

INTERIM REPORT JANUARY – MARCH 2020

AlzeCure Pharma develops new drug therapies for the treatment of severe diseases and conditions that affect the central nervous system, such as Alzheimer's disease and pain, for which currently available treatment is extremely limited. AlzeCure® aims to pursue its own projects through preclinical research and development to an early clinical phase.

AlzeCure Pharma AB is a Swedish pharmaceutical company engaged in innovative drug research and development with a primary focus on Alzheimer's disease and pain. The company is listed on Nasdaq First North Premier Growth Market and is developing five drug candidates based on the two research platforms, NeuroRestore® and Alzstain®. The NeuroRestore platform comprises symptom-relieving drug candidates, while Alzstain comprises disease-modifying and preventive drug candidates. A diversified portfolio of drug candidates that act on central signaling pathways in the brain also pave the way for other indications, such as cognitive disorders associated with traumatic brain injury, sleep apnea and Parkinson's disease. The company also has a research platform in the field of pain, Painless, which contains two projects – TrkA-NAM and VR1/ACD440. FNCA Sweden AB, +46(0)8 528 00 399 info@fnca.se, is the company's Certified Adviser. For more information, please visit www.alzecurepharma.se.

“ We have now completed yet another active quarter at AlzeCure Pharma. The business has made good progress according to plan for all three of our project platforms: NeuroRestore, Alzstatin & Painless. The acquisition of the project VR1/ACD440 for treatment of neuropathic pain is an important new addition to our clinical portfolio.

Martin Jönsson, CEO
AlzeCure Pharma

Financial information

January–March 2020

Figures in parentheses refer to the corresponding period of the previous year.

- Net sales during the period totaled SEK 0 thousand (0).
- Earnings for the period totaled SEK -13,784 thousand (-11,586).
- Earnings per share, basic, totaled SEK -0.36 (-0.31).
- Total assets at the end of the period amounted to SEK 176,406 thousand (225,876).
- Cash and cash equivalents at the end of the period totaled SEK 172,230 thousand (222,054).

Significant events

January–March 2020

- In January, the company in-licensed a new project, VR1/ACD440, which is in the clinical development phase and focuses on neuropathic pain.
- Martin Jönsson was appointed to serve as the new Chief Executive Officer on January 8, 2020. Martin has worked in the global pharmaceutical industry for more than 20 years, with extensive experience from various executive positions at both Ferring Pharmaceutical and Roche.
- Johan Sandin was appointed to serve as CSO in January, which enables him to dedicate all of his time to research and development.
- An van Es Johansson joined the management group in March as Head of Development & Chief Medical Officer and thereby stepped down from the Board of Directors. This arrangement further strengthens the company in a period when it is developing and preparing to increase the number of clinical trials, in line with previously announced plans.

Significant events after the end of the period

- On April 2 the company presented a “late-breaking abstract” at the Advances in Alzheimer’s and Parkinson’s Therapies (AAT-AD/PD) conference. Dr. Pontus Forsell, Head of Discovery, and lead author of the study, gave an oral presentation entitled “ACD856 a positive modulator of neurotrophin signaling reverses scopolamine- or age-induced cognitive deficits.” The study shows that treatment with ACD856 results in potent memory enhancement in preclinical studies.

A WORD FROM THE CEO

Martin Jönsson, CEO since January 8, 2020

We have now completed yet another active quarter at AlzeCure Pharma. The business has made good progress according to plan for all three of our project platforms: NeuroRestore®, Alzstatin® & Painless. The company has the explicit goal of developing new therapies for severe disorders affecting the nervous system for which there is currently no effective treatment. Our January acquisition of the pain project VR1/ACD440 aimed at treating neuropathic pain is a good fit with these criteria.



