ANNUAL REPORT 2018

AlzeCure

CONTENTS

THIS IS ALZECURE PHARMA

AlzeCure Pharma AB is a Swedish pharmaceutical company engaged in innovative drug research with a primary focus on Alzheimer's disease. The company is listed on Nasdaq First North Premier and is developing five drug candidates based on its two research platforms, NeuroRestore and Alzstatin. The NeuroRestore platform comprises symptom-relieving drug candidates while Alzstatin comprises disease-modifying and preventive drug candidates. A diversified portfolio of drug candidates that act on central signaling pathways in the brain also opens up for other indications such as cognitive dysfunctions in traumatic brain injury (TBI), sleep apnea and Parkinson's disease.

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For further information, please visit our website at www.alzecurepharma.se.

SIGNIFICANT EVENTS, 2018

- During the summer, the company carried out a targeted new share issue, raising proceeds of around SEK 40 million.
- Ellen Donnelly was elected to the board at the AGM on May 16, further reinforcing and broadening board expertise.
- Preclinical testing of ACD855, the company's leading drug candidate in the NeuroRestore research platform, was concluded in July and the clinical phase I study was begun in December.
- An extraordinary shareholders' meeting was held on October 15, 2018. The meeting resolved to issue a stock dividend, change the incorporation form to public and elect Pirkko Sulila Tamsen as a member of the Board. Pirkko has many years' experience from development companies in the pharmaceutical sector as well as research, entrepreneurship and management in knowledge-based enterprises.
- The Board resolved to list the company's shares on Nasdaq First North Premier, which took place on November 28. The new share issue in conjunction with the listing brought in SEK 200 million before transaction expenses, and the capital raised ensures the company's ability to carry out planned studies.
- In December, the company was granted the necessary public authority approvals to begin clinical phase I trials with ACD855, the company's drug candidate in the NeuroRestore platform. The company dosed the first subjects in the study shortly thereafter.

Multi-year overview

SEK thousand	2018	2016/17
	1/1/2018 12/31/2018	11/22/2016 12/31/17
Net sales	0	0
Profit/loss after financial items	-35,985	-10,822
Total assets	237,782	55,971
Cash and cash equivalents	234,549	53,952
Equity/assets ratio (%)	98.0	92.6
Earnings per share, before and after dilution	-1.58	-0.79
Number of outstanding shares	37,765,715	18,880,000
Number of employees	2	1

A WORD FROM THE CEO

Humanity's tireless struggle to cure diseases and discover new and better medicines continues. While we've witnessed a number outstanding scientific successes over the years that have cured countless patients and alleviated great suffering, a great many serious indications and a huge unmet medical need still exist. These especially include Alzheimer's disease – a deadly neurodegenerative disease that still lacks effective treatments. This serious disease affects millions of people worldwide and costs society billions every year.

> *"The time is right. There is enormous need, and research has made giant strides.*

AlzeCure is working on new treatments for the disease in both the preventive and symptomatic settings. Our unique Alzstatin and NeuroRestore research platforms focus on two key findings in the disease – the accumulation of Aβ amyloid (as plaque) in the brain and the disruption of normal nerve cell function that lead to the symptoms of the disease. AlzeCure has a diversified portfolio with several drug candidates and the company's focus during 2018 was on progressing the lead candidates toward the clinic.

AlzeCure enjoyed a very eventful 2018, further developing and extending its two research platforms to cover the current total of five drug candidates in its portfolio. This not only presents better opportunities for proceeding all the way to patients and the market, but also enhances the potential for several indications in addition to Alzheimer's such as cognitive disorders in TBIs, Parkinson's and sleep apnea as well as possible eye/ear indications. We plan to have two or three drug candidates in clinical trials in 2020.

The company carried out a targeted new share issue in June to enable planning and procurement for the clinical phase I trials with ACD855, our leading drug candidate in the NeuroRestore platform. During the summer, we also concluded the final preparatory preclinical studies for ACD855 prior to submission of the regulatory documents required to enable clinical trials to begin.

In the late fall, the company received approval from the Swedish Medical Products Agency and the relevant ethics committee to begin clinical phase I trials, and in December we began administering doses to the first subjects in this double-blind,

placebo-controlled, randomized first-in-man trial to evaluate safety, tolerance, pharmacokinetics and CNS pharmacodynamics for ACD855. Trial commencement follows the schedule set for this leading drug candidate designed to treat patients suffering from diseases with cognitive disorders such as Alzheimer's.

The commencement of this trial is an important milestone for us. ACD855 has the potential to improve cognitive performance in several different diseases, including Alzheimer's, and may thus become a very important treatment for improving the quality of life in patients.

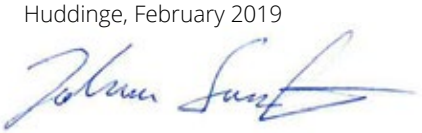
In our Alzstatin disease-modifying drugs platform, ACD679 – the leading drug candidate – has begun the important safety pharmacological and toxicological studies necessary before clinical trials may begin. There is an urgent need for this type of treatment, and a disease-modifying therapy for Alzheimer's is expected to generate more than USD 10 billion in annual sales. Alzstatin focuses on reducing the production of amyloidogenic Aβ in the brain. The target mechanism is confirmed by recently reported study results (the BAN2401 study) which we believe validate the amyloid hypothesis and thus Alzstatin's focus. We have also recently seen major advances in the diagnostic field, which is important for the ability to identify appropriate patients for our upcoming clinical studies.

AlzeCure consists of a strong team with extensive experience in industrial drug development. Our scientists worked with Alzheimer's and other neurodegenerative diseases for many years before we founded AlzeCure. The team's expertise covers the full extent of the drug development value chain. During the year, the company further strengthened the project teams with capabilities that include clinical research to make sure the necessary expertise is available for the projects' continued progress. In 2018, AlzeCure was also able to strengthen an already very competent board when it welcomed Ellen Donnelly and Pirkko Sulila Tamsen to the Group. The Board not only contributes important, long-standing knowledge in industrial pharmaceutical research, clinical development and commercial expertise in the field, but also committed entrepreneurship and an extensive network.

AlzeCure's foremost goal for 2018 was to go public, and this took place when the company was listed on Nasdaq First North Premier at the end of November. In connection with this, a new share issue was undertaken which was oversubscribed despite the tough prevailing market climate – a most gratifying sign of strength for the company. The listing on Nasdaq First North Premier gives AlzeCure access to capital markets and creates liquidity in the company's shares. It also means AlzeCure gains new shareholders who will not only strengthen the company's development, but who are also expected to have a positive effect on the company's relations with collaborative partners and potential customers.

Thus 2019 will be an exciting year with several activities progressing in parallel in the two research platforms, both in clinical trials and preclinical research. The SEK 200 million capital raised in connection with our listing on Nasdaq First North Premier has provided us with the necessary financial resources to continue development of our compounds toward the clinic and patient. We have gained many new shareholders through the listing, and I would like to bid you all a warm welcome to AlzeCure Pharma. I would like to take this opportunity to thank all shareholders for their important support, and I hope you find the future developments AlzeCure is looking forward to both interesting and exciting. Finally, I would also like to give a special mention to AlzeCure's employees, without whose skills, energy, hard work and focus we had not been able to bring the company to the position it enjoys today.

Huddinge, February 2019



Johan Sandin

ALZECURE PHARMA IN BRIEF

Operation

AlzeCure Pharma is a Swedish pharmaceutical company actively engaged in research and development of innovative and effective drugs for brain diseases and with a primary focus on Alzheimer's disease.

The company is developing five primary drug candidates based on its two research platforms, NeuroRestore and Alzstatin. NeuroRestore consists of symptom-relieving drugs where the primary drug candidate, ACD855, began clinical phase I studies in December 2018. The company's other platform, Alzstatin, comprises disease-modifying and preventive drugs.

AlzeCure is planning for two or three of the company's drug candidates to be in clinical trials during 2020. A diversified portfolio of drugs that act on central signaling pathways in the brain also offers prospects for other indications such as sleep apnea, cognitive disorders from traumatic brain injuries and Parkinson's disease.

AlzeCure's organization, which comprises research, development and the management group, possesses more than 100 years' joint experience from global pharmaceutical companies. The company's current management group was formerly part of AstraZeneca's neurology and pain research unit where they were involved at the center of research and development of both symptomatic and disease-modifying drugs for the treatment of Alzheimer's disease.

AlzeCure's drug candidates act on signal pathways that are genetically linked to Alzheimer's, which greatly increases the prospect of success. The drug candidates are orally available small molecule-based drugs that are well suited for cost effective long-term treatment. The company bases the clinical tests on validated biomarkers and preclinical methods with good translation to humans.

History

2012

- AlzeCure Foundation formed. AstraZeneca decides to focus its internal development on CNS candidates in late clinical development phases. AlzeCure's current management team is offered the opportunity to further develop innovative therapies for Alzheimer's and related diseases in the recently started AlzeCure Foundation.

2013

- The foundation begins research and development at the Karolinska Institutet Science Park in Solna.

2016

- AlzeCure Pharma was founded due to the great commercial potential of the main drug candidates. NeuroRestore is the outcome of in-house research, while Alzstatin derives from AstraZeneca's research portfolio, where the project was begun on the initiative of AlzeCure's scientists.

2017

- In June, the company carries out its first financing round in the amount of SEK 70 million before issue expenses.

2018

- In July, the company carries out its second financing round in the amount of SEK 40 million aimed at financing phase I studies for ACD855.
- Preclinical testing of ACD855 was concluded in July.
- IMPD (application to commence studies in humans) for ACD855 submitted in October
- Listing takes place on Nasdaq First North Premier.
- The necessary public authority approvals to begin phase I studies for ACD855 were granted and the company began dosing the first subjects in December.

Vision

AlzeCure's vision is to become the leading research company developing groundbreaking drugs for Alzheimer's and other serious diseases.

Strategy

AlzeCure Pharma's strategy is to develop a broad portfolio of symptom-relieving, disease-modifying and preventive drugs for Alzheimer's and other serious illnesses through work based on the following four guidelines:

The right patient: Focusing on genetically, clinically and pathologically defined diseases to increase the ability of clinical effect.

The right mechanism: The treatment acts on genetically associated signal pathways in Alzheimer's disease and other indications.

The right clinical testing: The clinical studies are based on validated biomarkers and preclinical methods with good translation to humans.

The right treatment: Small-molecule drugs that penetrate the blood brain barrier (BBB) and which are designed for safe, efficacious long-term treatment.

AlzeCure is evaluating possibilities for future collaboration agreements and commercial licensing agreements with leading pharmaceutical companies that can contribute R&D, manufacturing, commercialization and geographical reach to enhance the value of the Company's drug platforms and drug candidates.

Strengths and competitive advantages

AlzeCure considers itself to have a number of strengths and competitive advantages that increase the likelihood of success in the clinical trials:

- An organization with extensive experience from industrial drug development.
- The indications' clear basis in a genetic link to signal pathways and biological profiles, and thus validated target mechanisms.
- The drugs are based on orally available small molecules and being low cost they enable long-term treatment.
- Drug development driven by biomarkers and translational trials.
- An innovative, differentiated portfolio comprising both disease-modifying and symptom-relieving drug candidates and a back-up program for Alzheimer's and related diseases.
- A strong safety profile in the drug candidates' mechanisms of action.

