden almost ten years ago when we received applications from researchers in Sweden for about 10 to 15 million Swedish kronor per year. Now, we are at almost SEK 200 million per year in applications. Swedish researchers are pioneering research in numerous areas, and many are globally acclaimed. For example, Henrik Zetterberg, Oskar Hansson, Miia Kivipelto to name just a few. However, the problem is that there is just not enough money set aside for Alzheimer's research in Sweden.

What is the most urgent need?

If you are diagnosed with Alzheimer's disease today, there is no cure. So, if there is one research area that needs money, this is it. The cost related to dementia care - where Alzheimer's disease is the most common diagnosis - is the most expensive form of care in Sweden, costing over SEK 60 billion annually. This figure is expected to increase to SEK 150 billion by 2050 according to population forecasts. We are facing a catastrophe that we will not be able to manage if we don't come up with some form of medicine that can slow down the progression of, or cure, the disease.

What are your expectations regarding the collaboration with Alzinova?

We think it is a great advantage to collaborate with the life science pharma companies that are trying to find a cure for Alzheimer's. Alzinova has an exciting approach with a vaccine. And it is important for us to follow and keep up with developments since we are a fund that wants to be able to inform the public about the disease and what is happening in the industry. So, it is very important for us to have a relationship with you.

How do you see the prospect of finding a possible cure for Alzheimer's disease?

Against the background of all the failed attempts we have seen in the past 20 years, I think things look bright right now. Several companies are close to some form of solution and there are some exciting projects in the pipeline. However, we still need to raise significant amounts of money in this industry. We need to divert more money into in this area to drive forward basic academic research and to ensure pharma companies can produce more high precision medicines.

The market for Alzheimer's disease treatments

Every year, around 10 million people globally fall victim to dementia; Alzheimer's disease accounts for approximately 60-70 percent of that number. The incurable dementia disorders represent a growing problem as life expectancy increases.

It is estimated that dementia afflicts around 55 million patients worldwide The number is projected to rise to more than 130 million people in 2050. It is estimated that more than 30 million people around the world are suffering from Alzheimer's disease today, and the number is set to triple by 2050 (World Health Organization (WHO) – Alzheimer's facts, September 2021).

An approved, disease modifying medicine for Alzheimer's disease could generate annual top sales of over $ 10 billion.

High socioeconomic costs

Alzheimer's disease is a progressively fatal disease that affects older individuals in all parts of the world, including high, low and middleincome countries, and all socio-economic classes.

The disease affects the patient's life and quality of life to a very high degree. It also has a great impact and strain on family and relatives.

The cost to society of the disease is estimated today to be approximately USD 1.3 trillion annually. The annual pharmaceutical expenditure related to just symptom-relief drugs for Alzheimer's disease amounts to approximately USD 6 billion.

No effective treatment

There is currently no cure or disease modifying treatment that can slow down the development of the disease.

The only treatment that has shown a positive effect in clinical studies is passive immunotherapy (antibody therapy), where the drug candidate, a therapeutic antibody, binds to aggregated amyloid beta (Aβ), both to insoluble plaques and to oligomers

Alzinova has taken the development one step further with a completely new active immunotherapy - a therapeutic vaccine, ALZ-101 - developed to specifically neutralise the neurotoxic Aβ *oligomers*, thereby producing a treatment that has the potential to be more effective with limited side effects.

Large market potential

Although the first drug for disease modification was recently approved in the USA, there is still a very long way to go to fully treat and prevent the progression of Alzheimer's disease.

The sales and revenue potential of a new effective drug is therefore substantial even if it only obtains an initially limited market share.

According to Global Data, the annual sales volume of disease modifying therapies for Alzheimer's disease in the major markets US, Germany, France, UK, Italy, Spain, Japan, China and India will amount to USD 13 billion in 2028.

Why invest in Alzinova?

There is a huge need for disease modifying treatments for Alzheimer's disease

As explained above, there is currently no cure or any form of active immunotherapy, or vaccine, that can effectively slow down the development of the deadly Alzheimer's disease. Today's drugs, in the form of passive immunotherapy or antibody treatment, have, however, shown some effect on the progression of the disease. A new, effective drug would therefore primarily mean an enormous improvement in the quality of life for patients and their relatives, as well as reduced societal costs.

Imagine if there was a vaccine against Alzheimer's disease!

Alzinova is facing a fantastic opportunity to develop a cure for Alzheimer's through active immunotherapy with the unique therapeutic vaccine, ALZ-101, which is now in clinical development. No other vaccine or antibody has shown as much specificity and precision against Alzheimer's as the vaccine ALZ-101.

Attractive product portfolio with "best-in-class" potential

- With their unique specificity against neurotoxic oligomers, Alzinova's candidates differ from other immunotherapies that are being developed for Alzheimer's disease.
- Strong data support the clinical development of the vaccine, ALZ-101, indicating its potential to be a well-tolerated and cost-effective treatment to stop the development of Alzheimer's.
- ALZ-201 can be further developed as a stand-alone treatment or as a complement to ALZ-101 for patients who need higher levels of antibodies.

We are all getting older!

By investing in Alzinova, you have an opportunity to make a meaningful difference in the fight against this terrible disease and the suffering that afflicts so many. It is important to work towards and invest in developing an effective treatment within the foreseeable future.

Alzinova's technology and drug candidates

The proprietary AβCC technology gives Alzinova a unique, multi-purpose potential in Alzheimer's disease research. Alzinova's patented technology enables the development of new therapies with the potential to accurately neutralize toxic Aβ oligomers, substances that are central to the onset of the disease. With the AβCC technology, Alzinova has great potential to expand its portfolio with more innovative Alzheimer's projects in the long-term.