In our unique, innovative NeuroRestore platform we have drug candidates that enhance the effect of important Nerve Growth Factors (NGF) and Brain Derived Nerve Growth Factor (BDNF) in the central nervous system. It could potentially enable treatment of several different diseases such as Alzheimer's and Parkinson's diseases, as well as conditions such as depression. We are conducting three projects within the NeuroRestore platform: ACD855, ACD856 and ACD857, with a primary focus on symptom-relieving treatment of Alzheimer's. At the end of the last quarter of 2019, we initiated the first clinical trial with our leading drug candidate, ACD856. The study, which aims to evaluate half-life in humans, is progressing according to plan, and we expect to be able to announce the results during the second quarter of the year. We are already preparing for the continued clinical trials for ACD856, with plans to begin at the end of the year.

During the past quarter we published, together with researchers from Karolinska Institutet (Professors Bengt Winblad and Maria Eriksson, et al.), positive preclinical results for ACD856 that showed its ability to enhance memory and learning capacity. The results were presented in April at the world-leading Alzheimer's and Parkinson's conference AAT-AD/PD 2020 and were considered to be so interesting that the publication garnered a "Late Breaker" presentation at the meeting.

Our other drug candidate in the NeuroRestore platform, ACD857, is in the research phase. We plan to use this substance for an indication related to cognitive dysfunction/Alzheimer's, but there are other potential indications for the candidate and thus also alternative paths forward for continued development. The third drug candidate in the NeuroRestore platform, ACD855, focuses on ocular indications and is also in research phase after completion of the tolerability studies in the autumn of 2019.

Our innovative Alzheimer's project platform Alzstatin aims to develop preventive disease-modifying treatments for Alzheimer's by reducing production of toxic amyloid-beta (A β) and thereby preventing accumulation of amyloid in the brain. No medications are available at this time that can slow or prevent this disease, which is estimated to cost society SEK 10,000 billion worldwide every year – a cost that is expected to triple over the next 30 years, as life expectancy increases. This demonstrates the tremendous need for effective new medications, as well as the potential for the new Alzstatin program, which has substances in preclinical studies that have shown that they can reduce the quantity

Cont'd next page

of toxic amyloid-beta by 50 per cent. The ACD679 Alzstatin project is currently undergoing preclinical toxicological studies. In parallel, research continues in the ACD680 follow-up project to ensure that we can choose the best possible Alzstatin candidate for future clinical trials.

During the first quarter of 2020 we launched our pain platform, Painless, which currently consists of two projects, TrkA-NAM and VR1/ACD440. VR1/ACD440 was in-licensed in January and is a VR1 antagonist in the clinical development phase, aimed at treating neuropathic pain. The project has previously completed phase 1 clinical trials within Big Pharma, which generated both tolerability data and early signs of efficacy. Preparations are now underway to initiate continued phase 1b clinical trials at the end of this year. Sales for medications with the indication of neuropathic pain are currently worth over SEK 70 billion annually. At the same time, over half of the estimated 25 million patients do not experience adequate pain relief.

Our other pain project TrkA-NAM is in the research phase. The company aims to produce preclinical efficacy data and choose a first drug candidate for further development toward clinical trials in 2020. TrkA-NAM is intended to treat severe pain conditions such as osteoarthritis, which currently affects an estimated 250–300 million patients, for whom healthcare providers would like new treatment options as an alternative to existing treatment (such as opioids). Here too the number of patients is increasing because of the aging population.

An important goal for the company over the past quarter was to increase our marketing communication efforts in order to enhance our outreach, show the value we create and, over time, to attract more investors. To achieve this goal, this spring we began working with analysts such as Redeye and Aktiespararna, both of which have a large network and reach. We are also actively working with a long-term perspective to promote the company to both institutional investors and to pharmaceutical and research companies that are interested in investing in or in-licensing our development projects, or alternatively in entering into a partnership.

Regarding the ongoing Covid-19 situation, we have taken measures to protect our employees and we are working closely with our suppliers to minimize the impact of the situation on the company's operations. So far, we expect that the projects will be able to deliver as stated in our communicated objectives. In these times of turbulence it is also reassuring that we are well-financed.