Market trends affecting AlzeCure

Increased social costs for neurodegenerative diseases.
Costs associated with neurodegenerative diseases are rising and constitute a substantial part of the public healthcare system. These burgeoning costs increase the need for disease-modifying and/or preventive treatments appreciably.

An increasing need for treatment due to an aging population.
Old age is the greatest risk factor in dementia-related illnesses such as Alzheimer's. Life expectancy is anticipated to rise globally as a result of improving living standards. The greatest growth in aging populations is expected to take place in low to middle-income countries.

Major pharmaceutical companies are allocating investments in CNS-related illnesses to specialized research projects.
An increasing number of major pharmaceutical companies are starting investment funds aimed at smaller research companies and drug companies, as this is where a great deal of innovation takes place. The trend favors smaller R&D companies as opportunities for licensing agreements concerning the research, development and commercialization of drug candidates are increasing.

ALZHEIMER'S DISEASE

Alzheimer's is the most common form of dementia, with around 60-70 percent of all dementia cases stemming from this illness. It is a deadly disease that has a huge impact on sufferers and their relatives alike. Yet despite this, there is currently a lack of preventive and disease-modifying treatments.

Alzheimer's disease causes nerve cells in the brain to die. The parts of the brain usually affected are the hippocampus (the brain's memory center), the temporal and parietal lobes. The disease starts with Aβ protein beginning to clump in the brain, which ultimately form the amyloid plaques so characteristic of the illness. These have a negative impact on nerve cell function and lead, inter alia, to changes in the levels of neurotransmitters in the brain. These neurotransmitters, such as acetylcholine and glutamate, are necessary for nerve cells to communicate with each other and for the normal operation of the brain. With time, the ability of nerve cells to survive also deteriorates.

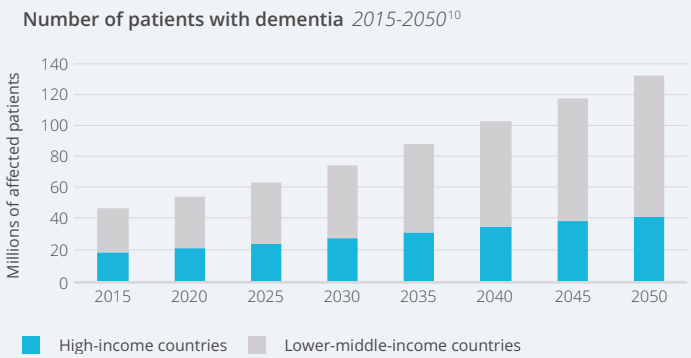
The reasons why some individuals develop the disease while others do not are as yet unknown, but it is clear that accumulations of Aβ amyloid in the brain play a central part in Alzheimer's. The most common risk factors for developing Alzheimer's are old age and genetic proclivity. The disease may appear early, between the ages of 40 and 65, but is most common after 65.

Today, substantial sums are invested in medical research into Alzheimer's due to the extensive human suffering, and the costs to healthcare and society are considerable. Total global costs for dementia-related illnesses are estimated at around USD 1 trillion globally in 2018[1]. The lack of effective symptomatic treatments and efficacious treatments for the course of the disease represent an urgent medical need. The few approved drugs sold in today's market have only a limited symptom-relieving effect and entail problematic side effects. Thus there is a very urgent medical need for new symptom-relieving and disease-modifying treatments. A disease-modifying therapy for Alzheimer's is considered capable of generating more than USD 10 billion in annual sales.

Symptoms

Usually, the first signs of Alzheimer's are impaired memory, difficulties in finding words, expressing oneself and understanding. Difficulties with the concept of time are also common. Eventually, sufferers experience orientation problems in their surroundings, and difficulties reading, writing and counting or managing practical tasks. Some have problems with perception and difficulty in recognizing what they see, and reasoning and planning become more difficult. With the passage of time, sufferers become more and more dependent on help from relatives and/or care services. Because a characteristic of the disease is its gradual onset, it can be difficult to identify when the problems actually began. Symptoms may also vary from person to person.

The figure on the right shows the anticipated increase in the number of dementia cases for the period 2015–2050. The greatest increase in the number of dementia and Alzheimer's cases is expected to take place in low to medium-income countries (LMIC) as they are anticipated to show greater relative improvement in quality of life than high income countries (HIC), which will lead to an increase in life expectancy. There continues to be an urgent need for treatments as there is currently a lack of satisfactory treatment options for dementia sufferers.

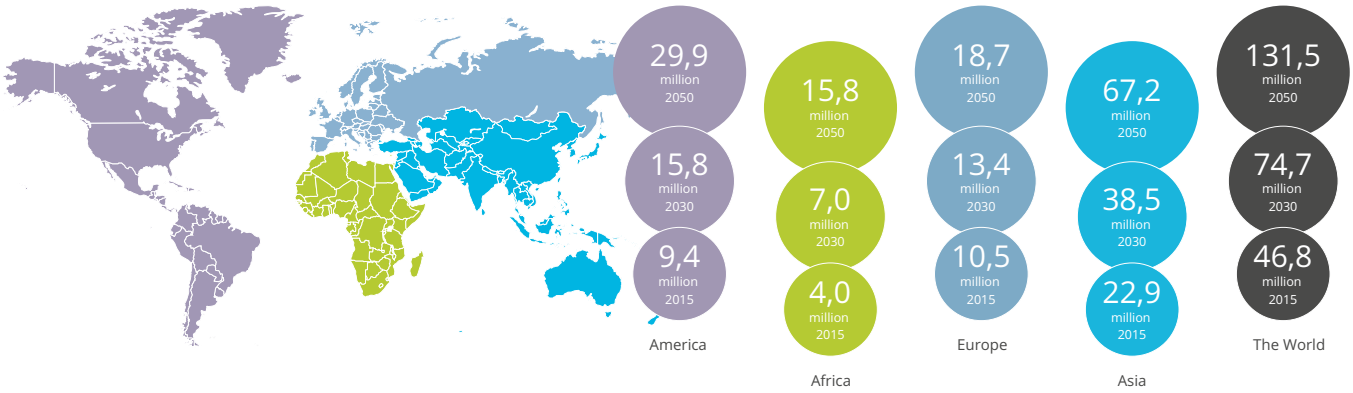


1) Wimo et al., Alz.Dem. (2017) 12;1–7

Prevalence

It is estimated that around 150,000 people in Sweden are living with dementia diseases, a figure that is expected to double by 2050. Every year, around 25,000 people are affected, resulting in major care and healthcare costs for society. The direct costs in Sweden are greater than those caused by cancer and cardiovascular diseases together.

As previously mentioned, Alzheimer's is the most common form of dementia, and worldwide around 47 million people were estimated to be living with dementia-related diseases in 2015, a figure that is expected to rise to 75 and 132 million sufferers by the years 2030 and 2050 respectively. Geographical distribution and the anticipated increase in dementia is shown in the figure below.



Treatment

Today there are two classes of symptomatic drugs for the treatment of Alzheimer's disease.

- **Cholinesterase Inhibitors:** The drug allows the neurotransmitter acetylcholine to work longer in the brain and thus boost nerve cell communications. The drug does not "slow down" progression of the illness, it only relieves the symptoms.
- **NMDA inhibitors:** The drug affects glutamate signaling, which plays an important part in nerve cell communications.

However, the effect of cholinesterase and NMDA inhibitors is usually limited and associated with side effects. The need for alternative drugs with better symptom-relieving effect and fewer side effects is thus urgent.

AlzeCure's NeuroRestore and Alzstatin platforms act in a completely different manner in their treatment of the disease than the drugs described above. NeuroRestore seeks to improve communication between nerve cells by means of a unique mechanism so that memory function is improved in the patient while also avoiding difficult side effects. Alzstatin is aimed at preventing the very occurrence of the illness by acting on and preventing the formation of amyloid plaque.

ALZECURE PHARMA'S BUSINESS FOCUS

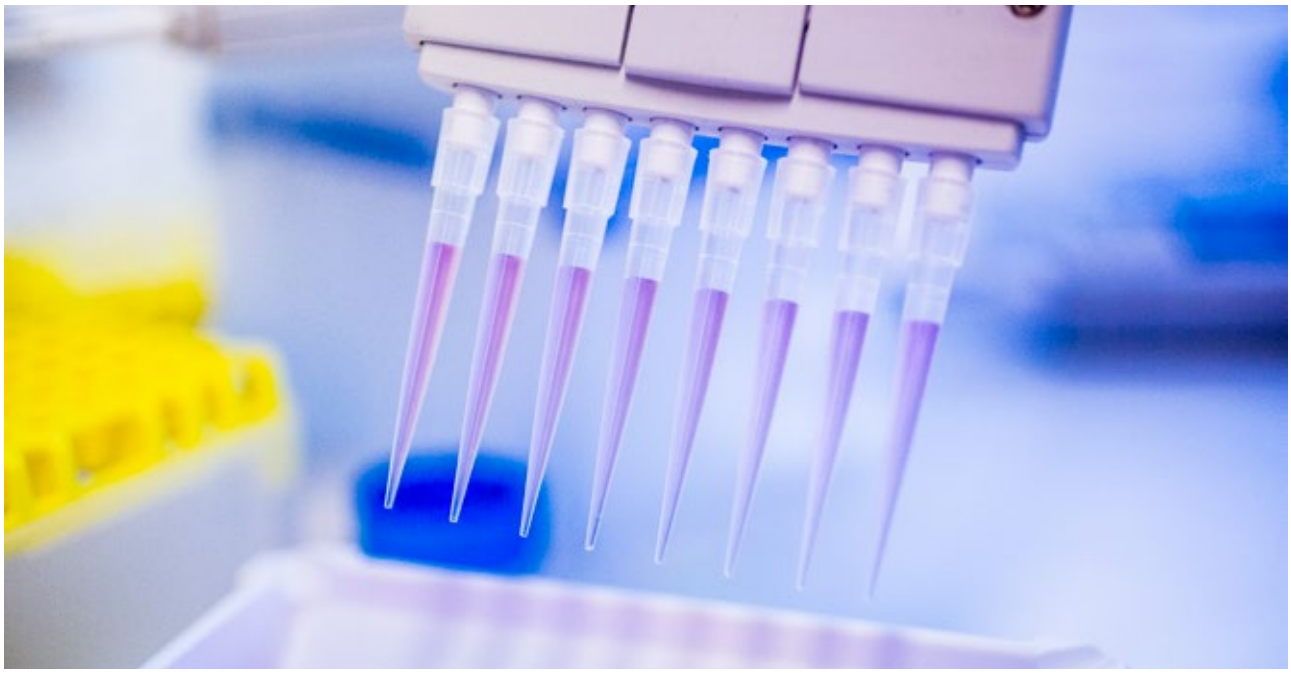
AlzeCure Pharma's primary focus is Alzheimer's. The company is developing five drug candidates based on two research platforms: NeuroRestore and Alzstatin.