ALZ-101 (Vaccine)

ALZ-101 is an active, therapeutic *oligomer-specific* vaccine against Alzheimer's disease. Vaccination with ALZ-101 means that the body generates its own anti-bodies specifically targeted at neurotoxic amyloid-beta *oligomers* in the brain. These toxic substances are thus neutraliszed and, in this way, the synapses of the brain are protected from damage. Preclinical studies in a transgenic mouse model (genetically modified mice that overproduce Aβin the brain) showed a 25% decrease in the number of synapses. When a group of mice with the same genetic modification were treated with the ALZ-101 vaccine over 6 months, a very much smaller decrease in the number of synapses was measured, which indicates positive efficacy.

However, the animal models of Alzheimer's disease commonly used in efficacy studies of potential medications are not very useful for the evaluation of *oligomer-specific* therapies.

Alzheimer's disease is a disease unique to humans that has not been recreated in any animal model. Therefore, ALZ-101 is also being tested in new models based on physiologically relevant biological material from deceased humans. In collaboration with a research group at the University of Gothenburg that study how brain extracts from deceased Alzheimer's patients affect the learning ability of zebrafish embryos, it has been shown that ALZ-101 (and ALZ-201) has a completely unique ability to specifically neutralize the toxic effect of these brain extract , despite the fact that these oligomer-specific antibodies have no ability to bind unaggregated amylopid-beta and plaque.

ALZ-101 has shown good results in the Good Laboratory Practice (GLP) toxicology study, which is the final immunogenicity and safety study conducted before the vaccine can be tested in humans.

Alzinova's work to develop and manufacture a drug substance for the oligomer-specific vaccine ALZ-101 is currently taking place on an industrial scale, which results in a robust and quality-assured production of ALZ-101.

ALZ-201 (Antibody)

ALZ-201 is an oligomer-specific antibody based on Alzinova's AβCC technology.

A passive immunotherapy with ALZ-201 can be developed into an effective complement and a disease-modifying alternative to the therapeutic vaccine ALZ-101. Studies have been conducted in the above-mentioned transgenic mouse model of Alzheimer's and in the zebrafish model that show how brain extracts from Alzheimer's patients affect learning in these animals. The mouse model used genetically modified animals that develop certain Alzheimer's-like characteristics.

These transgenic mouse models are often used as an Alzheimer's model in drug development, but they lack good sensitivity to ALZ-201. As such and as expected, only small effects were seen with the oligomer-specific antibody ALZ-201 in this model. However, the results from the zebra-fish model clearly show that the form of amyloid-beta found in the brains of Alzheimer's patients, but not in healthy people, negatively affects the learning ability of zebrafish. Treatment with ALZ-201 had a clearly positive effect and prevented impaired learning in the fish.

Promising preclinical results have also been obtained in a collaboration project with a research group at Amsterdam University Medical Centers. This study was performed on brain extracts from deceased Alzheimer's patients and confirms the unique oligomer-specificity and preclinical effect of ALZ-201, and that its binding profile in clinical use can provide specific efficacy with a favourable tolerability profile.

The results provide support that ALZ-201 has the potential to stop or slow the progressive deterioration of cognition seen in patients with Alzheimer's disease.

Best in class potential

Our *oligomer-specific* vaccine candidate, ALZ-101, and the antibody ALZ-201 differ from previously tested candidates in Alzheimer's disease, which non-specifically and to varying degrees, bind to different forms of amyloid beta. Clinical studies conducted with other drug candidates suggest that specificity is important both to obtain good efficacy and to avoid side effects.

First with a clinical phase oligomer-specific vaccine

In October, the first patient was recruited into our clinical study with the therapeutic vaccine, ALZ-101. This is an important milestone and means that Alzinova is a pioneer in the field and the first company with an *oligomer-specific* vaccine in the clinical phase.

Now that we are testing our vaccine candidate, ALZ-101, in the clinic, i.e. in patients, gives hope to Alzheimer's patients and their relatives who suffer from this terrible disease.

• The study is the first of its kind. Never before has a vaccine specifically targeted on the neurotoxic oligomers of the amyloid beta peptide been tested to treat Alzheimer's disease.

• The study is being conducted using patients with early Alzheimer's in Finland by Alzinova's partner, Clinical Research Services Turku (CRST) in Turku and Helsinki.

• People are being recruited into the study continuously throughout 2022.

• We expect the first results (so-called "topline data") from the study to be available during the second half of 2023.

The study aims to:

• Demonstrate that the vaccine has no unexpected side effects.

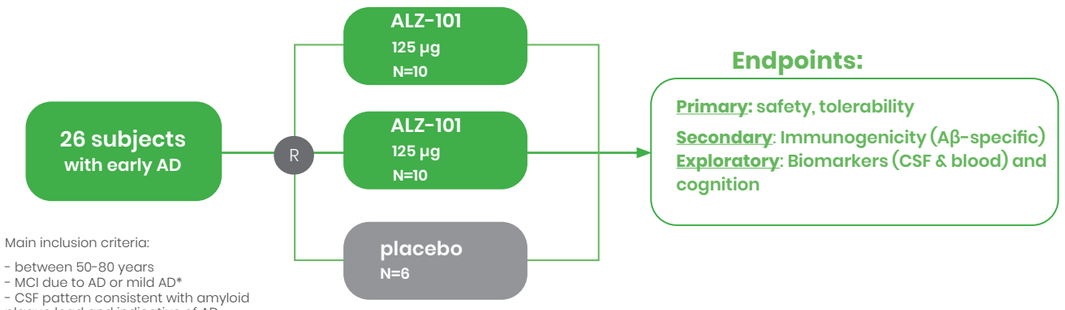
• Study the immune response during multiple dosing.

• Study biomarkers associated with Alzheimer's disease.

Preparing for the next clinical phase

We plan to conduct international studies with the vaccine, ALZ-101, so that more patients in the world get the opportunity to participate in our clinical studies, with the aim being for the vaccine to reach a global market. Therefore, we are already working on preparatory activities for the next clinical development phase, making the candidates more attractive for strategic partnerships.

