



# Alzamend Neuro, Inc.

Q1 about inline. Expect positive clinical trials progress in FY24 for AL001 and AL002 for Alzheimer's to drive stock. Raising P/T to \$6.50.

## COMPANY UPDATE

Rating: BUY

Ticker: ALZN

Price: \$0.22

Target: \$6.50  
(from \$6.25)

**Q1 about inline:** Alzamend recently (on September 13) reported its fiscal Q1 2024 (ending July) results. Net loss was \$3.5 million or EPS of \$(0.04), which compared with our estimates of \$(0.04). There was no Q4 guidance. Alzamend is an early/clinical stage drug development company so it generates no revenue.

**Operating expenses:** Operating expenses were \$3.5 million, vs. \$3.3 million in Q4 FY23.

**No guidance:** Management did not provide forward guidance, but we believe ~\$4 million to be a reasonable near term quarterly cash burn rate.

**Maintaining estimates:** We are maintaining our FY24 EPS estimate of \$(0.20).

**Focus on Alzheimer's:** Alzamend has two novel therapeutic drug candidates for Alzheimer's disease. Alzheimer's disease is a progressive neurologic disease that causes brain cells to die and memory or other cognitive impairments. Alzheimer's is the leading cause of dementia, a decline in mental functions that negatively affects a person's ability to function independently. Of the ten most fatal diseases in the U.S., Alzheimer's is the only one with no known cure, ability to slow progression, or means of prevention.

**AL001:** AL001 is a patented ionic cocrystal technology delivering a therapeutic combination of lithium, proline, and salicylate to help combat Alzheimer's by preventing cognitive deficits, depression, irritability, and improving associative learning and memory.

**AL002:** AL002 is a patented method using a mutant peptide sensitized cell as a cell-based therapeutic vaccine that seeks to restore the ability of a patient's immunological system to combat Alzheimer's.

**Positive Top-line data for Phase 2 clinical trial for AL001:** In May 2022, the company initiated a Phase 2 study for AL001 involving Alzheimer's patients. In June 2023, the company reported positive Top-line results from this study.

**Planned studies:** The company has two more Phase II clinical studies for AL001 for Alzheimer's patients expected to start by Q1 2024. The company has received positive Pre-IND response from FDA for AL001 for the treatment of Bipolar Disorder (BD), Major Depressive Disorder (MDD), and Post-Traumatic Stress Disorder (PTSD). The company has filed an IND for BD in August and plans to file IND for MDD and PTSD in Q4 and to start clinical trials shortly after.

**AL002 trial started:** The company has started its clinical trials for AL002 (in April 2023) to treat mild to moderate dementia of the Alzheimer's type.

**Clinical trials can be catalyst:** Alzamend anticipates starting/finishing its various clinical trials over the next year (in FY24/25). We believe achieving key milestones and positive data will likely be catalysts for the stock.

**Balance sheet:** In Q1, the company had \$2 million in cash and no debt. The company expects to receive \$15 million in cash in 2023 from a note receivable from a prior sale of stock that is due December 31, 2023.

**Positive high risks versus high rewards:** Alzamend's 2 drugs have long development roads and the high risks of clinical trials failures, but we believe the ~billion dollars market potential presents high rewards for the risks.

**Current valuation attractive:** We are maintaining our BUY rating, but raising our 12-month price target to \$6.50 from \$6.25, based on a NPV analysis, representing significant upside from the current share price. We believe this valuation fairly balances out the high risks with large upside opportunities.

### Company Description

Based in Atlanta, GA, Alzamend Neuro is a clinical-stage biopharmaceutical company focused on discovering and developing novel medicines to prevent, treat, and cure Alzheimer's.

United States  
Healthcare

September 15, 2023

Edward Woo, CFA  
(561) 327-9435  
ewoo@ascendant.com

### Stock Data

Exchange:	NasdaqCM
52-week Range:	\$0.21 – 1.50
Shares Outstanding (million):	98
Market cap (\$million):	\$22
EV (\$million):	\$20
Debt (\$million):	\$0
Cash (\$million):	\$2
Avg. Daily Trading Vol. (\$million):	\$0.2
Float (million shares):	68
Short Interest (million shares):	0.2
Dividend, annual (yield):	\$0 (NA%)

### Revenues (US\$ million)

	<u>2024E</u> <u>(Cur.)</u>	<u>2024E</u> <u>(Old)</u>	<u>2025E</u> <u>(Cur.)</u>	<u>2025E</u> <u>(Old)</u>
Q1 Jul	0A	0E	0E	
Q2 Oct	0E		0E	
Q3 Jan	0E		0E	
Q4 Apr	0E		0E	
Total	0E		0E	
EV/Revs	N/A		N/A	

### Earnings per Share (pro forma)

	<u>2024E</u> <u>(Cur.)</u>	<u>2024E</u> <u>(Old)</u>	<u>2025E</u> <u>(Cur.)</u>	<u>2025E</u> <u>(Old)</u>
Q1 Jul	(0.04)A	(0.04)E	(0.05)E	(0.06)E
Q2 Oct	(0.05)E		(0.05)E	
Q3 Jan	(0.06)E		(0.05)E	
Q4 Apr	<u>(0.06)E</u>		<u>(0.05)E</u>	
Total	<u>(0.20)E</u>		<u>(0.20)E</u>	
P/E	N/A		N/A	

### Important Disclosures

Ascendant Capital Markets LLC seeks to do business with companies covered by its research team. Consequently, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making an investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 14.