NeuroRestore consists of symptom-relieving drugs where the primary drug candidate, ACD855, began planned clinical phase I studies on schedule in December 2018. Our other platform, Alzstatin, comprises disease-modifying and preventive drugs. We are planning to have two or three of our drug candidates in clinical trials during 2020. A diversified portfolio of drugs that act on central signaling pathways in the brain also offers prospects for other indications such as sleep apnea, cognitive disorders from traumatic brain injuries and Parkinson's disease.

AlzeCure's research, development and management groups possess more than 100 years' joint experience of drug development from global pharmaceutical companies. The company's current management group was formerly part of AstraZeneca's neurology and pain research unit where they were involved at the center of research and development of both symptomatic and disease-modifying drugs for the treatment of Alzheimer's disease.

For further information, refer to the section on AlzeCure's project portfolio.

AlzeCure currently has three patent families.



ALZECURE PROJECT PORTFOLIO

AlzeCure is developing five drug candidates based on the research platforms NeuroRestore and Alzstatin.

- A new generation of symptom-relieving drugs is being developed in the NeuroRestore program.
- Disease-modifying and preventive drugs are being developed in the Alzstatin program.

AlzeCure is planning to include two or three of the company's drug candidates in clinical trials during 2020. A diversified drug portfolio also offers prospects for other indications such as sleep apnea, cognitive disorders from traumatic brain injuries and Parkinson's disease.

The company has three candidates in the NeuroRestore platform and two candidates in the Alzstatin platform as can be seen in the illustration below.

Alzecure's pipeline

Platform	Candidate	Indication	Research phase	Preclinical phase	Phase I	Phase II	Phase III
NeuroRestore	ACD855	Sleep disruptions, traumatic brain injuries, Alzheimer's disease					
	ACD856	Alzheimer's Disease					
	ACD857	Eye/Ear indications					
Alzstatin	ACD679	Alzheimer's Disease					
	ACD680	Alzheimer's Disease					

Planned In progress Completed

NeuroRestore

In Alzheimer's disease, the nerve cells cease functioning as they should, which leads to a deterioration of memory and learning. AlzeCure Pharma has identified drug-like substances that stimulate neurotrophic signal pathways and nerve cell function and also improve memory.

NeuroRestore is a platform of symptom-relieving drug candidates for diseases where cognitive ability is impaired, such as Alzheimer's. The three primary drug candidates are ACD855, ACD856 and ACD857.

NeuroRestore stimulates several important signal pathways in the brain, which among other things leads to improved cognition. In preclinical studies with NeuroRestore, we have been able to demonstrate that our drug substances not only boost communication between nerve cells but also improve cognitive ability.

NeuroRestore focuses primarily on specific signal pathways in the central nervous system consisting of the neurotrophins NGF (nerve growth factor) and BDNF (brain-derived neurotrophic factor). The levels of NGF and BDNF are disrupted in many diseases and signaling is reduced. This reduced function impairs communication between the synapses, i.e. the contact surfaces at nerve ends, and reduces the survivability of nerve cells, which gives rise to cognitive impairments. Neurotrophins play a crucial part in nerve cell function, and disrupted BDNF function has a strong genetic Association to impaired cognitive ability in several different diseases such as Alzheimer's, Parkinson's as well as traumatic brain injuries and sleep apnea.

In addition to these indications, the same signal pathway is involved in certain eye indications including dry eye syndrome and neurotrophic keratitis, an indication that affect the cornea leading to a gradual deterioration of eyesight. AlzeCure also considers there to be a potential for adding further indications such as depression, as the company has demonstrated good effects from ACD855 in preclinical depression models. The effects in the preclinical studies are comparable to those of the antidepressant drug Prozac.

In several different preclinical models including an in vivo model of Alzheimer's, ACD855 has been shown to have a significant capacity to improve cognitive abilities. This, combined with its demonstrated potential to significantly boost BDNF signaling, leads the company to believe that ACD855 is able to act as a symptom-relieving therapy in indications with reduced cognitive ability.

In 2018, the company received approval from the Swedish Medical Products Agency and the relevant ethics committee, to begin clinical phase I studies with ACD855. In December, treatment was begun with the first subjects in this double-blind, placebo-controlled randomized first-in-man study to evaluate safety, tolerance, pharmacokinetics and CNS pharmacodynamics. Trial commencement follows a schedule aimed at treating patients suffering from diseases with cognitive disorders such as Alzheimer's. The results of the study are anticipated to be ready by mid 2020.

AlzeCure's primary drug candidates within NeuroRestore – ACD855, ACD856 and ACD857 – act as BDNF/NGF signaling enhancers, and the biological mechanism the substances affect enable their use in several different diseases in which the same signal pathway is disrupted. These indications can be grouped into three main categories:

- Cognitive impairments linked to:
  - Alzheimer's disease
  - Parkinson's disease
  - TBI and other head injuries
  - Sleep disruptions
  - Complications from major surgery
- Depression
- Specific eye and ear indications, such as
  - Dry eye syndrome
  - Impaired hearing

Alzstatin

Our disease-modifying Alzstatin drug platform, consisting of disease-modifying and preventive drug candidates, focuses on reducing the production of toxic Aβ in the brain. Aβ plays a central pathological role in Alzheimer's disease and begins to accumulate in the brain many years before clear symptoms develop.

The project originated in AstraZeneca's CNS research, and AlzeCure estimates AstraZeneca's total investment in Alzstatin to be around SEK 200 million before AlzeCure took over the project. The assessment is based on estimated time spent in the form of working hours in the project and project-related material costs. The drug is based on small molecules, which enables oral administration (tablets), low production costs and good BBB penetration; the target molecule is the genetically supported Aβ molecule.

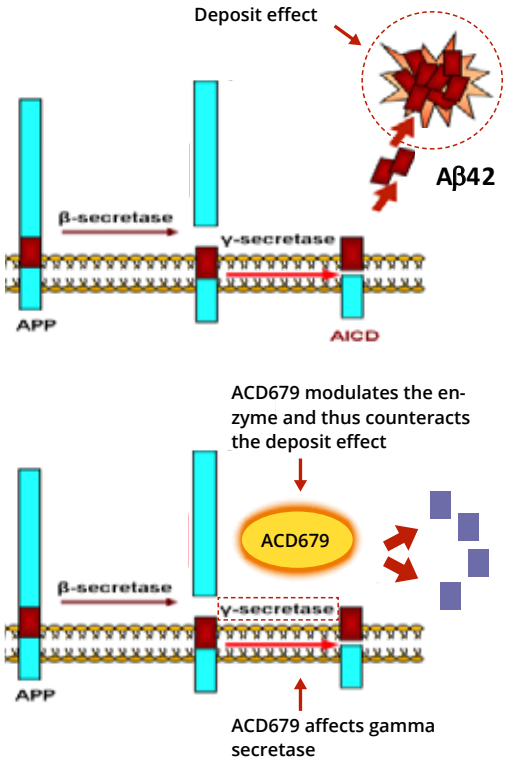
The drug candidates in the Alzstatin platform are known as gamma secretase modulators (GSMs) which modulate the function of a specific enzyme, gamma secretase. Gamma secretase gives rise to the formation of Aβ42 peptide, which over time forms clumps of so-called oligomers and fibrils that ultimately form the amyloid plaques in the brain so characteristic of the disease. These various Aβ aggregates cause nerve cell fibers to atrophy and ultimately die. Mutations in gamma secretase that lead to a relative increase in Aβ42 peptide is the cause of hereditary Alzheimer's disease. This demonstrates the role of Aβ42 in the progression of the disease and is, together with mutations in the Aβ-peptide itself, the strongest known genetic link to Alzheimer's disease.

Aβ42 slowly accumulates to form an aggregate growing from monomers to oligomers, fibrills and ultimately plaque. Research has not yet identified what in these processes, or which molecular form, is most harmful to nerve cells and causes the disease to progress. Thus we consider the best treatment alternative is to reduce the production of Aβ42 as this will reduce all forms of amyloid and is therefore likely to affect and hinder the progression of the disease. GSM has a directly opposite effect on Aβ compared to the mutations that cause the disease in the hereditary forms of Alzheimer's.

We have shown in preclinical tests that the modulation of gamma secretase leads to a reduction of up to 50 percent in the production of Alzheimer-related Aβ42 without affecting other signaling important for cells. The project is further confirmed by positive findings made in the recently published clinical patient studies with BAN2401, which we believe validate the amyloid hypothesis as a treatable and clinically relevant pathological mechanism.

Major advances have also been made in the field of diagnostics with new blood-based tests, which should provide a cost-effective means of screening high-risk populations and thus identifying the right patients in the presymptomatic phase of the disease for upcoming clinical studies and future treatments.

The drug candidates in the Alzstatin platform modulate the function of the enzyme gamma secretase. Gamma secretase acts like a pair of scissors and snips Aβ42 out from a longer protein known as APP. The sticky Aβ42 clumps together giving rise to the amyloid plaque so typical of Alzheimer's disease. The candidates in the Alzstatin platform affect enzyme function so that it instead snips out shorter forms of the Aβ peptide, Aβ37 and Aβ38, which in addition to their not being sticky and not forming aggregates, also have a restrictive effect on Aβ42 aggregates already formed. This means the drug candidates in the Alzstatin platform have two separate but synergistic effects that together contribute to a stronger anti-amyloidogenic – and thus more potent – disease-modifying effect.



REPORT OF THE BOARD OF DIRECTORS

The Board of Directors and Chief Executive Officer of AlzeCure Pharma AB (publ), corporate identity no. 559094-8302, hereby present the annual report for the financial year 2018.

The annual report has been prepared in Swedish crowns (SEK) and rounded to the nearest thousand unless otherwise indicated. Figures within parentheses refer to the corresponding period for the previous financial year.

The business

Information about the business

AlzeCure Pharma AB (publ), hereinafter AlzeCure, was incorporated on November 22, 2016 and is domiciled in Stockholm, Sweden. This is the company's second financial year.

AlzeCure develops new drug therapies for the treatment of severe neurodegenerative diseases such as Alzheimer's and Parkinson's, where there is currently very limited treatment available.

AlzeCure carries out research in laboratories located at Novum at the Karolinska Institutet in Huddinge.

The development of the business

AlzeCure seeks to pursue its own projects through preclinical research and development to an early clinical phase.

Research and Development

AlzeCure Pharma is actively engaged in research and development of new, innovative and effective drugs for brain diseases and with a primary focus on Alzheimer's disease. The company is developing five drug candidates based on its two research platforms, NeuroRestore and Alzstatin.

- A new generation of symptom-relieving drugs is being developed in the NeuroRestore program.
- Disease-modifying and preventive drugs are being developed in the Alzstatin program.

AlzeCure is planning to include two or three of the company's drug candidates in clinical trials during 2020. A diversified drug portfolio also offers prospects for other indications such as sleep apnea, cognitive disorders from traumatic brain injuries and Parkinson's disease.