Study design of Phase 1b study
20-week study with ALZ-101 (125 and 250 µg) or placebo, given at weeks 0, 4, 8 and 16 with a follow-up period of 48 weeks



Main inclusion criteria:

- between 50-80 years
- MCI due to AD or mild AD*
- CSF pattern consistent with amyloid plaque load and indicative of AD pathology

Double-blind, randomized, placebo-controlled study on safety, tolerability and immunogenicity

*according to National Institute of Aging – Alzheimer's Association (NIA-AA)
MCI – Mild Cognitive Impairment; AD – Alzheimer's Disease; CSF – Cerebrospinal fluid

"A very interesting study"

Professor, neurologist Juha Rinne, Turku PET Centre and at Neurocenter at University of Turku and Turku University Hospital. He is also the lead investigator for the ongoing Phase 1b clinical trial with ALZ-101.


Photo credit: CRST, Finland

What would you say is the greatest medical need for Alzheimer patients today?

We need advances in several areas, but finding disease modifying therapies is the most important medical need. Just slowing down the progression of the disease, besides stopping or preventing it, would be a great achievement, not only for the patients and their families but also for the whole of society. Of course, at the same time, it is also important to develop new symptomatic therapies for cognitive and neuropsychiatric symptoms.

In a foreseeable future, what kind for progress do you expect to see in your field in terms of therapies against Alzheimer's Disease?

As the knowledge of different changes, and their relationships, in the brain occurring during the development of Alzheimer´s disease increases, I see a combination of therapies affecting different targets as an option to more effective intervention.

You are the principal investigator of the ongoing clinical Phase 1b study with ALZ-101, how is this study helping to advance therapeutic progress against Alzheimer's disease?

This is a very interesting study. First, it targets the most probable "culprit" of Alzheimer´s disease: the accumulation of beta-amyloid beta protein in the brain. More importantly, ALZ-101 specifically targets the so called oligomeric forms of beta-amyloid beta that are considered, according to the current knowledgefindings, to be the toxic forms of beta- amyloid beta.

Do you have any comments to how the collaboration between Alzinova AB and you and your department is working?

The collaboration has been very easy and productive. It has been fantastic to be able to be part in this project already from the beginning, like participating in the planning the design and writing the protocol for the study with colleagues. The collaboration with the skillful Alzinova personnel has been regular and intense so we are all the time well in track how things are proceeding. I also appreciate the direct contact to the study sponsor. Nowadays in many studies there are companies in between the investigators and study sponsor making the collaboration more complicated, slower, less efficient and more prone to misinterpretations.

Administration report

The Board of Directors and the Chief Executive Officer of Alzinova AB (corporate identity number: 556861-8168) hereinafter referred to as Alzinova or the Company, hereby submit the Annual Report for the financial year 2021.

Alzinova is a public limited liability company.

About the business

Alzinova AB is a Swedish biopharmaceutical company specialising in the treatment of Alzheimer's disease – one of our major health scourges, without effective treatment options. The Company's proprietary AβCC-peptide™ technology enables the development of disease modifying therapies that with high precision could target the toxic amyloid beta oligomers involved in the onset and progression of the disease. Alzinova's focus is to develop an oligomer-specific vaccine as a long-acting therapy to treat and prevent Alzheimer's disease.

The vaccine candidate, ALZ-101, is in clinical development with a Phase 1b study initiated in the third quarter of 2021. Based on the same technology, the Company is also developing the monoclonal antibody, ALZ-201, which is currently in early preclinical development phase. The aim is to broaden Alzinova's scope of activities and develop ALZ-201 in Alzinova's portfolio of disease modifying therapies. Alzinova was founded by researchers from the MIVAC research center at the University of Gothenburg, in collaboration with GU Ventures.

Significant events during the financial year 2021

First quarter

- Alzinova announced In January that the drug substance for the vaccine ALZ-101 was manufactured and meets the requirements for the upcoming Phase 1b clinical study in patients with Alzheimer's disease.
- As part of the ongoing preparations for the upcoming Phase 1b clinical study, Alzinova announced in February that it had initiated a collaboration with the Clinical Neurochemistry Laboratory at Sahlgrenska University Hospital in Gothenburg to track markers of neurodegenerative change in Alzheimer's disease.

Second quarter

- Alzinova announced in April that the documentation required for the application to start the planned Phase 1b clinical study with the drug candidate ALZ-101 would be ready during June. The study was planned to start during the third quarter.
- Alzinova's Board of Directors was expanded in May with a new member, Anders Blom, who brings experience and expertise in business and corporate development.

Third quarter

- Alzinova presented preclinical data on Alzheimer's disease candidates at the Alzheimer's Association In-ternational Conference (AAIC). The preclinical data support the continued development of Alzinova's lead candidate, ALZ-101.
- Alzinova announced in September that it had obtained approval from the regulatory authorities in Finland, Fimea, to initiate the first clinical trial with the vaccine candidate, ALZ-101.

Fourth quarter

- Alzinova announced in October that the first patient with Alzheimer's disease had been recruited in the Phase 1b study with the vaccine candidate, ALZ-101.
- Alzinova announced in December that the research project evaluating Alzinova's monoclonal antibody, ALZ-201, had been successfully completed in collaboration with Amsterdam University Medical Centers. Data from the project confirm the unique specificity and preclinical effect of the antibody.

Significant events after the end of the financial year

- Alzinova announced in January 2022 that the company had completed work on adapting their antibody to humans and selected a main candidate for its monoclonal antibody for ALZ-201 and that several backup candidates with promising profiles had also been developed.
- Alzinova announced in February 2022 that the Company will receive approximately SEK 2.8 million through the exercise of warrants of series TO2 2020/2022. The exercised warrants corresponded to an exercise rate of approximately 11%.
- Alzinova announced in March that the manufacturing process for the active substance in ALZ-101 had been improved, thus enabling supply of ALZ-101 in the amounts required for Phase 2 clinical trials. Furthermore, a more robust manufacturing process is beneficial for future reliable, cost-effective and GMP (Good Manufacturing Practice) compliant manufacturing.

Financial position

The Company has during the year mainly invested in the development of ALZ-101, a vaccine against Alzheimer's disease. At the turn of the year, the Company had a cash balance of approximately 29 MSEK.