## Exhibit 1: Alzamend Neuro Overview

### INTRODUCTION

## Company Overview



### Company History

**Early clinical-stage biopharmaceutical** company dedicated to:

- Researching, developing and commercializing **preventions, treatments and cures** for neurodegenerative diseases and psychiatric disorders.
- Working on **two therapeutics** licensed from the **University of South Florida Research Foundation, Inc.**, one of the top 20 institutions in the nation for patented research and their portfolio of proprietary solutions.

### Current Pipeline

#### AL001 (aka LISPRO):

- an **ionic cocrystal of lithium** for the potential treatment of **Alzheimer's Disease, BD, MDD and PTSD.**

#### ALZN002 (aka E22W):

- a **cell-based therapeutic vaccine** that seeks to **restore** the ability of the patients' **immunological system** to combat Alzheimer's Disease.

Source: Company reports.

## Exhibit 2: Alzheimer's Disease

### OVERVIEW OF ALZHEIMER'S DISEASE

## Alzheimer's Disease



### Key Statistics:

**7th** leading cause of death in the United States

**Between 2000 and 2019**, deaths from heart disease have **decreased 7.3%** while deaths from Alzheimer's Disease have **increased 145%**

**13 million** Americans are projected to be living with Alzheimer's Disease by 2050

**1-in-9** Americans over the age of 65 are estimated to be afflicted with Alzheimer's Disease



### Alzheimer's Disease:

Alzheimer's Disease is an **irreversible, progressive brain disorder** that **slowly destroys memory and cognitive skills**, and eventually the **ability to carry out the simplest tasks.**

In most people with Alzheimer's Disease, symptoms first appear in their early to mid-60's. Estimates vary, but experts suggest that more than **6.5 million Americans** may have Alzheimer's Disease, considered by many as "**the most feared**" disease.

Alzheimer's Disease has **no current cure**, but five treatments for symptoms are available today while research continues.

Source: Company reports.

**Exhibit 3: Alzamend Neuro Product Pipeline (as of July 2023)**

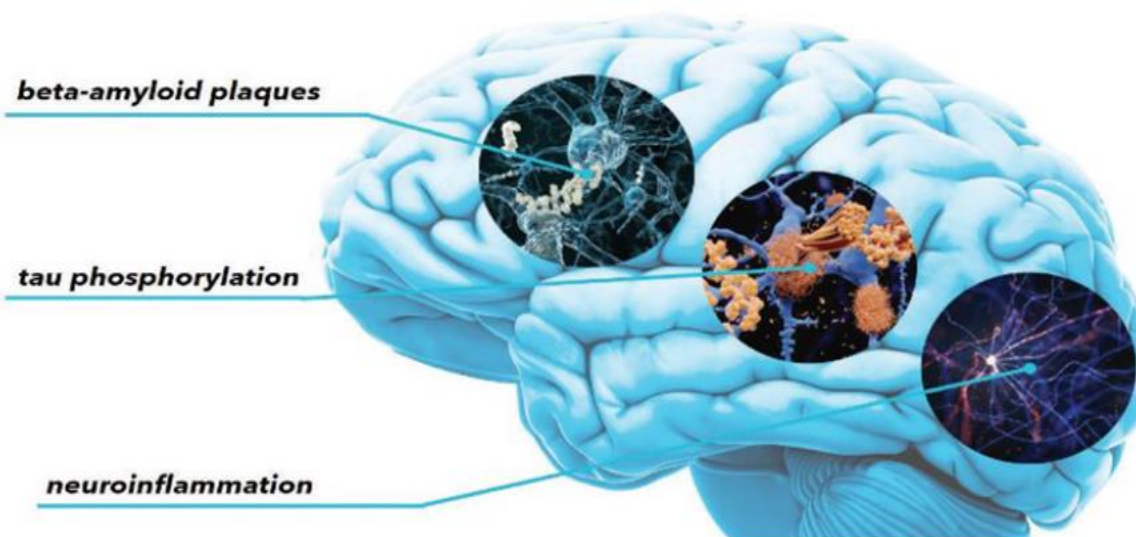
Product Candidate	Indication	Pre-Clinical	Phase I	Phase II	Phase III	FDA Approval
AL001	• Alzheimer's Disease	→			<ul style="list-style-type: none"> <li>• Reported Topline data for the Phase IIA MAD study in June 2023</li> <li>• Anticipate initiating two more Phase II clinical studies in Alzheimer's patients by Q1 2024</li> </ul>	
	• Bipolar Disorder	→			• Anticipate Submitting IND to Initiate a Phase II Clinical Trial in Q4 2023	
	• Major Depressive Disorder	→			• Anticipate Submitting IND to Initiate a Phase II Clinical Trial in Q4 2023	
	• Post-Traumatic Stress Disorder	→			• Anticipate Submitting IND to Initiate a Phase II Clinical Trial in Q4 2023	
ALZN002	• Alzheimer's Disease	→			• Initiated Phase I/IIA Clinical Trial in March 2023	

Source: Company reports.

---

Exhibit 4: Biomarkers of Alzheimer's Disease

**Alzamend Neuro, Inc.**  
**Biomarkers of Alzheimer's Disease**



**Our lead product candidate that we have licensed and will first move to clinical development in humans is an ionic cocrystal of lithium for the treatment of Alzheimer's and other neurodegenerative diseases and psychiatric disorders.**

Source: Company reports.

---

**Exhibit 5: What is Alzheimer's Disease?**



The brain has three main parts:



The **cerebrum** fills up most of your skull. It is involved in remembering, problem solving, thinking, and feeling. It also controls movement.



The **cerebellum** sits at the back of your head, under the cerebrum. It controls coordination and balance.