With due sensitivity to the current situation, we view the future with confidence and are pleased that we can continue to make progress according to plan, with innovative, exciting and important projects in areas with great unmet medical need. We will continue to work toward our objective: to have two projects in clinical development phase at the end of the year.

Huddinge, May 2020

Martin Jönsson

ALZECURE'S PROJECT PORTFOLIO

AlzeCure® is developing five drug candidates simultaneously, based on the NeuroRestore® and Alzstatin® platforms. In addition, the company has the Painless platform, which focuses on pain treatment and contains two projects –VR1/ACD440 in clinical development phase and TrkA-NAM in research phase.

AlzeCure has three candidates in the NeuroRestore platform and two candidates in the Alzstatin platform. The TrkA-NAM project is currently in the research phase and VR1/ACD440 is in the clinical development phase. The company plans to have two drug candidates in clinical trials during 2020. A diversified portfolio of drug candidates paves the way for other indications, such as cognitive disorders associated with traumatic brain injury, sleep apnea and Parkinson's disease.

- The NeuroRestore platform is developing a new generation of symptomatic drugs for the treatment of illnesses with cognitive disorders, such as Alzheimer's disease.

The target mechanism also has other potential indications, including depression and ocular indications.

- Innovative disease-modifying and preventive drugs for Alzheimer's disease are under development within the Alzstatin platform.
- The TrkA-NAM project is aimed at treating severe pain caused by disorders such as osteoarthritis, which today lacks sufficiently effective treatment.
- The clinical drug candidate VR1/ACD440 was in-licensed in January 2020 and is being developed for the treatment of neuropathic pain, a field with great unmet medical need.

AlzeCure's pipeline¹

Platform	Candidate	Indication	Research phase	Preclinical phase	Phase I	Phase II	Phase III
NeuroRestore	ACD856	Alzheimer's disease Sleep disruptions, traumatic brain injuries	In progress	Completed	In progress		
	ACD857	Alzheimer's Disease	In progress				
	ACD855	Eye indications	In progress				
Alzstatin	ACD679	Alzheimer's Disease	In progress	Completed			
	ACD680	Alzheimer's Disease	In progress				
Painless	VR1/ACD440	Neuropathic Pain	In progress	Completed	In progress		
	TrkA-NAM	Osteoarthritic Pain	In progress				

 In progress  Completed

1) For definitions of the phases, please see the AlzeCure Pharma website, www.alzecurepharma.se

PROJECT DEVELOPMENT

AlzeCure Pharma is actively engaged in research and development of innovative and effective new drugs for diseases that affect the nervous system and the brain, with a focus on Alzheimer's disease and pain. The need for new treatments for these severe illnesses is great; for example, disease-modifying therapy for Alzheimer's is expected to be able to generate more than USD 10 billion in annual sales.

The company is simultaneously developing five drug candidates based on the two research platforms NeuroRestore® and Alzstatin®, along with two projects in the pain platform Painless – TrkA-NAM and VR1/ACD440.

- Within NeuroRestore, a new generation of symptom-relieving therapies is being developed for the treatment of cognitive dysfunction (memory disorders) in Alzheimer's disease.
- Within Alzstatin, disease-modifying and preventive drugs for early treatment of Alzheimer's patients are being developed.
- TrkA-NAM is a project in research phase aimed at developing a new treatment for severe pain.
- VR1/ACD440 is a drug candidate in the clinical development phase aimed at treating neuropathic pain and was in-licensed in January 2020.

AlzeCure plans to have two of the company's drug candidates in clinical trials during 2020. A diversified portfolio of drug candidates paves the way for other indications, such as cognitive disorders associated with traumatic brain injury and sleep apnea, but also indications in ophthalmology. With its broad portfolio of assets, the company maximizes shareholder value by working in multiple indication areas where there is scientific support for the biological target mechanisms.

The NeuroRestore platform includes three drug candidates, where ACD856 is the primary candidate for cognitive dysfunction/Alzheimer's disease. The substance has demonstrated potent effect on both memory and learning functions in several preclinical models.