The Company estimates that with the issue proceeds that were added in February 2022 through the exercise of warrants, there will be capital to finance planned operations until the fourth quarter of 2022. Work is underway on various financing alternatives and the Board considers there to be good opportunities to obtain the required financing to ensure continued planned operations in the coming 12 months. The Company can also re-prioritize operations based on the capital available in the Company.

Development of the Company's operations, profit/loss and position

	2021	2020	2019	2018
Net sales	-	-	-	-
Result after financial items	-7 552 006	-6 499 557	-6 189 903	-4 189 311
Earnings per share	-0,48	-0,41	-0,81	-0,56
Total capital	91 691 392	100 815 659	63 531 184	66 087 745
Number of employees	3	3	2	2
Equity ratio, %	96,5	95,2	93,0	96,5

Earnings per share: Result for the year divided by the number of shares at the balance date
Equity ratio: Total equity divided by total capital

Proposed appropriations of the Company's profit or loss

The Board of Directors and the Chief Executive Officer of Alzinova AB propose that available profits, SEK 26,376,358 be distributed as follows:

To be carried forward	26,376,358 SEK
Total	**26,376,358 SEK**

The financial result and position of the Company in general is set out in the income statement and balance sheet below,

Corporate structure and shareholding

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

The share

The Alzinova share was listed on the Spotlight Stock Market on 25 November 2015. As of 11 March 2019, the Company is listed on Nasdaq First North Growth Market. There is one class of shares in the Company. The share entitles to one (1) vote per share. Each share has equal right in shares in the Company's assets and profits. As of 31 December 2021, the number of shares in Alzinova amounted to 15,775,724.

Rights issue

In 2020, the Company carried out a rights issue together with a directed issue, with attached warrants of the TO2 2020/2022 series. Two warrants entitled the holder to subscribe for one new share during the period 24 January - 7 February 2022. In total, 867,590 warrants were exercised, corresponding to approximately to an exercise rate of approximately 11 percent. The subscription price per share was defined as 70% of the volume-weighted average price prior to the subscription period (set at SEK 6.61), with a minimum of SEK 6.50. For comparison, the share price during the subscription period varied between approximately 6.00 and 6.60. The number of shares in the Company increased by 443,795 to a total of 16,209,519 with a total share capital of 4,263,103 SEK. In total, the Company was provided with approximately 2.8 MSEK in capital. For existing shareholders who did not exercise any warrants, the dilution amounted to approximately 3 percent based on the number of shares in Alzinova.

Largest owners as per 30 December 2021

Owner	No. of shares	Capital, %
Försäkrings AB Avanza Pension	1,781,284	11.29
Maida Vale Capital AB	1,734,332	10.99
Nordnet Pensionsförsäkring AB	729,049	4.62
MIVAC Development AB	531,312	3.37
Ola Hermansson, with company	400,000	2.54
Ålandsbanken for owners	311,064	1.97
Sara Gjertz	295,076	1.87
Patrik Ahlvin	232,300	1.47
Özlem Erdogdu Gül	200,000	1.47
Jan Löngårdh	231,985	1.27
Total other owners	9,329,322	59.14
Total all owners	**15,775,724**	**100.00**

Share-based incentive programs

Through a long-term incentive program, the Company's CEO, other executive managers and some board members were invited to acquire warrants of series 2020/2023. A total of 159,165 warrants were acquired the Company's CEO and other executive managers. The warrants may be exercised for the same number of shares during the period from 1 June 2023 to 31 July 2023. If all warrants are exercised, this corresponds to a dilution of the number of shares and votes in the Company by approximately 2% at the date of issuance, and approximately 1% after previous rights issues and the completed T02 2020/2022 share option programme

Risk factors

Alzinova maintains procedures to continuously identify and manage risk factors. At present, it is still difficult to assess how the Covid-19 pandemic will develop and what impact it will have on the Company and its risk factors.

Alzinova is affected by the overall situation and by the decisions made by various local authorities. The primary risk factors that affect the Company are set out below. The impact of the pandemic is detailed where such an impact is identified.

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 preclinical, clinical and registration phases are all associated with risks that may prevent the Company's products from resulting in commercialisable 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 cannot 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.

Alzinova has multiple collaboration agreements with suppliers and manufacturers. The Company is continually evaluating its direct and indirect suppliers, and active measures are being taken to mitigate the effect on the Company's operations.

The Board of Directors finds that Covid-19 thus far has not had any material impact on the operations.

Board of Directors, senior management, and auditor

Board of Directors

Björn Larsson, Chairman of the Board since 2011

Björn has 30 years of experience in international marketing, sales and business development in pharmaceuticals, medical equipment, and biotechnology, including in Novo Nordisk, AstraZeneca and Medtronic. Recently he has held positions as business development and investment manager at GU Ventures and Global Marketing and Communications Director at ABIGO Medical AB and CEO of Observe Medical.

Education: MSc in Mechanical Engineering at Chalmers University.

Other assignments: Vice Chairman of the Board of IML, the trade association of Swedish Innovative small and Middle-sized Life science companies (IML).

Shareholding: 11 115 shares and 16 390 warrants.

Anders Blom, Board member since 2021

Anders has more than 25 years of experience within international finance and business development in the pharmaceutical– and medical device industries. His experience includes Pharmacia & Upjohn, Q-Med AB (publ), partner and CEO at venture capital firm Nexttobe AB and Executive VP and CFO at Oasmia Pharmaceutical AB (publ). In addition, Anders has extensive board experience from pharma- and tech sectors including, but not limited to, Hansa Biopharma AB (publ), Biolamina AB, Delta Projects AB, Selego AB.

Education: BSc in Business Administration and Economics at Uppsala University

Other assignments: Chairman of the board of, Terranet AB (publ), Maida Vale Capital AB, Rosland Nordic AB, and board member of Hunterhex International Inc, Hunterhex AB, Wonderboo AB, Emotra AB and Challengehop Inc.