The **brain stem** sits beneath your cerebrum in front of your cerebellum. It connects the brain to the spinal cord and controls automatic functions such as breathing, digestion, heart rate and blood pressure.

**Alzheimer's Changes the Whole Brain**

Alzheimer's disease leads to nerve cell death and tissue loss throughout the brain. Over time, the brain shrinks dramatically, affecting nearly all its functions.

These images show:



A brain without the disease.



A brain with advanced Alzheimer's.



How the two brains compare.

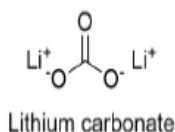
Source: Alzheimer's Association



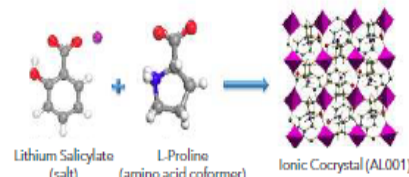
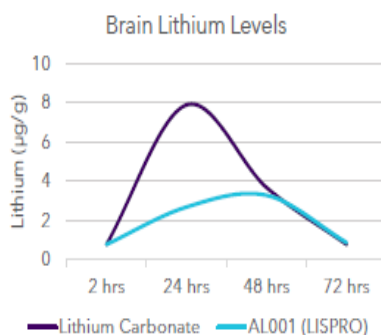
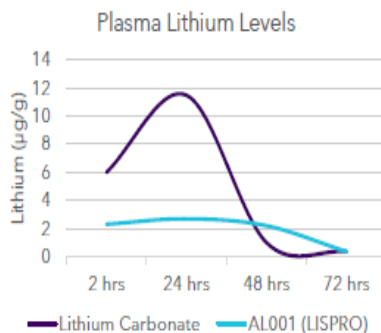
**Exhibit 6: AL001 (LISPRO)**

OUR SCIENCE - NON-CLINICAL

**AL001 (aka LISPRO)**



- **Narrow therapeutic window** that requires **regular blood monitoring** of plasma lithium levels and blood chemistry by a clinician **to mitigate adverse events**
- **Multiple administrations** throughout the day are required to safely reach therapeutic plasma concentrations
- **Suffer** from **chronic toxicity, poor physicochemical properties** and **poor brain bioavailability**



- AL001 is a patented ionic cocrystal technology delivering a therapeutic combination of **lithium, proline** and **salicylate**
- AL001 exhibits **improved non-clinical pharmacokinetics** and **bioavailability** compared to the currently FDA approved lithium drugs on the market
- AL001 exhibits **improved non-clinical brain bioavailability**, without demonstrating an initial spike in lithium concentration that is associated with negative side effects of treatment
- AL001 **nonclinical brain penetration/persistence** may translate to patients resulting in lithium dose sparing properties with enhanced overall safety and reduced or eliminated need for therapeutic drug monitoring.

Source: Company reports.

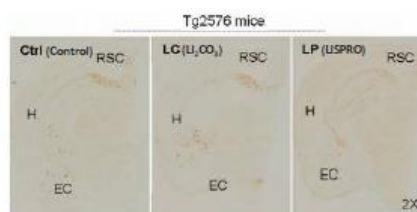
## Exhibit 7: AL001 (LISPRO) Preclinical Studies

### OUR SCIENCE - NON-CLINICAL AL001 (aka LISPRO)

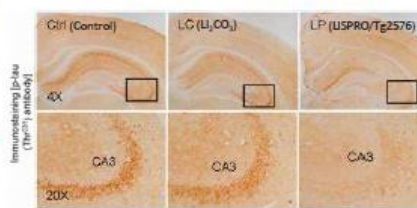
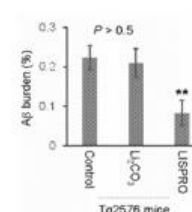


The results of our preclinical studies, conducted from May 2016 to June 2017, are summarized below:

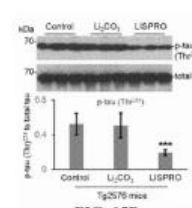
- AL001 had no effect on renal COX2 activity (Tg-Ctrl vs. AL001:  $p > 0.05$ ), a biomarker of renal toxicity, while markedly **reducing abnormal biomarkers** associated with Alzheimer's Disease **by 50%; beta-amyloid pathology, tau phosphorylation and neuro-inflammation** (Tg-Ctrl vs. AL001:  $p < 0.01$ ) (FIGS. 14A/B-15A/B).
- AL001 treatment **did not induce tissue pathological damage in the heart, kidneys, liver or lungs** by a general autopsy (Tg-Ctrl vs. AL001:  $p > 0.05$ ). In contrast, **equimolar doses** (using a similar structure of moles but different active pharmaceutical ingredient) **of lithium carbonate enhanced renal COX2 expression** while **having little or no impact on Alzheimer's Disease pathology** (Tg-Ctrl vs. LC:  $p < 0.01$ ).
- AL001, at the effective dose, **yielded 50% higher lithium levels** (LC vs. AL001;  $p < 0.01$ ) **in the brain** compared with equimolar doses of lithium carbonate (AL001 vs. LC;  $p < 0.05$ ), while producing low nontoxic steady state levels in the body.



**FIG. 14A & 14B: Beta Amyloid Burden**



**FIG. 15A & 15B: Tau Phosphorylation Burden**



Source: Company reports.