In Q4 2018, the company received approval from the Swedish Medical Products Agency and the relevant ethics committee, to begin clinical phase I studies with ACD855, the leading drug candidate in the NeuroRestore drug platform. In December, we began administering doses to the first subjects in a placebo-controlled, first-in-man study to evaluate safety, tolerance, pharmacokinetics and CNS pharmacodynamics for ACD855. Trial commencement follows the schedule set for the study, which is aimed at treating patients suffering from diseases with cognitive disorders such as Alzheimer's. The results of this clinical phase I study are anticipated to be ready by mid-year 2020. The company is also working on the development of the ACD856 and ACD857 back-up compounds in this platform.

The commencement of the clinical trial with ACD855 is an important milestone for the company. This drug candidate has the potential to improve the cognitive ability in several different diseases and is thus able to significantly improve a patient's quality of life. Oral administration is another great ACD855 benefit to patients.

The company's disease-modifying research platform, Alzstatin, focuses on reducing the production of toxic Aβ in the brain. Aβ plays a central pathological role in Alzheimer's disease and begins to accumulate in the brain years before clear symptoms develop. The target mechanism in Alzstatin is confirmed by recently reported study results (the BAN2401 study) which the company believes validate the amyloid hypothesis and thus Alzstatin's focus.

During Q4 2018, the leading drug candidate in the Alzstatin platform, ACD679, began undergoing the important safety pharmacological and toxicological studies necessary before clinical trials may begin. These studies will continue in 2019. Early-phase development of new back-up compounds are taking place in parallel with this work.

There is an urgent need for this type of treatment, and a disease-modifying therapy for Alzheimer's is expected to generate more than USD 10 billion in annual sales.

Activities are supported by continuous access to important knowledge, unique ideas and the latest technology. AlzeCure consists of a very experienced team of industrial pharmaceutical developers with extensive experience, and a scientific network comprising world-leading expertise in neurodegenerative diseases in both preclinical and clinical research. This proximity to, and integration of, clinical expertise in AlzeCure enables the development of new methods for testing therapeutic concepts and allowing the early clinical testing of new treatment methods.

Important events during the year

During the summer, the company carried out a targeted new share issue, raising proceeds of around SEK 40 million.

Ellen Donnelly was elected to the board at the AGM on May 16, further reinforcing and broadening board expertise.

Preclinical testing of ACD855, the company's leading drug candidate in the NeuroRestore research platform, was concluded in July and the clinical phase I study was begun in December.

An extraordinary shareholders' meeting was held on October 15, 2018. The meeting resolved to issue a stock dividend, change the incorporation form to public and elect Pirkko Sulila Tamsen as a member of the Board. Pirkko has many years' experience from development companies in the pharmaceutical sector as well as research, entrepreneurship and management in knowledge-based enterprises.

The Board resolved to list the company's shares on Nasdaq First North Premier, which took place on November 28. The new share issue in conjunction with the listing brought in SEK 200 million before transaction expenses, and the capital raised ensures financing for the company's planned studies.

In December, the company was granted the necessary public authority approvals to begin clinical phase I trials for ACD855, the company's drug candidate in the NeuroRestore platform. The company dosed the first subjects in the clinical phase I study shortly thereafter.

Significant events after the end of the financial year

No significant events leading to adjustments have occurred between the closing date and the date of approval of this report. In March 2019, the company initiated a new drug project in the field of pain management and made two presentations at the International Conference on Alzheimer's & Parkinson's Diseases.

Revenues and profit/loss

During 2018, net sales totaled SEK 0, and the company is not expected to generate any revenues before its products have progressed further in their development phases. However, earnings for the period were affected positively as AlzeCure qualified for payments linked to grants from Vinnova. The grants amount to SEK 3,643 thousand (957) and are reported as other income.

The operating loss for the year totaled SEK -35,893 thousand (-10,767). The company's research activities have developed steadily and thus also its expenses. During the company's fourth quarter, research expenses increased by 112 % compared to the same quarter during the previous year, which is according to plan. The increase is mainly due to increased expenses for the company's clinical programs, including the start of a phase I study.

During the year, administration expenses increased to SEK -2,558 thousand (-733). The increase was mainly due to increased expenses in connection with capital acquisition and listing on Nasdaq First North Premier.

AlzeCure's earnings for the financial year amounted to SEK -35,985 thousand (-10,822). Earnings per share totaled SEK -1.58 (SEK -0.79)

Liquidity and financial position

At year-end, equity amounted to SEK 233,169 thousand (51,825) and the equity/assets ratio was 98.0 % (92.6 %).

Cash and cash equivalents at the end of the period amounted to SEK 234,549 thousand (53,952).

In the opinion of the Board of Directors and Chief Executive Officer, AlzeCure's financial position is sufficiently strong to run the projects through the important clinical phase I studies. Because the operation is currently in a precommercial stage with no sales revenues, the board has resolved to propose to the AGM that no dividend be paid to shareholders in 2019.

Cash flow and investments

Cash flow from operating activities including changes in working capital for the year amounted to SEK -36,274 thousand (-8,421).

Cash flow from investing activities amounted to SEK -459 thousand (-274) consisting mainly of investments in laboratory equipment.

Cash flow from financing activities totaled SEK 217,330 thousand (62,647) for the year. During the summer, the company issued new shares in the amount of SEK 40 million,

which were registered with the Swedish Companies Registration Office in July, 2018. On November 28, the company's shares were introduced on the Nasdaq First North Premier, providing the company with a total of SEK 200 million before transaction expenses.

Personnel

During the year, work continued building and preparing AlzeCure's organization for the future. The company still has few personnel, and apart from the CEO, it only has one employee. Instead, the company works with an extensive network of skilled consultants who are dedicated to AlzeCure. However, further employees will be engaged during 2019.

Stock-based compensation

The company has not established any stock-based incentive programs or other outstanding securities that can be translated into equity, warrants or stock-related financial instruments.

However, in order to safeguard future recruitment of key personnel, means have been put in place to enable the provision of incentive programs. The extraordinary shareholders' meeting of October 15, 2018 resolved to authorize the Board to decide on a new issue of shares, warrants and/or convertibles on one or more occasions before the next AGM, with or without deviation from shareholders' preferential rights. The new share issue must be able to occur with or without regulations concerning payment in kind, offsets or other conditions referred to in Chapter 13, section 5, first paragraph of article 6; Chapter 14, section 5 first paragraph of article 6 and Chapter 15 section 5 first paragraph of article 4 of the Swedish Companies Act.

However, no decision has been taken and no incentive programs have been implemented in the company.

Stock-related incentive programs must be decided upon by the AGM, as appropriate.

Guidelines for remunerations to senior executives

AlzeCure must offer compensation levels at current market rates and employment conditions that facilitate recruitment and retention of senior executives with high levels of skills, capacity and loyalty such that the company can achieve its targets.

Compensation to the CEO consists of a fixed monthly salary; see also note 6. The Board decides on compensation to the CEO, and the CEO decides on conditions for other senior executives and employees.

All pension commitments must be based on defined contributions.

Agreements under market terms between the company and representatives from the Board and management group are in place. See also note 6.

Environment

AlzeCure is actively engaged in reducing any negative environmental impact and to develop as a sustainable company. As the company does not have any product sales it has no environmental impact in this regard; its focus instead is to exercise responsibility in its purchases of goods and services and its use of energy and transportation.

The work of the Board

The company's Board comprises five members including the Chairman, who were elected at the general meeting up until the end of the 2019 AGM. During 2018, the Board met 14 times. Among other things, the Board is responsible for setting objectives and strategies, ensuring the adoption of procedures and systems for evaluating objectives; the ongoing evaluation of the company's financial performance and position, and evaluating its operational management.

The Board follows written rules of procedure that are revised and adopted at the statutory annual board meeting. The rules of procedure govern such things as Board practice, the Board's functions and the distribution of work between the Board and the CEO, and where appropriate between the Board and various committees.

The stock and ownership structure

The stock has been traded on Nasdaq First North Premier under the name ALZCUR since November 28, 2018. It was introduced at a price of SEK 14 per share. On 31 December, 2018, the number of shares in the company totaled 37,765,715.

During the summer, the company carried out a targeted issue of 4,600,000 new shares at an issue price of SEK 8.70 per share, which resulted in a share capital increase of SEK 46,000. The company was provided with an approximate total of SEK 40 million before transaction expenses.

During the last quarter, a stock dividend was issued where the quota value was changed from 0.01 to 0.025, which increased share capital to SEK 587,000.

All shares are ordinary shares and have equal rights to the company's profit, and each share entitles the holder to one vote at the AGM. At the AGM, each shareholder is entitled to vote the full number of shares, owned or represented, without limitation to the number of votes.

Owners as of December 31, 2018

The 10 biggest shareholders as of December 31	Number of shares	Share capital and votes
CBLDN-BFCM Fulltx Third Party Asset , Citibank NA London	4,347,500	12%
FV Group AB	2,000,000	5%
Danica Pension Försäkrings AB	1,854,673	5%
AlzeCure Discovery AB	1,710,000	5%
SEB-Stiftelsen	1,400,000	4%
Pontus Forsell	853,643	2%
Gunnar Nordvall	852,000	2%
Johan Lundkvist	850,000	2%
Magnus Halldin	850,000	2%
Johan Sandin	850,000	2%
The 10 largest owners	**15,567,816**	**41%**
Other	22,197,899	59%
TOTAL	**37,765,715**	**100%**

The Chairman of the Board controlled 2.12% of the shares as of closing date.

The Board members, senior executives and founders of AlzeCure who prior to the listing of the company's shares on Nasdaq First North held shares in the company have, through a lock-up agreement concluded in September 2018 with Vator Securities (advisor in the listing process), undertaken with certain reservations and for a certain period (lock-up period) from the first trading day of the company's shares on Nasdaq First North Premier, not to sell any shares in the company without the written consent of Vator Securities.

Activities and prospects

AlzeCure enjoyed an eventful 2018, further developing and extending its two research platforms during the year to a current total of five drug candidates in its portfolio. This not only presents better opportunities for proceeding all the way to patients and the market, but also enhances the potential for several indications in addition to Alzheimer's such as cognitive disorders in TBIs, Parkinson's and sleep apnea as well as possible eye/ear indications. The company plans to have two or three drug candidates in clinical trials in 2020. AlzeCure intends to continue with its activities and its conviction is that the company's projects have great market potential. The company has no revenues and is dependent on external financing to safeguard continued operation until the projects begin to generate revenues. The new share issue conducted at the end of November in conjunction with the listing on Nasdaq First North Premier enabled the company to secure the financing of continued development and to minimize the risks related to the development of drugs. AlzeCure does not anticipate having any substantial revenues during 2019.

Risks and uncertainty factors

Commercial risks

In addition to financial risks, commercial risks are primarily linked to research and development efforts. Drug development in general is risky and capital-intensive.
The risks involved in the R&D necessary for a drug candidate to gain authority approval for use as a drug are many and include product development delays, higher-than-anticipated expenses, failure of the drug candidates to meet efficacy expectations and unexpected or undesirable side effects.

The pharmaceutical industry is characterized by global competition, rapid technological development and extensive investment requirements. There are competitors with significant financial resources and there is a risk that competitors develop drugs that have a negative impact on the company's competitive situation.