Shareholding: -

Per-Göran Gillberg, Board member since 2020

Per-Göran has 35 years of experience from the pharmaceutical industry. He has extensive experience in pharmacology and neuro-pharmacology from Kabi/Kabi Pharmacia, Pharmacia/Pharmacia & Upjohn and AstraZeneca. Per-Göran is the founder of Albireo AB and was previously VP Development for Albireo Pharma Inc.

Education: MSc in Chemistry, PhD in Medical Science,
Adjunct Professor of Neuroscience at Uppsala University.

Other assignments: Co-opted to the Center for Alzheimer Research at Karolinska Institute.

Shareholding: 6 000 shares and 10 833 warrants.

Clas Malmeström, Board member since 2015

Clas is a physician at the Neurology clinic and at the laboratory for clinical immunology at Sahlgrenska University Hospital in Gothenburg. Since 2001 he has conducted research within Multiple Sclerosis (MS) at the hospital's Multiple sclerosis centre and the Department of Clinical Neuroscience, University of Gothenburg.

Education: MD and PhD in Medicine, Senior consultant in Neurology and Clinical Immunology.

Other assignments: -

Shareholding: 8 000 shares and 10 000 warrants.

Carol Routledge, Board member since 2018

Carol has more than 30 years of experience in pharmaceutical and biotechnology companies. She has played a key role in GSK Biopharmaceuticals, in immuno-inflammatory diseases and neuroscience. She recently managed a dementia fund with focus on disease-modified mechanisms for the treatment of all different types of dementia. Carol was recently the Director of Research and Managing Director of EDoN, a global early detection initiative at Alzheimer's Research UK and is currently Chief Medical and Scientific Officer at Small Pharma.

Education: BSc, PhD in Neuro Pharmacology.

Other assignments: -

Shareholding: 0 shares and 10 833 warrants.

Pernilla Sandwall, Board member since 2020

Pernilla has 30 years of experience from the pharmaceutical and biotech industry. She has worked with clinical research activities as project manager and manager as well as with strategic work in clinical research at Merck & Co. Inc. (MSD). Pernilla is currently Chief Operating Officer at InDex Pharmaceuticals Holding AB.

Education: MSc in Pharmacy.

Other assignments: Board member of InDex Pharmaceuticals AB, InDex Diagnostics AB and IML, the trade association of Swedish Innovative small and Middle-sized Life science companies (IML).

Shareholding: 0 shares and 10 833 warrants.

Anders Waas, Board member since 2018

Anders has held several senior roles in Astra, AstraZeneca, CV Therapeutics, Actogenics and Tikomed AB. He has previous experience in management, business development and pharmaceutical development.

Education: Trained dentist (DDS).

Other assignments: Chairman of the Board Transmed Gothenburg AB, Iscaff Pharma AB, Sobrera Pharma AB and Sortina Pharma AB. Board member of Toleranzia AB, Gudna Pharma AB and Ectin Research AB.

Shareholding: 0 shares and 0 warrants.

Lena Degling Wikingsson, Styrelseledamot sedan 2020

Lena has 20 years of experience from the pharmaceutical industry. She has extensive experience in regulatory affairs and development of biological drugs and vaccines from Dilafor, Avaris AB, Independent Pharmaceutica AB, SBL Vaccines, Accuro Immunology and the Swedish Medical Products Agency. Lena is currently CEO of Dilafor AB.

Education: MSc in Pharmacy, PhD in pharmaceutical science.

Other assignments: Chairman of the Board in Simplexia AB and Dilafor Incentive AB. Board member of, XNK Therapeutics and Biosergen AB.

Shareholding: 0 shares and 10 833 warrants.

Senior management

Kristina Torfgård, Chief Executive Officer since 2019

Kristina has 30 years of experience in drug development from leading roles in the pharmaceutical and biopharma industry. She has previously worked at AstraZeneca with research and development in both early and late phase and has been globally responsible for marketed products. Kristina has also worked at the biopharma company Albireo AB/Pharma Inc, as VP Clinical & Regulatory Affairs and VP Global Project Head.

Education: MSc Pharmacy, PhD in Clinical Pharmacology.

Other assignments: Board member of GU Ventures

Shareholding: 6 000 shares and 55 000 warrants.

Anders Sandberg, Chief Scientific Officer since 2015

Anders is one of Alzinova's co-founders and was also CEO of the company during a transitional period. He has more than 20 years of experience in protein research with an emphasis on neurotoxic peptide aggregates. Previously, as Chief Operating Officer, he was responsible for many areas of the company. He is also a co-inventor of Alzinova's AβCC technology and has been a deputyr Board member since 2011.

Education: PhD in Chemistry.

Other assignments: -

Shareholding: 185 193 shares and 10 500 warrants.

Håkan Skogström, Chief Financial Officer since 2020

Håkan has 20 years of experience from leading finance positions in the shipping industry. He has previously worked as CFO and CEO at a privately owned Swedish shipping company with international operations where he has been involved in building the company. Håkan was CFO for Safe at Sea AB.

Education: BSc Business and Economics, Small business management.

Other assignments: -

Shareholding: 6 000 shares and 21 000 warrants.

Anders Bylock, Chief Medical Officer since 2019

Anders has more than 25 years of experience in drug development in both preclinical and phase I-IV clinical studies, as well as registration work on intra-EU approved medicines. He has worked at MSD Sweden, held leading positions at AstraZeneca and as Senior Global Director at Boehringer Ingelheim GmbH & Co KG in Germany.

Education: Licensed Physician, specialist in thoracic surgery. Associate Professor and Doctor of Medicine.

Other assignments: CMO, Aptahem AB.

Shareholding: 0 shares and 0 warrants.

Stefan Pierrou Development Project Director since 2021.

Stefan has 25 years experience of drug discovery and development. He has worked as a pre-clinical research manager and early clinical project leader to bring compounds for clinical testing and beyond. Stefan worked at AstraZeneca in different project leading and managerial roles in research and development. He also works as a senior consultant supporting smaller biotech and drug development companies

Education: MSc Chemical Engineering, Certified Project Manager.