## Exhibit 8: AL001 (LISPRO) Phase IIA Trial

### AL001 Phase IIA Trial

Study No.	Study Title	Description	Status
AL001-ALZ02 (US)	A Multiple-dose, Steady-state, Double-blind, Ascending Dose Safety, Tolerability, Pharmacokinetic Study of AL001 in Patients with Mild to Moderate Alzheimer's Disease and Healthy Adult Subjects	<ul style="list-style-type: none"> <li><b>Primary:</b> To evaluate the safety and tolerability of AL001 under multiple-dose, steady-state conditions in Alzheimer's subjects and healthy adult subjects</li> <li><b>Secondary:</b> To characterize the maximum tolerated dose (MTD) of AL001 in subjects with mild to moderate Alzheimer's Disease and healthy adult subjects</li> <li><b>Exploratory:</b> To explore the difference in pharmacokinetic profile between the non-elderly vs. elderly subjects (healthy subjects only). For Alzheimer's Disease subject cohorts (Cohorts 1,2b, 3b, 4b, and 5b), determination of qualitative and quantitative evaluations of Alzheimer's Disease subject desirable characteristics for future Phase II and III clinical studies in order to: <ul style="list-style-type: none"> <li>Facilitate recruitment into subsequent AL001 clinical trials</li> <li>Facilitate trial-adherence to completion of study requirements including treatment adherence</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Reported Topline data of Phase IIA Multiple Ascending Dose Clinical Trial in <b>June 2023</b>. (<a href="http://www.clinicaltrials.gov">www.clinicaltrials.gov</a>, identifier: <b>NCT05363293</b>)</li> </ul>

Source: Company reports.

**Exhibit 9: AL002 (E22W)**

AL002 (CAO22W)



A cell-based therapeutic vaccine which seeks to restore the ability of the patient's immunological system to combat Alzheimer's Disease

beta-amyloid plaques



**Hypothesis:**

- AL002 is intended to **elicit an immune response** to **produce anti-amyloid antibodies**, which can then neutralize circulated beta-amyloids and prevent additional plaque build-up.
- AL002 is a **patient-specific therapy** where the patient undergoes leukapheresis, a nonsurgical treatment used to reduce the quantity of white blood cells in the bloodstream, **to isolate peripheral blood monocytes** that are subsequently **matured into dendritic cells ("DCs")** using an **IL4+ GM-CSF cocktail**.
- The **DCs** are **incubated** with a modified amyloid beta (A $\beta$ ) peptide ("**AL002 peptide**") to sensitize them, and then **administered to the same patient**.

Source: Company reports.

**Exhibit 10: Overview of AL002 (E22W)**

OUR SCIENCE - NON-CLINICAL

Overview of AL002 (aka E22W)

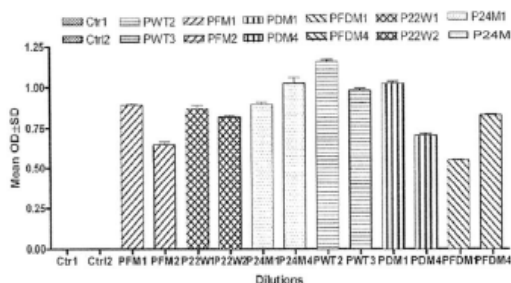


FIG. 5A

- Our goal is to develop an Alzheimer's Abeta vaccine candidate that will be devoid of the problems associated with current vaccine therapies. Our studies concluded the successful vaccination of mice with adjuvant-free mutated beta amyloid peptides have significant advantages over both native beta amyloid and the use of adjuvant.
- 10 weeks old female BALB/c mice were housed in Varian standard cages including amber igloos and vaccinated when 14 weeks old.
- Differently mutated Abeta 1-42 peptides were used for each group and a 1times.PBS (also containing 10% DMSO) as a control group.

**The Results**

- Mice vaccinated with various mutated Abeta 1-42 peptides **induce antibody responses** after two inoculations, while no antibody can be detected in the control group (FIG. 5A).
- All antibodies induced by the peptide injection **bind to the same epitope**. There is no difference in recognition between the various anti-sera and peptides such that all anti-sera recognize the 1-16 epitope on all peptides.
- Demonstrate definite advantages over previous vaccination protocols, which **strongly support our Adjuvant-Free Vaccine Hypothesis**.
- The data clearly show that wild type and mutated Abeta peptide administered without adjuvant induce a **strong and long-lasting antibody response**.
- The **first use of adjuvant-free Abeta** as Alzheimer's vaccine and demonstration that T-cell epitope mutation will contribute to either Th1 or Th2 response. Those peptides will have an outstanding promise for the treatment of Alzheimer's Disease.

Source: Company reports.



**Exhibit 11: ALZN002 Phase I/IIA Trial**

Study No.	Study Title	Description	Status
ALZN002- ALZ (US)	A Randomized, Double-blind, Placebo-controlled, Parallel group, Phase I/IIA Study to Assess the Safety, Tolerability, and Efficacy of Autologous Amyloid Beta Mutant Peptide-Pulsed Dendritic Cells (ALZN002) in Subjects with Mild-to-Moderate Dementia of the Alzheimer's Type	<ul style="list-style-type: none"> <li>• <b>Primary:</b> <ul style="list-style-type: none"> <li>• To assess the safety and tolerability of ALZN002 compared with placebo when administered as IV infusion and ID injection in subjects with mild to moderate AD</li> </ul> </li> <li>• <b>Secondary:</b> <ul style="list-style-type: none"> <li>• To evaluate the immunogenicity of ALZN002 specific to generation of anti-A<math>\beta</math> antibodies</li> <li>• To determine the effect of ALZN002 on Amyloid-Related Imaging Abnormalities (ARIA) as a putative biomarker of treatment safety</li> </ul> </li> <li>• <b>Exploratory:</b> <ul style="list-style-type: none"> <li>• To assess the utility of multiple immune biomarkers as surrogates for safety and efficacy of ALZN002.</li> <li>• To assess the preliminary efficacy of ALZN002 treatment on amyloid markers as observed by amyloid positron emission tomography (PET).</li> </ul> </li> </ul>	Phase I/IIA Clinical Trial Initiated in March 2023 ( <a href="http://www.clinicaltrials.gov">www.clinicaltrials.gov</a> , identifier: <b>NCT05834296</b> ).