When a drug is approved, there is still a risk that national or international sales fail to meet expectations and the product does not become commercially successful. A drug's market acceptance and sales are dependent on a number of factors including product characteristics, clinical documentation and outcomes, competing products, distribution channels, availability, price, subsidies/reimbursements, and sales and marketing initiatives. These circumstances can have a negative effect on AlzeCure's future operations, financial position and profitability.

Financial risks and procedures for asset management

Financial risks are commented in note 13.

The Board

According to the company's articles of incorporation, the Board must comprise no fewer than three and no more than ten members without alternates. The Board currently consists of five members and no alternates. Members of the Board are elected for the period up until the end of the 2019 AGM.

Name	Assignment	Attendance at board meetings	Elected	Shareholding [1]	Independent company and company management	Major independent owners
Thomas Pollare	Chairman	14/14	2017	801,887	No	Yes
Annigje van Es Johansson	Board member	14/14	2017	82,000	No	Yes
Ragnar Linder	Board member	13/14	2017	5,429	Yes	Yes
Ellen Donnelly	Board member	11/11	2018	-	Yes	Yes
Pirkko Sulila Tamsen	Board member	5/5	2018	11,000	Yes	Yes

1) Refers to own holding and that of physical related parties and legal persons

THOMAS POLLARE

Born: 1953

Chairman of the Board and Board member since 2017.

Education/experience: Thomas Pollare holds an M.D. from Karolinska Institutet and a Ph.D. from Uppsala university. He was previously a partner in the Venture Capital company 3i. He has held VP positions in both Pharmacia Corp and Schering-Plough Inc. He has been responsible for the market approval of several pharmaceutical products in various therapeutic areas and which generated billions in annual sales. He has previous experience of board work in start-up companies and private equity investments alike.

Current assignments: Chairman of the Board and CEO of Oncolution AB. Chairman of the Boards of Bio-Works Technologies AB, AC Intressenter AB, Sinfonia Biotherapeutics AB, AlzeCure Discovery AB and Stiftelsen AlzeCure. Member of the boards of SSI Diagnostics Holding A/S, Pharmaceuticals Sales & Development Sweden AB and Psilox AB. Alternate board member in Bio-Works Sweden AB.

Completed assignments (past five years): Chairman of the boards of QuiaPEG Pharmaceuticals AB and QuiaPEG Pharmaceuticals Holding AB. Member of the boards of Cereno Scientific AB, Premacure Holding AB, Premacure AB, Xellia Pharmaceuticals ApS, Centro Gamma Knife Santiago S.a.P Chile, Gamma Knife Center Ecuador S.A, PT GammaKnife Center Indonesia, Cancun Oncology Center S.A.P.I de C.V Mexico, Center de Neuro-radiocirurgia Gamma Knife San Javier S.A de C.V Mexico, Center Oncologico y de Radioterapia TEC 100 S.A.P.I de C.V Mexico, Centro Gamma Knife Domnicana S.R.L. and Sweden Ghana Medical Center Ltd. CEO of Global Medical Investments GMI AB.

Holding: 801,887 shares.

ANNIGJE VAN ES JOHANSSON

Born: 1960

Board member since 2017.

Education/experience: An van Es-Johansson holds an M.D., Physician degree from Erasmus University Rotterdam (the Netherlands). An has previously held various executive positions relating to clinical development, medical affairs, business development and marketing at Sobi, Eli Lilly, Roche, Pharmacia & Upjohn and biotechnology companies in the USA, the Netherlands, Switzerland and Sweden. She is an entrepreneur and also a member of the board of BioInvent AB and a mentor/coach.

Current assignments: Member of the boards of Van Es Consulting AB and BioInvent International AB. Advisor & consultant.

Completed assignments (past five years): VP Medical Affairs in Swedish Orphan Biovitrum AB.

Holding: 82,000 shares.

Dependent in relation to the company and company management, but independent in relation to the company's largest shareholders.

RAGNAR LINDER

Born: 1953

Board member since 2017.

Education/experience: Ragnar Linder has a Master of Science degree in Chemical Engineering from KTH Royal Institute of Technology. Ragnar is a co-founder of Pygargus, a research company in the field of real-world evidence, which was bought by IMS Health (currently IQVIA) in 2013 and in which Ragnar has held senior positions ever since. He has also held several senior positions in Amgen Nordic (CEO), Aventis, HMR and Hoechst. Ragnar has also been a member of the boards of several biotech, pharmaceutical and CRO companies. Today, Ragnar is an independent consultant.

Current assignment: Member of the board of R. Linder Holding AB.

Completed assignments (past five years): Member of the boards of Umecrine Cognition AB and Pygargus AB.

Holding: 5,429 shares.

Independent in relation to the company, company management and the company's major shareholders.

ELLEN DONNELLY

Born: 1974

Board member since 2018.

Education/experience: Ellen Donnelly has a Ph.D. from Yale University Medical School (USA). Ellen has previously held various executive positions in clinical development, project management, research and strategy at Pfizer. Prior to joining Pfizer, Ellen held various positions in American biotechnology and management consultancy companies.

Current assignment: CEO of Modus Therapeutics Holding AB (publ) and Modus Therapeutics AB.

Completed assignments (past five years): None.

Holding: No shareholding.

Independent in relation to the company, company management and the company's major shareholders

PIRKKO SULILA TAMSEN

Born: 1959

Board member since 2018.

Education/experience: Pirkko Sulila Tamsen has a Ph.D. in zoophysiology from Uppsala University and an MSc in biology and chemistry from Uppsala University. Pirkko is an owner and consultant in Arandi Innovation AB, a member of the boards of Örebro Universitet Holding AB and start-up companies originating from academic research. Pirkko has many years' experience from major pharmaceutical companies, as CEO and partner in a clinical contract research company and from development companies in the pharmaceutical sector and research, entrepreneurship and leadership in knowledge companies. Pirkko was previously the CEO of Dilaforette AB (currently Modus Therapeutics) and Head of Uppsala University Innovation (UU Innovation).

Current assignment: Member of the boards of Örebro Universitet Holding AB, Örebro Universitet Uppdrag AB, Örebro Universitet Enterprise AB, HepaPredict AB and C26 Bioscience AB. Chairman of the Board and CEO at Arandi Innovation AB. Chairman of the Board of Curenc AB. Alternate member of the board and deputy CEO at Arandi Development AB.

Completed assignments (past five years): Chairman of the Board of Rapp AB. Member of the boards of Karolinska Institutet Innovations AB and Uppsala University Innovation Tools AB. CEO at Dilaforette AB and NovaSAID AB

Holding: 11,000 shares.

Independent in relation to the company, company management and the company's major shareholders.

Senior executives

The management group was expanded in 2019; for info see www.alzecurepharma.se.

Name	Position	Employed by AlzeCure	Shareholding [1]
Johan Sandin	Chief Executive Officer	2017	850,000
Birgitta Lundvik	CFO	2018	65,000

1) Refers to own holding and that of physical related parties and legal persons

JOHAN SANDIN

Born: 1970

CEO since 2017.

Education/experience: Johan Sandin has a Ph.D. from Karolinska Institutet. Johan is a behavioral neuropharmacologist with significant international academic and industrial experience. He has worked at AstraZeneca since 2003, where he has held scientific, project and executive positions in charge of in vitro biology, in vivo pharmacology and biochemical biomarkers within the CNS field.

Current assignments: Member of the board and CEO at Sandin Pharma Consulting AB. Member of the board and deputy CEO at ArgusEye AB. Member of the board of AC Intressenter AB. Alternate member of the board of Sinfonia Biotherapeutics AB. CEO of AlzeCure Discovery AB.

Completed assignments (past five years): None.

Holding: 850,000 shares.

BIRGITTA LUNDVIK

Born: 1967

CFO since 2018. Engaged on a consultancy basis.

Education/experience: Birgitta Lundvik has an MSc in business administration from Uppsala University and an MBA in finance from the Stockholm School of Economics. Birgitta has more than 25 years' experience from software development, life science and real estate companies. She has also been involved in several M&A projects and has broad experience in venture capital companies.

Current assignment: Chairman of the board of LobSor Pharmaceuticals AB. Member of the board and CEO at Enable – Finance & Business Development in Sweden AB. Secretary and Treasurer at Favro North America Inc. Alternate member of the boards of Helander & Lundvik Ekonomikonsulter AB, Balanced Competence Uppsala Redovisningsbyrå AB, Märsta Mur & Puts (unä) and Brf Arken.

Completed assignments (past five years): Member of the board and CEO at Hansoft Technologies AB. CEO at Favro AB and Nonna Holding AB.

Holding: 65,000 shares.

Proposed disposition of the company's earnings

The following earnings are at the disposal of the Annual General Meeting:

SEK thousand	
Accumulated loss	-10,822
Share premium reserve	279,032
Profit/loss for the year	-35,985
	232,225

The Board of Directors and Chief Executive Officer propose that earnings be distributed as follows:

SEK thousand	
to be carried forward	232,225
	232,225

Dividend policy

AlzeCure is currently in an expansive growth phase where any capital surpluses in the operation are invested in the operation and/or acquisitions. The company has hitherto not allocated any dividends to its shareholders since the formation of the company. In light of this, AlzeCure has not adopted any dividend policy.

Multi-year overview

SEK thousand	2018	2016/17
	1/1/2018 12/31/2018	11/22/2016 12/31/17
Net sales	-	-
Operating loss	-35,893	-10,767
Profit/loss after financial items	-35,985	-10,822
Earnings for the period and comprehensive income	-35,985	-10,822
Earnings per share before and after dilution (SEK)	-1.58	-0.79
Research expenses as a percentage of operating expenses (%)	92.8	93.5
Total assets	237,782	55,971
Number of outstanding shares	37,765,715	18,880,000
Cash and cash equivalents	234,549	53,952
Equity/assets ratio (%)	98.0	92.6
Average number of employees	1.5	0.3

KPI definitions

Net sales
Revenues from the sale of goods and services in the main operation during the current period.

Equity/assets ratio
Equity and untaxed reserves (less deferred tax), in relation to total assets.

Research costs as a percentage of operating expenses
Research costs divided by operating expenses, which include administration expenses and other operating expenses. Research expenses include the company's direct expenses relating to research such as expenditures for personnel, material and external services.