Other assignments: Senior Advisor, MC Incubator.

Shareholding: 900 shares.

Auditor

Ernst & Young AB is the company's auditor, with Andreas Mast as auditor-in-charge since 2019. Andreas Mast is an Authorized Public Accountant and a member of FAR, the Swedish Institute of Authorized Public Accountants.

Financial reports

Income statement

SEK	Notes	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Net sales		-	-
Own work capitalized	5	17,321,738	14,898,034
		17,321,738	**14,898,034**
Operating expenses			
Other external expenses	2	-19,025,906	-17,233,465
Personnel expenses	3	-5,815,184	-4,163,207
Operating result		**-7,519,352**	**-6,498,638**
Result from financial items			
Interest expenses		-32,654	-919
Result after financial items		**-7,552,006**	**-6,499,557**
Result before tax	4	**-7,552,006**	**-6,499,557**
Result for the year		**-7,552,006**	**-6,499,557**

Balance sheet

SEK	Noter	2021-12-31	2020-12-31
ASSETS			
Fixed assets			
Intangible assets			
Capitalized expenditure for development work	5	60,015,227	42,693,489
Patent	6	1,632,086	1,632,086
		61,647,313	**44,325,575**
Total fixed assets		**61,647,313**	**44,325,575**
Current assets			
Short term receivables			
Tax receivables		129,296	102,510
Other receivables		575,385	338,076
Prepaid expenses and accrued income		503,861	72,457
		1,208,542	**513,043**
Cash and cash receivables		**28,835,537**	**55,977,041**
Total current assets		**30,044,079**	**56,490,084**
TOTAL ASSETS		**91,691,392**	**100,815,659**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		4,149 015	4,149,015
Fund for development costs		57,946,386	40,624,648
		62,095,401	**44,773,663**
Unrestricted equity			
Share premium		118,872,676	118,872,676
Retained result		-84,944,312	-61,123,017
Result for the year		-7,552,006	-6,499,557
		26,376,358	**51,250,102**
Total equity		**88,471,759**	**96,023,765**
Long term liabilities			
Other long term liabilities	7	800,000	800 000
		800,000	**800 000**
Current liabilities			
Accounts payable		792,374	1,911,584
Other current liabilities		570,137	511,453
Accrued expenses and prepaid income		1,057,122	1,568,857
		2,419,633	**3,991,894**
TOTAL EQUITY AND LIABILITIES		**91,691,392**	**100,815,659**

Change in equity

SEK	Share capital	Fund for development costs	Share premium	Retained result incl. result for the year	Total equity
At the beginning of the year	**4,149,015**	**40,624,648**	**118,872,676**	**-67,622,574**	**96,023,765**
Transfer within equity		17,321,738		-17,321,738	0
Net result for the year				-7,552,006	-7,552,006
At the end of the year	**4,149,015**	**57,946,386**	**118,872,676**	**-92,496,318**	**88,471,759**

Cash flow statement

SEK	Noter	2021-01-01 2021-12-31	2020-01-01 2020-12-31
OPERATING ACTIVITIES			
Result after financial items		-7,552,006	-6,499,557
Adjustments for items not included in cash flow		-	-
Cash flow from operating activities before change in working capital		**-7,552,006**	**-6,499,557**
Cash flow from change in working capital			
Increase (-)/Decrease (+) in operating receivables		-695,499	-137,655
Increase (+)/Decrease (-) in operating liabilities		-1,572,261	371,484
Cash flow from operating activities		**-9,819,766**	**-6,265,728**
Investing activities			
Acquisition of intangible fixed assets	*5,6*	-17,321,738	-14,903,387
Cash flow from investing activities		**-17,321,738**	**-14,903,387**
Financing activities			
Subscription warrants		-	280,130
Share issue		-	53,082,765
Transaction costs share issue		-	-9,950,347
Cash flow from financing activities		**0**	**43,412,548**
Cash flow for the year		**-27,141,504**	**22,243,433**
Cash and cash equivalents at the beginning of the year		**55,977,041**	**33,733,608**
Cash and cash equivalents at the end of the year		**28,835,537**	**55,977,041**

Notes

Note 1, Accounting policies

All amounts in SEK unless otherwise specified.

General accounting policies

This annual report is prepared in accordance with the Swedish Annual Accounts Act and pursuant to the general recommendations of the Swedish Accounting Standards board BFNAR 2012:1 Annual accounts and consolidated financial statements (K3).

Valuation policies, etc.

Assets, provisions and liabilities are measured at cost unless otherwise specified below.

Intangible fixed assets

Research and development costs

Development costs are recognized according to the capitalization model. That means expenditures arising during the development phase are reported as assets when all of the following prerequisites are met:

- It is technically possible to complete the intangible fixed asset for use or sale.
- The intention is to complete the intangible fixed asset and to use it or sell it.
- There are prerequisites for using or selling the intangible fixed asset.
- It is likely that the intangible fixed asset will generate future economic benefits.
- Sufficient and adequate technological, financial and other resources are available to complete the development and use or sell the intangible asset.
- The costs that are attributable to the intangible asset can be calculated reliably.

Other intangible fixed assets

Other intangible fixed assets acquired by the Company are recognized at cost less accumulated amortization and impairment losses.

Amortization

Amortization is recognized on a straight-line basis over the asset's estimated useful life, and as an expense in the income statement. No amortizations have been recorded during the year. Amortization will be recognized when the products are commercialized.

Depreciation - tangible fix assets

At each balance sheet date, an assessment is made as to whether there is any indication that an asset value is lower than its carrying amount. If such an indication exists, the asset's recoverable amount is calculated.

The recoverable amount is the highest of the fair value less costs to sell and the value in use. The value in use is calculated as the present value of future cash flows that the asset is expected to generate in the operating activities as well as when it is sold or scrapped. The discount rate applied is before tax and reflects assessments, based on market conditions, of the time value of money and the risks associated with the asset. An impairment loss recognized in prior periods is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last recognition of impairment loss.