Source: Company reports.

**Exhibit 12: Market Opportunity for AL001 and AL002**

COMPETITIVE LANDSCAPE

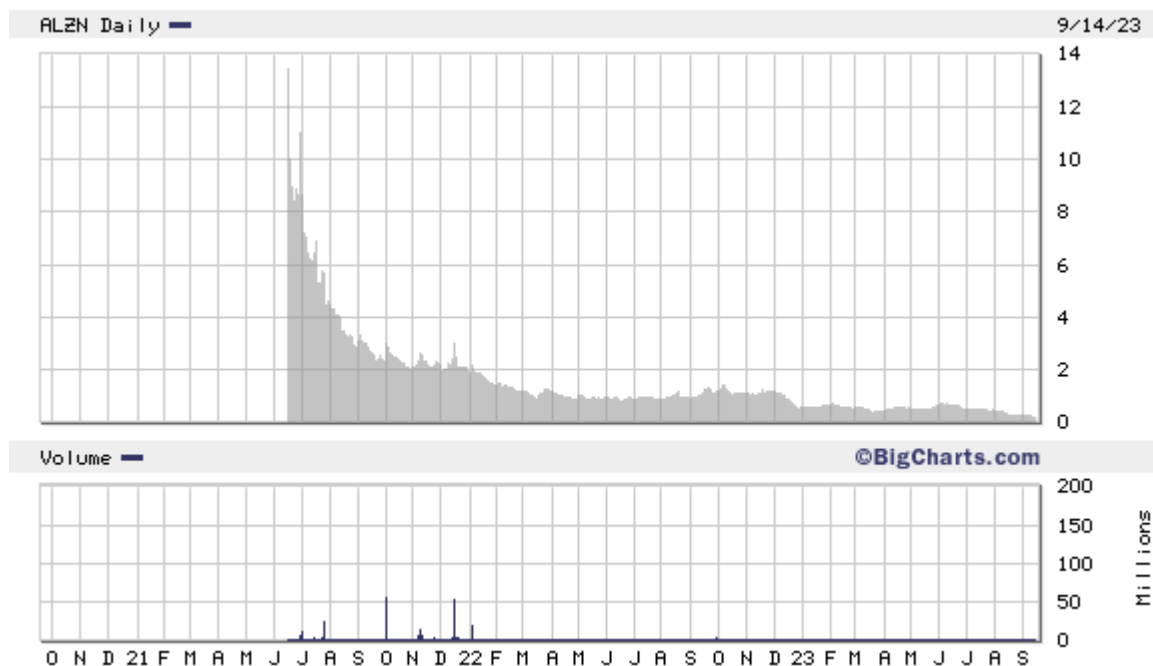
Overview of Market Opportunity for AL001 and AL002



Patient Population	United States	Global (Including US)
MDD	21 Million <sup>1</sup>	280 Million <sup>2</sup>
PTSD	9 Million <sup>1</sup>	284 Million <sup>2</sup>
Alzheimer's Disease	6.5 Million <sup>1</sup>	55 Million <sup>2</sup>
BD	7 Million <sup>1</sup>	45 Million <sup>2</sup>
<b>Total Patient Population</b>	<b>43.5 Million</b>	<b>664 Million</b>

Source: Company reports.

**Exhibit 13: Alzamend Neuro, Inc. Stock Price (2-years since IPO in June 2021)**



Source: <https://bigcharts.marketwatch.com/>

**Exhibit 14: Consensus Expectations (as of September 14, 2023)**

	Revenue (mil)			EPS	
	2024E	2025E		2024E	2025E
Q1 Jul	\$0A		Q1 Jul	\$(0.04)A	
Q2 Oct	\$0E		Q2 Oct	\$(0.04)E	
Q3 Jan	\$0E		Q3 Jan	\$(0.05)E	
Q4 Apr			Q4 Apr		
Total	\$0E	\$0E	Total	\$(0.17)E	\$(0.21)E

\*Quarterly estimates may not add to annual estimates due to variations in contributing estimates and rounding.