The company began clinical studies with ACD856 in late 2019, just as planned. The study is expected to be completed during the second quarter of 2020.

ACD855 focuses on ocular indications and after completed ocular tolerance studies the company is now conducting preclinical efficacy studies.

ACD857 is in the research phase and has the primary indication of cognitive dysfunction/Alzheimer's disease.

AlzeCure's disease-modifying research platform, Alzstatin, focuses on reducing the production of toxic amyloid beta (Aβ) in the brain. Aβ plays a key 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 previously reported study results, which we believe validate the amyloid hypothesis and thus Alzstatin's focus.

The leading drug candidate in the Alzstatin platform, ACD679, is currently undergoing the important safety pharmacological and toxicological studies necessary before clinical trials may begin. Alongside this work, the development of a derivative is in progress (ACD680) to ensure that the company has the best drug candidate for clinical studies.

AlzeCure's Painless platform contains two projects aimed at new treatments for pain. TrkA-NAM builds on the knowledge amassed and assets developed in the NeuroRestore platform. The project, which is aimed at conditions with severe pain, such as osteoarthritis, is currently in the research phase and the company anticipates receiving preclinical efficacy data and beginning preclinical development work toward a clinical candidate during 2020.

In January 2020, a drug candidate in the clinical development phase aimed at treating neuropathic pain, VR1/ACD440, was in-licensed. This project is an important strategic in-licensing that strengthens the company's current clinical portfolio. The VR1/ACD440 project has its origins in Big Pharma and is based on strong scientific grounds. The substance has previously undergone phase I clinical trials, in which both tolerability and early efficacy endpoints were observed.



Comments on the report

Financial Overview

SEK thousand	Jan-March 2020	Jan-March 2019	2019
Net sales	0	0	0
Operating profit/loss	-13,851	-11,490	-50,908
Earnings for the period and comprehensive income	-13,784	-11,586	-50,858
Earnings per share, basic (SEK)	-0.36	-0.31	-1.35
Research expenses as a percentage of operating expenses (%)	81.5	85.0	87.7
Total assets	176,406	225,876	186,755
Cash and cash equivalents	172,230	222,054	182,499
Debt/equity ratio (%)	95.4	97.9	97.5
Average number of shares, basic	37,765,715	37,765,715	37,765,715
Average number of employees	8	2	4

See the definitions below.

Revenue and profit/loss

During the first quarter, other operating income totaled SEK 72 thousand (29) and largely relates to currency gains. The operating profit/loss in the first quarter was SEK -13,851 thousand (-11,490). The company continued to conduct research that made steady progress, for which reason research expenses also increased, all according to plan. During the first quarter of 2020, research expenses continued to rise (+16%) compared with the same period the previous year. More information about research at AlzeCure can be found in the Project Portfolio section of this report.

Administrative costs were also higher this quarter compared with the previous year. During the first quarter the company focused more on communications and business development as Martin Jönsson took over as new CEO. At the same time, Johan Sandin, now CSO, was able to focus more on research and development. The company had eight employees during the first quarter.

Earnings per share amounted to SEK -0.36 (-0.31) for the first quarter of 2020, and SEK -1.35 for the period January to December 2019.

Financial position

At the end of the period, equity was SEK 168,223 thousand (221,202) and the debt/equity ratio was 95.4% (97.9).

Cash and cash equivalents at the end of the period totaled SEK 172,230 thousand (222,054).

In 2019 the company launched an incentive program with warrants aimed at the Board of Directors. A total of 110,000 warrants were issued.

The warrants, which were issued at the market price based on an external valuation as of May 22, 2019, entitle the holder to subscribe for shares during the period June 15, 2022–June 30, 2022. The issue price for newly subscribed shares totaled 150 percent of the volume-weighted average closing price for the company's shares on the Nasdaq First North Premier Growth Market during the 10 trading days preceding the Annual General Meeting on May 22, 2019. For more information, please see the minutes from the AGM of May 22, 2019.