Income statement & Statement of comprehensive income

SEK thousand	Note	2018	2016/17
		1/1/2018 12/31/2018	11/22/2016 – 12/31/2017
Operating income			
Other operating income	4	3,925	968
Total operating income		**3,925**	**968**
Operating expenses	6, 7		
Research expenses		-36,932	-10,973
Administration expenses	5	-2,558	-733
Other operating expenses		-328	-29
Total operating expenses		**-39,818**	**-11,735**
Operating loss		**-35,893**	**-10,767**
Loss from financial items			
Interest expenses and similar profit/loss items		-92	-55
Loss from financial items		**-92**	**-55**
Profit/loss after financial items		**-35,985**	**-10,822**
Earnings for the year and comprehensive income	8	**-35,985**	**-10,822**
Average number of shares before and after dilution		22,774,048	13,618,333
Earnings per share before and after dilution, SEK		-1.58	-0.79

Statement of financial position/balance sheet

SEK thousand	Note	12/31/2018	12/31/2017
ASSETS			
Fixed assets			
Intangible fixed assets			
Project rights	9	17	17
		17	**17**
Property, plant and equipment			
Inventories, tools and installations	10	597	242
		597	**242**
Financial assets			
Other non-current receivables		7	7
		7	**7**
Total fixed assets		**621**	**266**
Current assets			
Current receivables			
Accounts receivable		8	–
Other current receivables		2,503	1,549
Prepaid expenses and accrued income		101	204
Total current receivables		**2,612**	**1,753**
Cash and bank balances	12	**234,549**	**53,952**
Total current assets		**237,161**	**55,705**
TOTAL ASSETS		**237,782**	**55,971**

SEK thousand	Note	12/31/2018	12/31/2017
EQUITY AND LIABILITIES			
Equity	11		
Restricted equity			
Share capital		944	189
Non-restricted equity			
Share premium reserve		279,032	62,458
Accumulated loss		-10,822	–
Profit/loss for the year		-35,985	-10,822
		232,225	**51,636**
Total equity		**233,169**	**51,825**
Current liabilities			
Trade accounts payable		3,646	1,332
Other current liabilities		39	77
Accrued expenses and deferred income	14	928	2,737
Total current liabilities		**4,613**	**4,146**
TOTAL EQUITY AND LIABILITIES		**237,782**	**55,971**

Change in equity

SEK thousand	Share capital	Share premium reserve	Accumulated loss	Loss for the period and the year	Total equity
Equity 11/22/2016	**–**	**–**	**–**	**–**	**–**
New share issue	189	62,458			62,647
Profit/loss for the year				-10,822	-10,822
Equity 12/31/2017	**189**	**62,458**	**–**	**-10,822**	**51,825**
Opening balance 1/1/2018	**189**	**62,458**	**–**	**-10,822**	**51,825**
Transfer of the previous year's earnings			-10,822	10,822	–
New share issue	46	39,974			40,020
Transaction expenses		-4,401			-4,401
Bonus issue	352	-352			–
New share issue	357	199,643			200,000
Transaction expenses		-18,290			-18,290
Profit/loss for the year				-35,985	-35,985
Equity 12/31/2018	**944**	**279,032**	**-10,822**	**-35,985**	**233,169**

Quota value 0.025.

Statement of cash flows

SEK thousand	2018	2016/17
	1/1/2018 12/31/2018	11/22/2016 – 12/31/2017
Operating activities		
Operating loss before financial items	-35,893	-10,767
Adjustment for items not included in cash flow:		
Depreciations	104	8
Interest paid	-93	-55
Cash flow from operating activities before changes in working capital	-35,882	-10,814
Change in working capital		
Change in accounts receivable	-8	–
Change in other current receivables	-851	-1,753
Change in trade accounts payable	2,314	1,332
Change in other current operating liabilities	-1,847	2,814
Cash flow from operating activities	**-36,274**	**-8,421**
Investing activities		
Investments in intangible fixed assets	–	-17
Investments in property, plant and equipment	-459	-250
Investments in other financial fixed assets	–	-7
Cash flow from investing activities	**-459**	**-274**
Financing operations		
New share issue	217,330	62,647
Cash flow from financing activities	**217,330**	**62,647**
Cash flow for the year	**180,597**	**53,952**
Cash and cash equivalents at beginning of year	53,952	–
Cash and cash equivalents at year-end	**234,549**	**53,952**

Notes

NOTE 1 General Information

General information
This annual report concerns the Swedish company AlzeCure Pharma AB (publ), corporate ID number 559094-8302. The company is registered and domiciled in Stockholm, Sweden. The company was formed on November 22, 2016 and its shares have been listed on the Nasdaq First North Premier since November 28, 2018.

The company's address is Hälsovägen 7, SE 141 57 Huddinge.

The nature of the business
AlzeCure Pharma AB is a Swedish pharmaceutical company engaged in innovative drug research with a primary focus on Alzheimer's disease. The company is listed on Nasdaq First North Premier and is developing five drug candidates based on two research platforms, NeuroRestore and Alzstatin. The NeuroRestore platform comprises symptom-relieving drug candidates while Alzstatin comprises disease modifying and preventive drug candidates. A diversified portfolio of drug candidates that act on central signaling pathways in the brain also opens up for other indications such as cognitive dysfunctions in traumatic brain injury (TBI), sleep apnea and Parkinson's disease.

FNCA Sweden AB is the company's certified adviser: contact +46(0)8-528 00 399, info@fnca.se. For further information, please visit our website at www.alzecurepharma.se.

NOTE 2 Accounting and valuation principles

General Information, compliance with IFRS and the going concern principal.
This annual report has been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU) with the restrictions arising from the Swedish Annual Accounts Act and RFR 2 Accounting for legal entities. AlzeCure Pharma does not constitute a group.

AlzeCure has only one line of business. The chief operating decision maker is the Chief Executive Officer. The company is not anticipated to have any direct revenues until its products are launched on the market or licensed for external production. Accordingly, segment reporting is not of interest as the company has not launched any of its products.

The annual report has been drawn up under the proviso that the company conducts its business according to the going concern principle.

New and amended standards currently known are not expected to affect the company's financial reports in any material way.

The Annual Report for AlzeCure Pharma AB (publ) for the financial year ending on December 31, 2018 has been approved by the Board of directors and Chief Executive Officer and will be presented to the Annual General Meeting on May 22, 2019 for adoption.

The annual report was prepared using the accruals concept and based on cost. Monetary amounts are expressed in Swedish crowns (SEK), which is the company's accounting currency, and rounded to the nearest thousand unless otherwise indicated.

Non-current assets and non-current liabilities consist in all material respects of amounts that are expected to be recovered or settled more than twelve months from the closing date. Current assets and current liabilities consist in all material respects of amounts that are expected to be recovered or settled within twelve months of the closing date.

Currency translations
Foreign currency transactions are translated into the accounting currency at the exchange rate prevailing on the transaction date. Monetary assets and liabilities in foreign currency are translated to the accounting currency at the exchange rate prevailing on the closing date. Exchange rate differences that arise from translations are reported under profit/loss for the year. Exchange-rate gains and losses on operating receivables and liabilities are reported under operating profit/loss while exchange-rate gains and exchange-rate losses on financial receivables and liabilities are reported as financial items.

Revenues
Because the company conducts operations that to date have only included pharmaceutical research, it has not yet entered into any agreements with customers and thus does not report any revenues.

The company does not divide its operations into different lines of business.

Other income – Reporting public subsidies
Public subsidies are reported at fair value. Subsidies received intended for covering costs are reported under Other operating income during the period in which the costs eligible for subsidy arise. The company has received support from Vinnova in respect of certain parts of its research efforts.

Operating expenses
Operating expenses are reported under profit/loss when the service is used or when the event has occurred.

Research expenditures are reported as expenses under Research expenses as they arise. Thus the item Research expenses includes expenditures for research aimed at obtaining new scientific or technical knowledge.

Borrowing costs
Borrowing costs are expensed in the period during which they occur and are reported under Interest expenses and similar profit/loss items. Financial expenses consist primarily of interest expenses on loans and exchange rate losses. The company currently has no borrowing costs.

Employee benefits
Current compensation
Liabilities for salaries, compensation and paid absence whose settlement is expected within 12 months of the financial year, are reported as current liabilities in the amount that is expected to be paid when the liabilities are settled, without regard to discounting.

Expenses for current compensation are reported as the services are performed by the employees.

Pensions
The company's pension commitments only include defined contribution plans. A defined contribution pension plan is one where the company pays fixed premiums to a separate juridical entity. The company has no legal or constructive obligation to pay further contributions if the juridical entity lacks sufficient assets to pay all the employee benefits associated with the employees' service during the current or prior periods. Thus the company has no additional risk.

Income tax
income tax consists of current tax and deferred tax. Income tax is reported in the income statement except when the underlying transaction is reported in equity, in which case the associated tax effect is reported under equity. The company only reports current tax.

Current tax is tax that must be paid or received in respect of the current year by applying the tax rates that were enacted, or announced, as of the closing date. Adjustments of current tax attributable to prior periods are also reported under current tax.

As yet, the company does not meet requirements for capitalizing deferred tax assets on tax losses.

Fixed assets
The carrying amount of an intangible or tangible asset is removed from the balance sheet when the asset is retired or disposed of or when no future economic benefits are anticipated from the use or retirement/disposal of the asset. Gains and losses that arise from the disposal or retirement of an asset consist of the difference between the sales price and the asset's carrying amount less deductions for direct selling expenses. Profit and loss are reported as other operating income/expense.

Intangible fixed assets
Intangible fixed assets consist of project rights in respect of NeuroRestore and are reported at cost as the project is not yet concluded. Cost includes expenditures directly attributable to the acquisition of the asset.

Intangible fixed assets that have a limited useful life are depreciated systematically over the asset's estimated useful life. Useful life is tested at every balance sheet date and adjusted as necessary. Depreciation commences upon completion. When the depreciable amounts of the assets are determined, the asset's residual value is taken into account where applicable.

Development expenditures are capitalized when they meet the criteria under IAS 38, i.e. when research proceeds to development and the total work is estimated to reach significant amounts. Otherwise, development expenditures are expensed as normal operating expenses. The most important criteria for capitalization is that the development's end product has demonstrable future earnings, cost-saving or cash flow potential and that there are technological and financial conditions for completing development work once started. The company currently only has acquired intangible assets.

Research expenditures are reported as expenses under Research expenses as they arise. Thus the item includes expenditures for research aimed at obtaining new scientific or technical knowledge.

Property, plant and equipment
Property, plant and equipment are reported at cost after deductions for accumulated depreciations and any impairments. Cost includes the purchase price and expenditures directly attributable to an asset in order to bring it to the position and condition necessary for use in accordance with the purpose of the acquisition.

Property, plant and equipment that have a limited useful life are depreciated systematically over the asset's estimated useful life. Useful life is tested at every balance sheet date and adjusted as necessary. The estimated useful life of the company's property, plant and equipment is five years. Depreciation commences upon completion. When the depreciable amounts of the assets are determined, the asset's residual value is taken into account where applicable.

Impairment charges
Assets are considered for impairment whenever events or changes in circumstances indicate that the asset's carrying amount may not be recoverable. And impairment loss is reported in the amount by which the asset's carrying amount exceeds its recoverable value. The recoverable value is the asset's fair value less selling expenses or its value in use, whichever is the higher. When calculating value in use, the estimated future cash flows are discounted to present value at a discount rate before tax that reflects current market assessments of the time value of money and the risks associated with the asset.

When assessing the need to recognize impairment, assets are grouped at the lowest levels at which there are in all material respects independent cash-flows (cash generating units). Assets previously impaired are tested on the closing date to see if a reversal is necessary.

Financial instruments
Reporting and valuation at initial recognition
Financial assets and liabilities are reported when the company becomes party to an agreement in respect of the financial instrument's agreed conditions. The carrying amount is a reasonable approximation of fair value.