Receivables

Receivables are recognized at the amount that is considered to be collectable based on an individual assessment.

Revenue

Revenue is measured at the fair value of the consideration received or receivable. It is recognized as revenue when it can be reliably calculated, when it is likely that the financial benefits arising from it will be available to the Company, and

when the costs incurred or expected to be incurred in respect of the transaction can be measured reliably.

Public grants

Public grants that are not contingent on future performance are recognized as revenue when the conditions for the award of the grant are satisfied. Public grants that are contingent on future performance are recognized as revenue when the performance is delivered. If the grant has been received before the satisfaction of the associated conditions, the grant is recognized as a liability.

A public grant attributable to the acquisition of a fixed asset is recognized as a decrease in the acquisition cost of the asset.

Note 2, Operational leasing - lessee

	2021	2020
Office rent	41,515	102,023
Total	**41,515**	**102,023**

Future years' rent is estimated at an annual cost of 55,360 SEK.

Note 3, Employee and personnel costs

	2021	2020
Average number of employees	3	3
Total	**3**	**3**

Note 4, This year's tax expense

	2021	2020
Current tax for the year	-	-
Total	**-**	**-**

Total unused deferred tax assets amount to SEK 44,437,510.

Note 5, Capitalized expenditure for development work

	2021	2020
Accumulated acquisition values		
Beginning of the year	42,693,489	27,795,455
Capitalized during the year	17,321,738	14,898,034
Capitalization financed by contributions	-	-
Accounted values at end of the year	**60,015,227**	**42,693,489**

Acquisition values have been reduced with public contributions from VINNOVA with 240,741 SEK (2013), 206,792 SEK (2014), 75,561 SEK (2015), 10,668 SEK (2016), 307,455 SEK (2017) and 145,497 SEK (2018).

Note 6, Patent

	2021	2020
Accumulated acquisition values		
Beginning of the year	1,632,086	1,626,733
Capitalized during the year	-	5,353
Capitalization financed by contributions	-	-
Accounted values at end of the year	**1,632,086**	**1,632,086**

Acquisition values have been reduced with public contributions from Innovationsbron with 80,000 SEK (2013) and VINNOVA with 50,145 SEK (2015) and 100,000 SEK (2019).

Note 7, Other long-term liabilities to credit institutes

	2021	2020
Västra Götalandsregionen	-800,000	-800,000
Summa	**-800,000**	**-800,000**

The loan is conditional and is not subject to an amortization schedule. Obligation to repay the debt arises in conjunction with the exploitation of projects. The creditor may also cancel the debt if the result for which financing has been requested is not achieved.

Note 8, Pledged assets and contingent liabilities

	2021	2020
Pledged assets	None	None
Contingent liabilities	None	None

Note 9, Definitions of key figures

Total balance sheet: Total assets
Solidity: Total equity including equity part of untaxed reserves divided with total assets.

Note 10, Significant events after the balance sheet date

- Alzinova announced in January 2022 that the company had completed work on adapting their antibody to humans and selected a main candidate for its monoclonal antibody for ALZ-201 and that several backup candidates with promising profiles had also been developed.
- Alzinova announced in February 2022 that the Company will receive approximately SEK 2.8 million through the exercise of warrants of series TO2 2020/2022. The exercised warrants corresponded to an exercise rate of approximately 11%.
- Alzinova announced in March that the manufacturing process for the active substance in ALZ-101 had been improved, thus enabling supply of ALZ-101 in the amounts required for Phase 2 clinical trials. Furthermore, a more robust manufacturing process is beneficial for future reliable, cost-effective and GMP (Good Manufacturing Practice) compliant

Signatures

Gothenburg April 13, 2022

Björn Larsson
Charirman of the boad

Anders Blom
Board member

Per-Göran Gillberg
Board member

Clas Malmeström
Board member

Carol Routledge
Board member

Pernilla Sandwall
Board member

Anders Waas
Board member

Lena Degling Wikingsson
Board member

Kristina Torfgård
Chief Executive Officer

Our auditor's report was submitted on 13 April 2021
Ernst & Young AB

Andreas Mast
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of Alzinova AB, corporate identity number 556961 - 8168

Report on the annual accounts

Opinions

We have audited the annual accounts of Alzinova AB for the year 2021. This document contains other information on pages 2 – 21 and 42 – 43. The Company's annual accounts can be found on pages 22 – 38 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Alzinova AB as of December 31, 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. Our opinion does not include the other information on pages 2 – 21 and 42 – 43. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Alzinova AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information than the annual accounts

The Board of Directors and the Managing Director are responsible for the other information.

The other information can be found on pages 2 – 21 and 42 – 43 but does not include the annual accounts, consolidated accounts and our auditor's report thereon.

Our opinion on the annual accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors and the Managing Director are responsible for the assessment of the Company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors

and the Managing Director intend to liquidate the Company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on t he basis of these annual accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresen¬tations, or the override of internal control.
- Obtain an understanding of the Company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of Alzinova AB for the year 2020 and the proposed appropriations of the Company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Alzinova AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the Company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the Company's type of operations, size and risks place on the size of the Company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the Company's organization and the administration of the Company's affairs. This includes among other things continuous assessment of the Company's financial situation and ensuring that the Company's organization is designed so that the accounting, management of assets and the Company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the Company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the Company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the Company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the Company, or that the proposed appropriations of the Company's profit or loss are not in accordance with the Companies Act.