Cash flow and investments

Cash flow from operating activities including changes in working capital for the first quarter of 2020 totaled SEK -10,242 thousand (-11,404).

Cash flow from investing activities totaled SEK -27 thousand (-710) during the first quarter, mainly attributable to investments in laboratory equipment.

Cash flow from financing activities totaled SEK 0 thousand (-381) for the quarter. The figure during the first quarter last year is attributable to late submission of transaction expenses related to the company's listing in 2018.

Cont'd next page

Accounting policies and valuation principles

General information and compliance with IAS 34

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. AlzeCure Pharma AB (publ) is domiciled in Stockholm. Because the company is not a group, it applies IFRS with the adjustments required under RFR2 Accounting for legal entities.

Significant accounting policies and valuation principles

This interim report has been prepared in compliance with the accounting policies and valuation principles applied in the company's most recent annual report.

Significant estimates and assumptions

When preparing interim reports, the Board and the CEO must, in accordance with the applicable accounting policies and valuation policies, make certain estimates, assessments and assumptions that affect the recognition and valuation of assets, provisions, liabilities, income and expenses. The outcome may deviate from these estimates and assessments and will very rarely amount to the same sum as the estimated outcome.

The estimates and assessments made in the interim report, including the assessment of the main causes of uncertainty, are the same as those applied in the most recent Annual Report.

Key ratios and definitions

Earnings per share: net sales for the period divided by the average number of shares during the period.

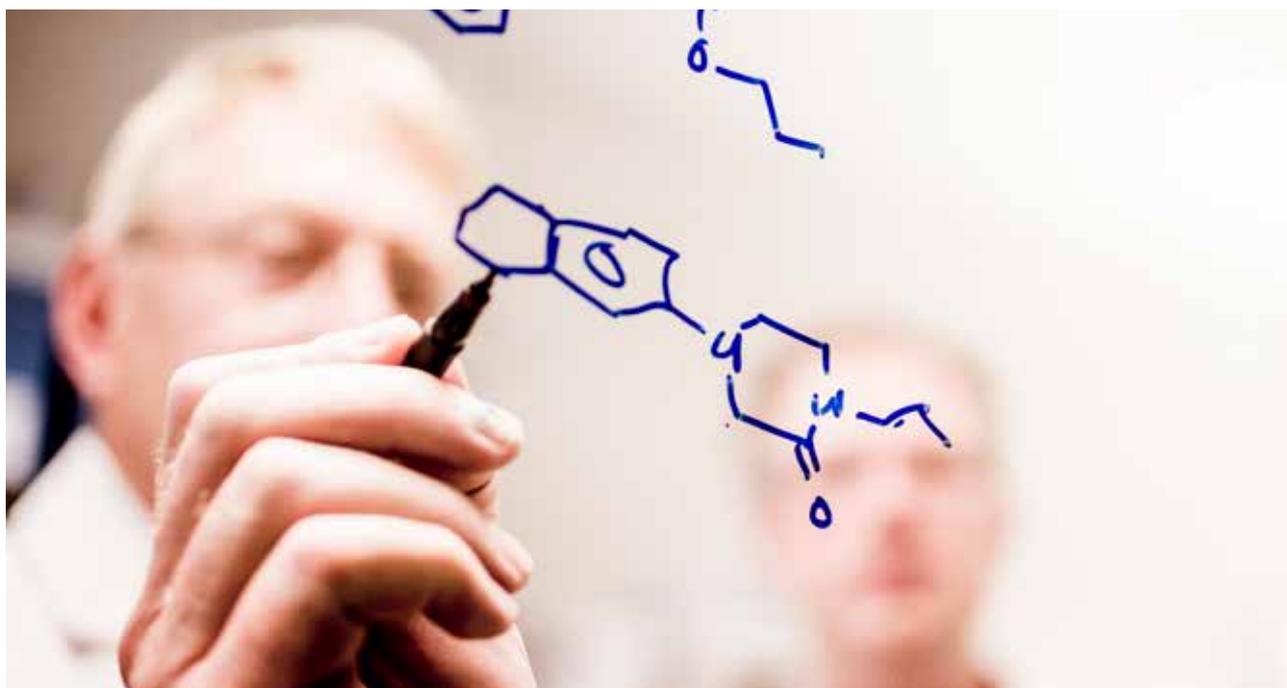
Debt/equity ratio: equity, and where applicable untaxed reserves (less deferred tax), in relation to total assets.