Financial assets are removed from the statement of financial position/balance sheet when the contractual rights in respect of the financial asset expire, or when the financial asset and all significant risks and benefits are transferred. A financial liability is removed from the statement of financial position/balance sheet when it is extinguished, i.e. when it is discharged, canceled or expires.

Classification and valuation of financial assets upon initial recognition
Accounts receivable that do not include a significant financing component are initially measured at fair value adjusted for transaction expenses (where appropriate).

Financial assets other than those identified and effective as hedging instruments, are classified in the following categories:
- Accrued acquisition cost
- Fair value via the income statement
- Fair value via other comprehensive income

During 2018, which is included in the financial report, the company only reports financial assets that are categorized as measured at amortized cost. This is consistent with the measurement in 2017.

The classification is determined by:
- the company's business model for the administration of the financial asset, and
- the properties of the contractual cash flows from the financial asset

Financial assets are measured at amortized cost if the assets meet the following conditions and are not reported at fair value via the income statement:
- they are held within the framework of a business model whose objective is to hold the financial assets and collect the contractual cash flows, and
- the contractual conditions for the financial assets give rise to cash flows that are only payments for the capital amount and interest on the outstanding principal.

All revenues and expenses in respect of the financial assets reported in the income statement are classified as Interest income or Interest expenses except in the case of impairments of accounts receivable included under Other operating expenses.

Subsequent valuation
Following initial recognition, financial assets are valued at amortized cost by using the effective interest method. Discounting is emitted if its effect is insignificant. The company's cash and cash equivalents, accounts receivable and most other receivables belong to this category of financial instruments.

Impairment of accounts receivable
The company uses the simplified method when reporting accounts receivable and shows anticipated credit losses for the remaining term. This is where the anticipated shortcomings in contractual cash flows are found given the risk of nonpayment at some time during the lifetime of the financial instrument. When calculating, the company uses its historical experience, external indications and forward-looking information to calculate the anticipated credit losses with the aid of a provision matrix. Because they have common credit attributes, the company assesses the impairment of accounts receivable collectively where the receivables are grouped based on the number of overdue days.

Classification and valuation of liabilities
The company's financial liabilities include trade accounts payable and other liabilities. Financial liabilities are initially measured at fair value adjusted for transaction expenses. Following initial recognition, financial liabilities are valued at amortized cost with the aid of the effective interest method.

Cash and cash equivalents
Cash and cash equivalents only include bank balances.

Contingent liabilities
A contingent liability is reported when there is a possible obligation that arises from past events and whose existence is confirmed only by the occurrence of one or more uncertain future events or when there is an obligation that is not reported as a liability or provision because it is not likely that an outflow of resources will be required.

Equity, reserves and dividends
Equity in the company consists of the following items:
- Equity representing the nominal value of issued and registered shares.
- Share premium reserve including equity premiums obtained on new share issues. Any transaction expenses associated with the new share issue are deducted from the share premium reserve taking into account any income tax effects.
- Profit or loss brought forward, i.e. all retained earnings or losses for the current and prior periods.

Transactions with the company's owners, such as shareholder contributions and dividends, are reported separately in equity.

Dividends payable are entered under Other liabilities when the dividends are approved by a shareholders' meeting before the closing date.

Statement of cash flows
The statements of cash flows was prepared according to the indirect method. The reported cash flow includes only those transactions that entail receipts or payments. The company classifies available bank deposits as cash and cash equivalents.

NOTE 3 Significant estimations and uncertainties in assessments

Significant estimations
Preparing the financial statements in accordance with IFRS taking into account relief rules in RFR2, requires company management to make estimations, assessments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual outcomes may deviate from these estimations.

Uncertainty in estimations
The estimations and assumptions are evaluated on an ongoing basis. Changes in estimations are reported in the period in which the change is made if the change only affects that period, or in the period in which the change is made and future periods if the change affects both the current and future periods.

The demarcation between research expenses and development expenses constitutes a source of uncertainties in estimations and entails a significant risk of substantial adjustment to the value of an asset or liability during the coming financial year. Apportioning research and development phases in new development projects, and determining whether or not the requirements for capitalizing development expenses have been met, requires estimations.

An important part of this estimation takes place when the company proceeds from a research phase to a development phase, which is where the demarcation difficulty comes into focus. Because the company's operation as yet focuses solely on research, there is currently no need for such an estimation.

Another source of uncertainty lies in estimating the extent to which deferred tax assets can be reported based on an estimation of the likelihood of the company's future taxable revenues against which the deferred tax asset can be exercised. Accordingly, the company has not reported any deferred tax assets.

NOTE 4 Other operating income

	1/1/2018 –12/31/18	11/22/2016 –12/31/17
Public subsidies: Vinnova	3,643	957
Exchange rate gains	246	11
Other operating income	36	-
Total	**3,925**	**968**

Note 5 Compensation to the auditors

	1/1/2018 –12/31/18	11/22/2016 –12/31/17
Grant Thornton Sweden AB		
Audit assignment	173	65
Audit activities in addition to the audit assignment	417	-
Total	**590**	**65**

NOTE 6 Salaries, other remunerations and social security expenses

	1/1/2018 –12/31/18	11/22/2016 –12/31/17
Average number of employees		
Women	-	-
Men	1.5	0.3
Total	**1.5**	**0.3**

Salaries, remunerations, social security contributions and pension expenses		
Salaries and compensation to the Board and CEO	1,002	272
Salaries and compensation to other employees	359	-
Total	**1,361**	**272**
Statutory and contractual social security contributions	453	101
Pension expenses	188	65
Total	**2,002**	**438**

Board members and senior executives

	1/1/2018 –12/31/18	11/22/2016 –12/31/17
Number of board members on closing date		
Women	3	1
Men	2	2
Total	**5**	**3**

Number of CEOs and other senior executives		
Men	1	1
Total	**1**	**1**

Information regarding compensation to the Board and senior executives, 2018

Name	Assignment	Basic salary/ directors' fees	Pension expenses	Total
Thomas Pollare	Chairman of the Board	67	-	67
Annigje van Es Johansson	Board member	33	-	33
Ragnar Linder	Board member	33	-	33
Ellen Donnelly	Board member	33	-	33
Pirkko Sulila Tamsen	Board member	13	-	13
Johan Sandin	CEO	727	188	915
Total		**906**	**188**	**1,094**

Transactions with related parties

Related parties refers to all members of the Board and senior executives and their family members. The guiding principles for what constitutes related party transactions are set forth in IAS 24.

The Chairman and Board members are paid a fee in accordance with the AGM's resolution. The AGM of May 16, 2018 resolved that the Chairman of the Board would receive a fee in the amount of SEK 100,000 and that other Board members who are not employees of the company, will receive a fee in the amount of SEK 50,000 each. The extraordinary shareholders' meeting of October 15, 2018 resolved that the full-year fee to Pirkko Sulila Tamsen would be calculated pro rata in relation to her service for the period between the extraordinary shareholders' meeting until the end of the next AGM. The members of the Board are not eligible for any benefits once their Board assignments cease.

Board member An van Es-Johansson, through the wholly-owned company van Es Consulting AB, entered into a consultancy agreement with AlzeCure in September 2018 concerning the provision of services related to phase I studies and the development of clinical programs. The consultancy does not include the Board duties performed under the Board assignment awarded at the AGM. A total of SEK 301,000 was charged to earnings during the year.

Compensation to senior executives who are employees can consist of a basic salary, pension and other benefits. Periods of notice and compensation in the event of termination are individual and governed by the applicable employment contract. A mutual six-month period of notice applies in the case of the CEO. Under his employment contract, the CEO has the right to compensation from the company amounting to the difference between the CEO's salary at the time of contract cessation and any new salary the CEO receives during a period of six months from the time of contract cessation. However, this compensation may not amount to more than 60 percent of the monthly salary the CEO received from the company. AlzeCure's employment agreements include provisions under which all intellectual property rights developed by an employee as part of his or her employment will accrue to AlzeCure. The company's employment agreements contain restrictions on competition.

Other than as described above, no senior executive has the right to compensation after termination of employment. During 2018, the company was not party to related party transactions that are singly or jointly of material importance for the company other than those described above.

NOTE 7 Expenses classified by type

	1/1/2018 –12/31/18	11/22/2016 –12/31/17
Personnel costs	-2,013	-442
Consultancy costs	-32,495	-9,115
Depreciations	-104	-18
Other	-5,206	-2,160
Total	**39,818**	**11,735**

NOTE 8 Tax on profit for the year

	1/1/2018 –12/31/18	11/22/2016 –12/31/17
Current tax	-	-
Deferred tax	-	-
Total	**-**	**-**

Reconciliation of effective tax

Theoretical tax:		
Loss before tax	-35,985	-10,822
Tax according to the applicable tax rate (22%)	7,913	2,379
Tax effect of:		
Non-deductible expenses	-4	-1
Deferred tax assets unrecognized	7,917	2,380
Total	**7,913**	**2,379**

Tax losses amounts to SEK 76,922 thousand. However, it is uncertain how large a part will remain after future changes in ownership and those already made. There is no question of there being a need to report any deferred tax assets for these items, as the company will most likely continue making losses in the coming year.

NOTE 9 Project rights

	12/31/18	12/31/17
Acquisition value brought forward	17	–
Cost for the year	–	17
Closing acquisition value	17	17
Closing residual value according to plan	**17**	**17**

NOTE 10 Equipment, tools, fixtures and fittings

	12/31/18	12/31/17
Acquisition value brought forward	250	–
Cost for the year	459	250
Closing acquisition value	709	250
Depreciation brought forward	-8	–
Depreciation for the year	-104	-8
Accumulated depreciation carried forward	-112	-8
Closing residual value according to plan	**597**	**242**

All depreciations are included under Research expenses.

NOTE 11 Equity

Number of shares	**12/31/18**	**12/31/17**
At the beginning of the period	18,880,000	–
New share issue	–	50,000
Split	–	4,950,000
New share issue	4,600,000	2,400,000
New share issue	14,285,715	11,480,000
At the end of the period	**37,765,715**	**18,880,000**

At year-end, the company had 37,765,715 shares with a quota value of SEK 0.025.

NOTE 12 Pledged assets and contingent liabilities

There are no pledged assets other than a blocked bank account in the amount of SEK 50 thousand (50) for warranties, and the Board has not identified any contingent liabilities.

NOTE 13 Financial risk management and the company's procedures for asset management

The company's activities expose it to various financial risks such as market risk (including currency risk in cash flow), credit risk and liquidity risk.

Market risk consists mainly of currency risks. The company collaborates with international parties and has some exposure to fluctuations in different currencies, in particular GBP, USD and EUR. Currency risk arises through future business transactions and the carrying amount of assets and liabilities. The current extent of the company's operations means that its net exposure in foreign currencies is limited.

The credit risk for cash and cash equivalents is considered to be negligible as the counterparties for the company's bank balances are reputable banks with high credit ratings from external evaluators.

Financing risk constitutes the ability to finance projects to commercialization. The company manages this by the timely preparation of new share issues.

Liquidity risk is where the company cannot meet its obligations. The company manages this risk by constantly monitoring cash flow to reduce liquidity risk and ensure its ability to pay.

The objective of asset management is to ensure that operations are financed through equity.