Source: Company report, Refinitiv, and Ascendant Capital Markets estimates

## FINANCIAL MODEL

### Alzamend Neuro, Inc.

Income Statement (\$ mils)	Jul-21	Oct-21	Jan-22	Apr-22	2022	Jul-22	Oct-22	Jan-23	Apr-23	2023	Jul-23	Oct-23	Jan-24	Apr-24	2024	Jul-24	Oct-24	Jan-25	Apr-25	2025
Fiscal Year End: April 30	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
<b>Total Revenue</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<u>Cost of Revenues</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Gross Profit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Research and development	0.9	1.8	0.9	1.7	5.2	1.4	1.5	2.9	1.6	7.4	2.4	3.0	3.5	3.5	12.4	3.5	3.0	3.0	3.0	12.5
General and administrative	1.4	1.8	1.7	2.2	7.1	1.7	1.6	2.5	1.7	7.4	1.2	2.0	2.0	2.0	7.2	2.0	2.0	2.0	2.0	8.0
<u>Restructuring and other</u>					<u>0.0</u>					<u>0.0</u>					<u>0.0</u>					<u>0.0</u>
Total operating expenses	2.3	3.6	2.6	3.9	12.3	3.0	3.1	5.4	3.3	14.9	3.5	5.0	5.5	5.5	19.5	5.5	5.0	5.0	5.0	20.5
<b>Operating income (loss)</b>	<b>(2.3)</b>	<b>(3.6)</b>	<b>(2.6)</b>	<b>(3.9)</b>	<b>(12.3)</b>	<b>(3.0)</b>	<b>(3.1)</b>	<b>(5.4)</b>	<b>(3.3)</b>	<b>(14.9)</b>	<b>(3.5)</b>	<b>(5.0)</b>	<b>(5.5)</b>	<b>(5.5)</b>	<b>(19.5)</b>	<b>(5.5)</b>	<b>(5.0)</b>	<b>(5.0)</b>	<b>(5.0)</b>	<b>(20.5)</b>
Interest income (expense)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	0.0	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0
<u>Other income (expense)</u>				<u>0.0</u>	<u>0.0</u>					<u>0.0</u>		<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Income before income taxes	(2.3)	(3.6)	(2.6)	(3.9)	(12.4)	(3.0)	(3.1)	(5.4)	(3.3)	(14.9)	(3.5)	(5.0)	(5.5)	(5.5)	(19.5)	(5.5)	(5.0)	(5.0)	(5.0)	(20.5)
<u>Income taxes</u>					<u>0.0</u>					<u>0.0</u>		<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Net income (loss)	(2.3)	(3.6)	(2.6)	(3.9)	(12.4)	(3.0)	(3.1)	(5.4)	(3.3)	(14.9)	(3.5)	(5.0)	(5.5)	(5.5)	(19.5)	(5.5)	(5.0)	(5.0)	(5.0)	(20.5)
Nonrecurring/noncash adjustments					0.0					0.0					0.0					0.0
<b>Net income (pro forma)</b>	<b>(2.3)</b>	<b>(3.6)</b>	<b>(2.6)</b>	<b>(3.9)</b>	<b>(12.4)</b>	<b>(3.0)</b>	<b>(3.1)</b>	<b>(5.4)</b>	<b>(3.3)</b>	<b>(14.9)</b>	<b>(3.5)</b>	<b>(5.0)</b>	<b>(5.5)</b>	<b>(5.5)</b>	<b>(19.5)</b>	<b>(5.5)</b>	<b>(5.0)</b>	<b>(5.0)</b>	<b>(5.0)</b>	<b>(20.5)</b>
EBITDA	(1.6)	(2.3)	(1.4)	(2.6)	(7.9)	(2.2)	(2.4)	(3.9)	(2.8)	(11.3)	(3.1)	(4.6)	(5.1)	(5.1)	(18.0)	(5.1)	(4.6)	(4.6)	(4.6)	(19.0)
Shares, Basic	84.6	93.5	94.2	94.2	89.1	97.5	97.5	98.3	96.9	97.5	98.4	98.9	99.4	99.9	99.2	100.4	100.9	101.4	101.9	101.2
Shares, Diluted	84.6	93.5	94.2	94.2	89.1	97.5	97.5	98.3	96.9	97.5	98.4	98.9	99.4	99.9	99.2	100.4	100.9	101.4	101.9	101.2
EPS Basic (pro forma)	(\$0.03)	(\$0.04)	(\$0.03)	(\$0.04)	(\$0.14)	(\$0.03)	(\$0.03)	(\$0.06)	(\$0.03)	(\$0.15)	(\$0.04)	(\$0.05)	(\$0.06)	(\$0.06)	(\$0.20)	(\$0.05)	(\$0.05)	(\$0.05)	(\$0.05)	(\$0.20)
<b>EPS Diluted (pro forma)</b>	<b>(\$0.03)</b>	<b>(\$0.04)</b>	<b>(\$0.03)</b>	<b>(\$0.04)</b>	<b>(\$0.14)</b>	<b>(\$0.03)</b>	<b>(\$0.03)</b>	<b>(\$0.06)</b>	<b>(\$0.03)</b>	<b>(\$0.15)</b>	<b>(\$0.04)</b>	<b>(\$0.05)</b>	<b>(\$0.06)</b>	<b>(\$0.06)</b>	<b>(\$0.20)</b>	<b>(\$0.05)</b>	<b>(\$0.05)</b>	<b>(\$0.05)</b>	<b>(\$0.05)</b>	<b>(\$0.20)</b>
<b>Margins</b>																				
Gross margin																				
Research and development																				
General and administrative																				
Operating margin	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Tax rate, GAAP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Net margin	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
<b>Y/Y % change</b>																				
Total Revenue																				
Gross margin																				
Research and development					297%	50%	-12%	231%	-1%	43%	72%	96%	21%	112%	66%	48%	0%	-14%	-14%	1%
General and administrative					95%	19%	-14%	51%	-25%	4%	-30%	27%	-21%	21%	-4%	72%	0%	0%	0%	12%
Operating income (loss)					149%	32%	-13%	112%	-15%	21%	16%	61%	1%	66%	31%	56%	0%	-9%	-9%	5%
Net income (loss)					145%	31%	-14%	111%	-15%	20%	16%	61%	1%	66%	31%	56%	0%	-9%	-9%	5%
EPS Diluted (pro forma)					100%	14%	-17%	102%	-17%	10%	15%	58%	0%	61%	29%	53%	-2%	-11%	-11%	3%

Source: Company reports and Ascendant Capital Markets estimates.