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

Significant risks and uncertainties

The company develops drug candidates and activities will always involve regulatory, market and financial risks. No significant changes regarding those risks and uncertainty factors took place during the period compared with those presented in the most recent annual report.

The Covid-19 pandemic is still underway and the company has taken the necessary measures to protect its employees and limit any negative impact on the company's operations. The company is closely monitoring the situation and will take additional measures as needed.



The share, share capital & ownership structure

The share

The share has traded on Nasdaq First North Premier Growth Market under the name ALZCUR since November 28, 2018. On March 31, 2020, the number of shares in the company totaled 37,765,715.

Owners as of March 31, 2020

The ten largest owners as of March 31, 2020	Number of shares	Share capital and votes
BFCM P/C BFCM Sweden Retail FT	4,347,500	11.5%
Nordnet Pensionsförsäkring AB	2,293,802	6.1%
FV Group AB	2,000,000	5.3%
AlzeCure Discovery	1,710,000	4.5%
Sjuenda Holding AB	1,578,600	4.2%
SEB-Stiftelsen	1,400,000	3.7%
Futur Pension Försäkringsaktiebolag	1,106,000	2.9%
Pontus Forsell	853,643	2.3%
BNP Paribas Sec Serv Luxembourg	850,000	2.3%
Johan Sandin	850,000	2.3%
10 largest owners	16,989,545	45.0%
Other	20,776,170	55.0%
TOTAL	37,765,715	100%

Share-related compensation programs

In 2019 the company launched an incentive program with warrants aimed at some members of the Board of Directors. A total of 110,000 warrants were issued: 35,000 warrants went to Thomas Pollare and 25,000 warrants each went to An van Es Johansson, Ragnar Linder and Pirkko Sulila Tamsen. The dilution effect is less than 0.03%. The warrants, which were issued at the market price as of May 22, 2019, entitle the holder to subscribe for shares during the period June 15–30, 2022. The issue price for newly subscribed shares totaled 150 percent of the volume-weighted average closing price for the company's shares on the Nasdaq First North Premier Growth Market during the 10 trading days preceding the Annual General Meeting on May 22, 2019. For more information, please see the minutes from the AGM of May 22, 2019.

Financial calendar

2020 Annual General Meeting	May 20, 2020
Interim report Q2, April–June 2020	August 25, 2020
Interim report Q3, July–October 2020	November 17, 2020

The Board's assurance

The Board of Directors and the CEO hereby certify that this interim report provides a true and fair view of the company's operations, position and results and describes significant risks and uncertainties facing the company.

Huddinge, May 5, 2020

Thomas Pollare
Chairman of the Board

Pirkko Sulila Tamsen
Board member

Ragnar Linder
Board member

Ellen Donnelly
Board member

Martin Jönsson
Chief Executive Officer

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

For more information, please see www.alzecurepharma.se or contact:
Martin Jönsson, CEO
info@alzecurepharma.com

FNCA is the company's Certified Adviser.
FNCA Sweden AB, +46 (0)8 528 00 399, info@fnca.se.