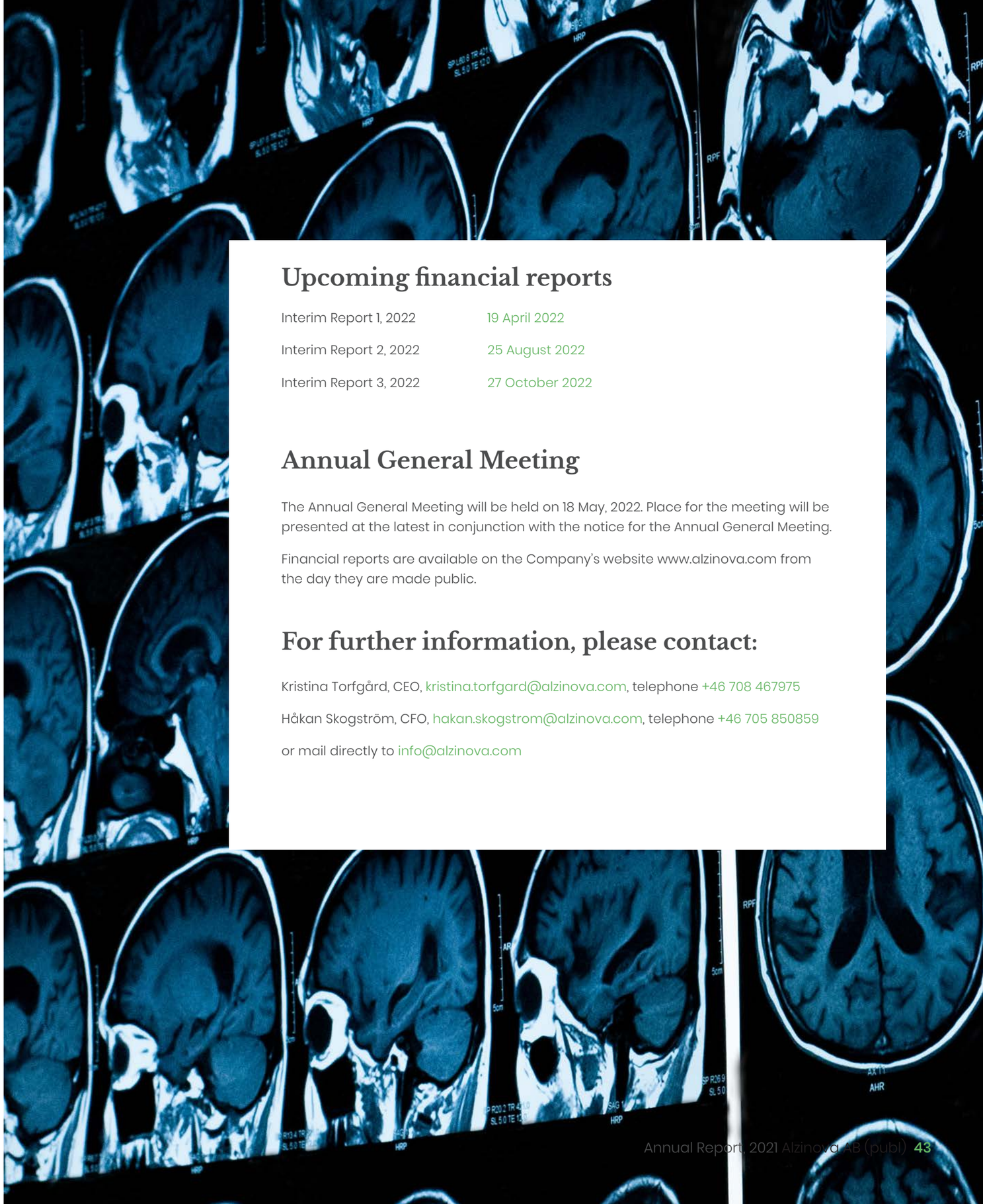
As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the Company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the Company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the Company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Gothenburg April 13, 2022
Ernst & Young AB

Andreas Mast, Authorized Public Accountant

Definitions
and abbreviations

amyloid-beta	a peptide (part of a protein) produced by the body that can aggregate in the brain and cause Alzheimer's disease
Aβ42	amyloid-beta 42
active immunotherapy	treatment that stimulates the body's immune system to attack toxic substances (a vaccine)
aggregated	clumped together
biomarker	a measurable indicator of a disease
clinical study	a study of a medicine conducted on humans
GLP	Good Laboratory Practice
MCI	mild cognitive impairment
monoclonal antibody	one type of antibody made by cloning a unique white blood cell
neurotoxic	dangerous or poisonous to the brain
oligomers	aggregated proteins or peptides, used to designate soluble peptide clumps
passive immunotherapy	antibody treatment that targets for the body harmful substances
peptide	part of a protein (a small chain of amino acids too small to be classified)
symptomatic treatment	relieves the symptoms of the disease but doesn't affect the underlying cause
transgenic mouse	gene-modified mouse with human genes



Upcoming financial reports

Interim Report 1, 2022	19 April 2022
Interim Report 2, 2022	25 August 2022
Interim Report 3, 2022	27 October 2022

Annual General Meeting

The Annual General Meeting will be held on 18 May, 2022. Place for the meeting will be presented at the latest in conjunction with the notice for the Annual General Meeting.

Financial reports are available on the Company's website www.alzinova.com from the day they are made public.

For further information, please contact:

Kristina Torfgård, CEO, kristina.torfgard@alzinova.com, telephone +46 708 467975

Håkan Skogström, CFO, hakan.skogstrom@alzinova.com, telephone +46 705 850859

or mail directly to info@alzinova.com

Alzinova AB is a Swedish clinical-stage biopharma company specialising in the treatment of Alzheimer's disease by targeting neurotoxic *amyloid-beta-oligomers*. The lead candidate, ALZ-101, is a therapeutic vaccine for the treatment of Alzheimer's. Alzinova's proprietary AβCC peptide™ technology enables the development of disease-modifying therapies that target the toxic *amyloid-beta-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 aroud 40 million people afflicted today. In addition, the antibody ALZ-201, in early preclinical development, was generated with the same AβCC peptide™ technology and the ambition is to further expand the pipeline.

Alzinova AB
(coprorate identity no. 556861-8168)

AstraZeneca BioVentureHub
Pepparedsleden 1
SE-431 83 Mölndal
Sverige

alzinova

www.alzinova.com