**Alzamend Neuro, Inc.**

Balance Sheet (\$ mils)	Jul-21	Oct-21	Jan-22	Apr-22	Jul-22	Oct-22	Jan-23	Apr-23	Jul-23	Oct-23	Jan-24	Apr-24	Jul-24	Oct-24	Jan-25	Apr-25
Fiscal Year End: April 30	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
<b>Assets</b>																
Cash and cash equivalents	15.6	13.6	11.8	14.1	11.5	9.2	7.4	5.1	1.7	(2.9)	(8.0)	(13.3)	(18.4)	(23.2)	(28.1)	(32.7)
Short term investments										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred income taxes										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Prepaid expenses and other	1.2	0.9	0.6	0.3	0.6	1.2	1.0	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
<b>Total current assets</b>	<b>16.8</b>	<b>14.5</b>	<b>12.4</b>	<b>14.4</b>	<b>12.1</b>	<b>10.3</b>	<b>8.4</b>	<b>5.8</b>	<b>2.4</b>	<b>(2.2)</b>	<b>(7.3)</b>	<b>(12.6)</b>	<b>(17.7)</b>	<b>(22.5)</b>	<b>(27.4)</b>	<b>(32.0)</b>
Property and equipment, net				0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.3	0.3	0.4	0.7	0.7
Intangibles, net										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred income tax										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other										0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total assets</b>	<b>16.8</b>	<b>14.5</b>	<b>12.4</b>	<b>14.5</b>	<b>12.2</b>	<b>10.4</b>	<b>8.5</b>	<b>5.9</b>	<b>2.6</b>	<b>(2.0)</b>	<b>(7.1)</b>	<b>(12.3)</b>	<b>(17.4)</b>	<b>(22.0)</b>	<b>(26.7)</b>	<b>(31.3)</b>
<b>Liabilities and stockholders' equity</b>																
Accounts payable	1.1	1.1	0.5	1.2	1.0	0.6	2.6	2.9	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Accrued expenses	0.1	0.0	0.0	0.0						0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred income tax										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other						1.0				0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short term debt	0.3	0.3								0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total current liabilities</b>	<b>1.5</b>	<b>1.5</b>	<b>0.5</b>	<b>1.2</b>	<b>1.0</b>	<b>1.6</b>	<b>2.6</b>	<b>2.9</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>
Deferred income taxes										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Warrant liabilities										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other long term liabilities										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long term debt										0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total other liabilities</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Preferred stock										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Common stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.7	1.1	1.5	1.9	2.2	2.6
Additional paid-in capital	49.4	50.7	52.2	57.4	58.3	59.0	61.5	62.0	62.4	62.4	62.4	62.4	62.4	62.4	62.4	62.4
Retained earnings	(19.2)	(22.8)	(25.3)	(29.2)	(32.2)	(35.3)	(40.8)	(44.1)	(47.6)	(52.6)	(58.1)	(63.6)	(69.1)	(74.1)	(79.1)	(84.1)
Accumulated other comprehensive income										0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	(14.9)	(14.9)	(14.9)	(14.9)	(14.9)	(14.9)	(14.9)	(14.9)	(14.9)	(14.9)	(14.9)	(14.9)	(14.9)	(14.9)	(14.9)	(14.9)
<b>Total stockholders' equity</b>	<b>15.3</b>	<b>13.0</b>	<b>12.0</b>	<b>13.4</b>	<b>11.2</b>	<b>8.8</b>	<b>5.9</b>	<b>3.0</b>	<b>(0.1)</b>	<b>(4.7)</b>	<b>(9.9)</b>	<b>(15.0)</b>	<b>(20.1)</b>	<b>(24.8)</b>	<b>(29.4)</b>	<b>(34.0)</b>
<b>Total stockholders' equity and liabilities</b>	<b>16.8</b>	<b>14.5</b>	<b>12.4</b>	<b>14.5</b>	<b>12.2</b>	<b>10.4</b>	<b>8.5</b>	<b>5.9</b>	<b>2.6</b>	<b>(2.0)</b>	<b>(7.1)</b>	<b>(12.3)</b>	<b>(17.4)</b>	<b>(22.0)</b>	<b>(26.7)</b>	<b>(31.3)</b>

**Balance Sheet Drivers**

	Jul-21	Oct-21	Jan-22	Apr-22	Jul-22	Oct-22	Jan-23	Apr-23	Jul-23	Oct-23	Jan-24	Apr-24	Jul-24	Oct-24	Jan-25	Apr-25
Book & Cash Value (per share)	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Book Value per Share (diluted)	0.18	0.14	0.13	0.14	0.11	0.09	0.06	0.03	(0.00)	(0.05)	(0.10)	(0.15)	(0.20)	(0.25)	(0.29)	(0.33)
Cash per Share (diluted)	0.18	0.15	0.13	0.15	0.12	0.09	0.08	0.05	0.02	(0.03)	(0.08)	(0.13)	(0.18)	(0.23)	(0.28)	(0.32)
Net cash per Share (diluted)	0.18	0.14	0.13	0.15	0.12	0.09	0.08	0.05	0.02	(0.03)	(0.08)	(0.13)	(0.18)	(0.23)	(0.28)	(0.32)