NOTE 14 Accrued expenses and deferred income

	12/31/2018	12/31/2017
Accrued vacation pay	166	33
Accrued social security expenses, payroll tax	149	101
Prepaid public subsidies	400	1,843
Accrued expenses, external services	213	760
Total	**928**	**2,737**

NOTE 15 Significant events after the close of the financial year

Significant events after the end of the financial year. No significant events leading to adjustments have occurred between the closing date and the date of approval of this report. In March 2019, the company initiated a new drug project in the field of pain management and made two presentations at the International Conference on Alzheimer's & Parkinson's Diseases.

NOTE 16 Approval of the annual report

The company's annual report for the financial year 1/1/2018 to 12/31/2018 was approved by the Board of Directors and Chief Executive Officer on April 11, 2019.

Signatures

Stockholm, April 11, 2019

Thomas Pollare
Chairman of the Board

Annigje van Es Johansson
Board member

Ragnar Linder
Board member

Ellen Donnelly
Board member

Pirkko Sulila Tamsen
Board member

Johan Sandin
Chief Executive Officer

Our auditor's report was submitted on April 11, 2019
Grant Thornton Sweden AB

Micael Schultze
Authorized Public Accountant

Auditors´s report

To the general meeting of the shareholders of Alzecure Pharma AB. Corporate identity number 559094-8302

Report on the annual accounts

Opinions

We have audited the annual accounts of Alzecure Pharma AB for the year 2018 with the exception of the corporate governance report on the pages 34-35. The annual accounts of the company are included on pages 14-31 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 Alzecure Pharma AB as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 34-35. 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 Alzecure Pharma 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 is found on pages 1-13 but does not include the annual 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 intends 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 the basis of these annual accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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, misrepresentations, 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 Alzecure Pharma AB for the year 2018 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 Alzecure Pharma 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.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for the corporate governance state-ment on pages 34-35 and that it has been prepared in accordance with the Annual Accounts Act. Our examination of the corporate governance statement is conducted in accordance with FAR´s auditing standard RevU 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 11 April 2019

Grant Thornton Sweden AB

Micael Schultze
Authorized Public Accountant

This English text is a translation of the official version in Swedish. In the event of any conflict between the Swedish and English version, the Swedish shall prevail.

Corporate governance report

Overview

AlzeCure is a Swedish public limited liability company governed by Swedish law, primarily the Swedish Companies Act (2005:551), the Swedish Annual Accounts Act (1995:1554) and internal rules and regulations. Because the company's shares are traded on Nasdaq First North Premier, the company also complies with Nasdaq First North Premier's regulatory framework, the Swedish Corporate Governance Code (the Code) and pronouncements by the Swedish Securities Council concerning best practices on the Swedish stock market.

As a rule, the Code is not applicable to companies whose shares are admitted to trading on a so-called multilateral trading facility (such as Nasdaq First North); however, since July 1, 2018 the Code applies to companies whose shares are admitted to trading in the Premier segment at Nasdaq First North. While the Code specifies a higher standard of good corporate governance than the minimum requirements of the Swedish Companies Act, companies are not obliged to comply with all of the rules in the Code as it provides leeway to deviate from the rules on the condition that all such deviations and the chosen alternative solutions are described and that the reason for the deviations are explained in the corporate governance report under the so-called comply-or-explain principal. The company complies with the Code, but deviates in that a nomination committee will only be set up at the first AGM following the commencement of trading in the company's shares on Nasdaq First North Premier.

Annual General Meeting (AGM)

The right of shareholders to decide on the affairs of the company is exercised at the AGM. Shareholders exercise their voting rights on key issues such as the approval of Income statements and balance sheets, the appropriation of the company's profit or loss, the discharge from liability of Board members and the CEO, the election of Board members and auditors, and compensation to the Board and auditors.

The AGM must be held within six months of the end of each financial year. Extraordinary shareholders' meetings may be convened in addition to the AGM. In accordance with AlzeCure's articles of incorporation, notice convening the AGM is announced through the Official Swedish Gazette (Post- och Inrikes Tidningar) and by making the notice available on the company's website. At the same time, an advertisement informing that notice has been given must be placed in the Swedish business daily, Dagens Industri. According to the company's articles of incorporation, the AGM must be held in Stockholm, Sweden.

Right to attend the AGM

Shareholders who are registered directly in the shares ledger kept by Euroclear Sweden five working days (including Saturdays) before the AGM and who have notified the company of their intention to participate in the AGM not later than the date specified in the notice to attend the AGM, have the right to participate in the AGM and to vote the number of shares they hold. Shareholders whose shares are registered in the name of a nominee or trustee must register their shares with Euroclear in their own name for the right to participate in the AGM. Such registration may be temporary. Shareholders may participate in the AGM in person or by proxy, but by no more than two persons. Shareholders are usually able to register for the AGM in a number of different ways, described in more detail in the notice to attend.

Initiatives from shareholders

Shareholders who wish to have a matter addressed at the AGM are required to submit a request in writing to the Board. Usually, the request must be received by the Board no later than seven weeks before the AGM.

Board of Directors

According to the Swedish Companies Act, the Board of Directors is responsible for administration and organization, which means it is responsible for such things as establishing objectives and strategies, ensuring that procedures and systems for evaluating objectives are in place; the ongoing evaluation of the company's financial performance and position, and evaluating its operational management. The Board is also responsible for ensuring that the annual report, consolidated financial statements and interim reports are prepared in a timely manner. The Board also appoints the CEO.

Board members are elected annually at the AGM for the period up until the end of the next AGM. According to the company's articles of incorporation, the Board must comprise no fewer than three and no more than ten members without alternates.

The Chairman of the Board is elected by the Board or where appropriate by the AGM; the Chairman bears particular responsibility for the management of the work of the Board and ensuring that such work is well organized. The Chairman of the Board is also responsible for ensuring the Board evaluates its work annually and that the Board is provided with information sufficient to enable its work to be performed effectively.

In additions to the provisions of the Swedish Companies Act, the Board follows written rules of procedure that are revised annually and adopted by the Board at the statutory annual board meeting held following the AGM in which elections to the Board have taken place.

The rules of procedure govern e.g. the allocation of assignments and responsibilities between the board, the Chairman of the Board and the CEO and it specifies the procedure for

the CEO's financial reporting. At the first Board meeting, the Board also sets forth and adopts instructions for the CEO. The Board's work is evaluated on an ongoing basis.

The Board meets according to an annual schedule laid down in advance. In addition to these meetings, further meetings may be arranged to address issues that cannot be referred to a scheduled meeting. In addition to Board meetings, the Chairman of the Board and the CEO maintain a dialog concerning the management of the company.

Based on its size and composition, the Board has decided that the duties and assignments of a remuneration committee and audit committee are best performed by the Board as a whole, and has accordingly decided not to appoint any special committees.

The company's Board comprises five members including the Chairman, who were elected at the general meeting up until the end of the 2019 AGM. During 2018, the Board met 14 times.

THE BOARD

Name	Assignment	Attendance at board meetings	Elected	Shareholding [1]	Independent company and company management	Major independent owners
Thomas Pollare	Chairman	14/14	2017	801,887	No	Yes
Annigje van Es Johansson	Board member	14/14	2017	82,000	No	Yes
Ragnar Linder	Board member	13/14	2017	5,429	Yes	Yes
Ellen Donnelly	Board member	11/11	2018	-	Yes	Yes
Pirkko Sulila Tamsen	Board member	5/5	2018	11,000	Yes	Yes

1) Refers to own holding and that of physical related parties and legal persons.

Chief Executive Officer

The CEO is appointed by, and is subordinate to, the Board of Directors and bears primary responsibility for the company's day-to-day administration and its daily operations. The CEO must comply with the Board of Directors' guidelines and instructions. The distribution of assignments between the Board of Directors and the CEO is set forth in the Board's rules of procedure and the CEO's instructions. The CEO is also responsible for preparing reports and compiling information from management prior to Board meetings and presents materials at Board meetings.

According to the instructions for financial reporting, the CEO is responsible for such in AlzeCure and must therefore ensure that the Board of Directors is provided with sufficient information to enable it to evaluate AlzeCure's financial position on an ongoing basis.

The CEO must keep the Board of Directors continuously informed of developments in the company's operations, sales trends, earnings and financial position, the liquidity and credit situation, important business events and other circumstances that the Board is aware of that cannot be regarded as insignificant for the company's shareholders (such as material disputes and the termination of agreements essential to the company and other significant circumstances affecting operations).

Audit

The Company's statutory auditor(s) are appointed by the AGM. The auditor must examine the company's annual report, its accounts and the Board of Directors' and the Chief Executive Officer's administration. Following the end of each financial year, the auditor must submit an auditor's report to the AGM. According to the company's articles of incorporation, it must have one or two auditors and no more than one alternate auditor.

Grant Thornton Sweden AB (Box 7623, SE 103 94 Stockholm, Sweden) has been the company's auditor since 2017, with Micael Schultze as auditor-in-charge since 2017. Micael Schultze, born 1959, is an Authorized Public Accountant and a member of FAR, the Swedish Institute of Authorised Public Accountants.

Internal controls

The company has decided not to set up any special function for internal control; instead this task is carried out by the Board of Directors as a whole.

Internal control includes control of the company's organization, procedures and actions. The aim is to ensure reliable and accurate financial reporting; that the company's financial reporting is performed in compliance with the law and applicable accounting standards and that other requirements are met. The internal control system also seeks to monitor compliance with the company's guidelines, principles and instructions. Furthermore, the protection of the company's assets and the appropriate and cost-effective use of the company's resources are also monitored. Internal control is also carried out by monitoring by means of the implemented information and business management systems, and by analyzing risks. A review of financial statements and reporting paths takes place at every AGM.

See page 18 for further information concerning the compositions of the Board and management group, and their involvement in the company, which also forms part of this corporate governance report.

Glossary

WORD	DEFINITION
AlzeCure, AlzeCure Pharma or the company	AlzeCure Pharma AB
Amyloid beta	A peptide that is the main component in the plaque found in the brains of Alzheimer's patients
Antibody	Protein used by the body's immune system to detect and render harmless foreign substances
BDNF	Brain Derived Neurotrophic Factor
Biomarker	Measurable indicator of a biological state
BBB, blood-brain barrier	Connected capillary pathways in the brain that protect brain tissue
CNS	Central nervous system
Fibrils	Small, thread-like structures that occur in and around cells Approx one nanometer thick and made up of proteins or polysaccharides
GBP	Pounds sterling
GSM	Gamma secretase modulator
In vitro	Biological process, outside organisms, in test tubes or cell cultures
In vivo	Biological process occurring in animals or humans
Clinical studies	Drug testing performed in humans
Drug Candidate	A drug under development that has not yet received market approval
Monomers	A monomer is the initial molecule in polymerization where monomers combine to form long molecule chains called polymers
NGF	Nerve Growth Factor
Oligomers/protofibrills	Molecular chain of several monomers
Peptide	Molecule comprising amino acids
Preclinical studies	Studies carried out in a lab environment (not in humans)
SEK	Swedish crowns
TBI	Traumatic brain injury
USD	United States dollars

Contact information

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