Income statement and other comprehensive income

SEK thousand	Jan-March 2020	Jan-March 2019	2019
Net sales	0	0	0
Operating expenses			
Research expenses	-11,354	-9,795	-44,789
Administration expenses	-2,388	-1,697	-6,035
Other operating income	72	29	175
Other operating expenses	-181	-27	-259
Operating profit/loss	-13,851	-11,490	-50,908
Profit/loss from financial items			
Interest income and similar items	68	0	199
Interest expenses and similar items	-1	-96	-149
Profit/loss after financial items	-13,784	-11,586	-50,858
Earnings for the period and other comprehensive income	-13,784	-11,586	-50,858
Earnings per share basic, SEK	-0.36	-0.31	-1.35
Earnings per share diluted, SEK	-0.36	-0.31	-1.33
Average number of shares basic	37,765,715	37,765,715	37,765,715
Average number of shares diluted	37,875,715	37,765,715	37,820,715

Balance sheet

SEK thousand	01/31/2020	01/31/2019	12/31/2019
ASSETS			
Non-current assets			
<i>Intangible fixed assets</i>			
Project rights	17	17	17
Total intangible fixed assets	17	17	17
<i>Tangible fixed assets</i>			
Equipments, tools and installations	1,686	1,271	1,768
Total tangible fixed assets	1,686	1,271	1,768
<i>Financial fixed assets</i>	7	7	7
Total non-current assets	1,710	1,295	1,792
Current assets			
<i>Current receivables</i>			
Trade receivables	8	16	16
Other current receivables	1,348	2,468	1,918
Prepaid expenses and accrued income	1,110	43	530
Total current receivables	2,466	2,527	2,464
<i>Cash and bank balances</i>	172,230	222,054	182,499
Total current assets	174,696	224,581	184,963
TOTAL ASSETS	176,406	225,876	186,755
SEK thousand	01/31/2020	01/31/2019	12/31/2019
EQUITY AND LIABILITIES			
Equity			
Share capital	944	944	944
Share premium reserve	278,728	278,651	278,728
Accumulated profit/loss	-97,665	-46,807	-46,807
Profit/loss for the period	-13,784	-11,586	-50,858
Total equity	168,223	221,202	182,007
Current liabilities			
Trade payables	6,391	3,802	2,997
Other current liabilities	192	38	251
Accrued expenses and deferred income	1,600	834	1,500
Total current liabilities	8,183	4,674	4,748
Total liabilities	8,183	4,674	4,748
TOTAL EQUITY AND LIABILITIES	176,406	225,876	186,755

Change in equity

SEK thousand	Share Capital	Share premium reserve	Accumulated profit/loss	Profit/loss for the period and the year	Total equity
Opening balance 01/01/2019	944	279,032	-10,822	-35,985	233,169
Appropriation of earnings			-35,985	35,985	0
Transaction costs, new shares issue for listing 2018		-381			-381
Warrants program	0	77			77
Earnings for the period and comprehensive income				-50,858	-50,858
Closing balance 12/31/2019	944	278,728	-46,807	-50,858	182,007
Opening balance 01/01/2020	944	278,728	-46,807	-50,858	182,007
Appropriation of earnings			-50,858	50,858	0
Earnings for the period and comprehensive income				-13,784	-13,784
Closing balance 03/31/2020	944	278,728	-97,665	-13,784	168,223

Cash flow statement

SEK thousand	Jan-March 2020	Jan-March 2019	2019
Operating activities			
Operating profit/loss before financial items	-13,851	-11,490	-50,908
Adjustment for items not included in cash flow, etc.			
Depreciations & amortizations	109	36	290
Interest received	68	0	199
Interest paid	-1	-96	-149
Cash flow from operating activities before changes in working capital	-13,675	-11,550	-50,568
Changes in working capital			
Change in trade receivables	8	-8	-8
Change in other current receivables	-10	93	156
Change in trade payables	3,394	156	-649
Change in other current operating liabilities	41	-95	784
Net cash flows from operating activities	-10,242	-11,404	-50,285
Investing activities			
Acquisition of tangible fixed assets	-27	-710	-1,461
Cash flow from investing activities	-27	-710	-1,461
Financing operations			
New share issue, incl transaction expenses	0	-381	-381
Warrant program	0	0	77
Cash flow from financing activities	0	-381	-304
Cash flow for the year	-10,269	-12,495	-52,050
Cash and cash equivalents at beginning of year	182,499	234,549	234,549
Cash and cash equivalents at end of period	172,230	222,054	182,499