Source: Company reports and Ascendant Capital Markets estimates



**Alzamend Neuro, Inc.**

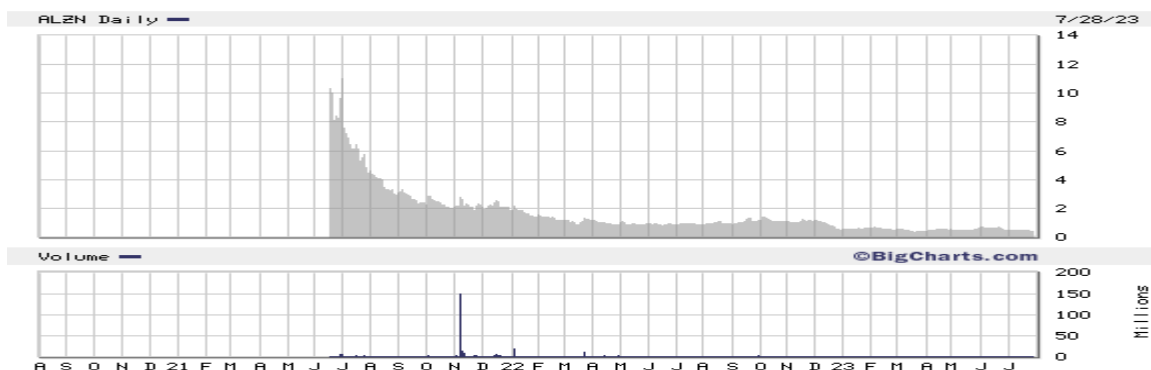
Cash Flow Statement (\$ mils)	Jul-21	Oct-21	Jan-22	Apr-22	2022	Jul-22	Oct-22	Jan-23	Apr-23	2023	Jul-23	Oct-23	Jan-24	Apr-24	2024	Jul-24	Oct-24	Jan-25	Apr-25	2025
Fiscal Year End: April 30	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
<b>Cash flow from operating activities</b>																				
Net income	(2.3)	(3.6)	(2.6)	(3.9)	(12.4)	(3.0)	(3.1)	(5.4)	(3.3)	(14.9)	(3.5)	(5.0)	(5.5)	(5.5)	(19.5)	(5.5)	(5.0)	(5.0)	(5.0)	(20.5)
Depreciation				0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1
Amortization				0.0	0.0					0.0					0.0					0.0
Debt related amortization expen	0.0	0.0	(0.0)	0.0	0.0					0.0					0.0					0.0
Stock comp	0.7	1.3	1.1	1.3	4.4	0.9	0.7	1.5	0.5	3.6	0.4	0.4	0.4	0.4	1.5	0.4	0.4	0.4	0.4	1.5
Deferred income taxes				0.0	0.0					0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in fair value of warrant liability				0.0	0.0					0.0					0.0					0.0
Writedowns and impairments				0.0	0.0					0.0					0.0					0.0
Other gains/losses				(0.0)	(0.0)					0.0					0.0					0.0
Other				0.0	0.0					0.0					0.0					0.0
Changes in operating assets and liabilities:																				
Prepaid expenses & other curre	(0.2)	0.3	0.3	0.3	0.6	(0.2)	0.4	0.1	0.3	0.6	(0.3)	0.0	0.0	0.0	(0.3)	0.0	0.0	0.0	0.0	0.0
Other assets				0.0	0.0					0.0	0.2	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.6	(0.0)	(0.6)	0.8	0.7	(0.1)	(0.4)	2.0	0.2	1.7	(0.1)	0.0	0.0	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0
Accrued expenses				0.0	0.0					0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities				0.0	0.0					0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net cash (used in) provided by</b>	<b>(1.2)</b>	<b>(2.0)</b>	<b>(1.8)</b>	<b>(1.6)</b>	<b>(6.6)</b>	<b>(2.5)</b>	<b>(2.3)</b>	<b>(1.8)</b>	<b>(2.2)</b>	<b>(8.9)</b>	<b>(3.3)</b>	<b>(4.6)</b>	<b>(5.1)</b>	<b>(5.1)</b>	<b>(18.2)</b>	<b>(5.1)</b>	<b>(4.6)</b>	<b>(4.6)</b>	<b>(4.6)</b>	<b>(19.0)</b>
<b>Cash flow from investing activities</b>																				
Purchases of property and equipment				(0.1)	(0.1)					0.0	(0.1)	0.0	0.0	(0.1)	(0.3)	0.0	(0.1)	(0.3)	0.0	(0.4)
Purchases of short-term investments				0.0	0.0					0.0					0.0					0.0
Acquisitions				0.0	0.0					0.0					0.0					0.0
Other				0.0	0.0					0.0					0.0					0.0
<b>Net cash used in investing activ</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.1)</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.1)</b>	<b>(0.3)</b>	<b>0.0</b>	<b>(0.1)</b>	<b>(0.3)</b>	<b>0.0</b>	<b>(0.4)</b>
<b>Cash flow from financing activities</b>																				
Issuance of debt				0.0	0.0					0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayment of debt				(0.1)	(0.1)					0.0					0.0					0.0
Issuance of stock	14.9	0.0	0.0	4.0	18.9					0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from stock option exe	0.0	0.0	0.0	0.0	0.0			0.0		0.0					0.0					0.0
Other				0.0	0.0					0.0					0.0					0.0
Dividends and distributions				0.0	0.0					0.0					0.0					0.0
<b>Cash provided by (used in) fina</b>	<b>14.9</b>	<b>0.0</b>	<b>0.0</b>	<b>3.9</b>	<b>18.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Effect of exchange rate on cash				0.0	0.0					0.0					0.0					0.0
<b>Net increase (decrease) in cash</b>	<b>13.7</b>	<b>(2.0)</b>	<b>(1.8)</b>	<b>2.3</b>	<b>12.1</b>	<b>(2.5)</b>	<b>(2.3)</b>	<b>(1.8)</b>	<b>(2.2)</b>	<b>(8.9)</b>	<b>(3.4)</b>	<b>(4.6)</b>	<b>(5.1)</b>	<b>(5.3)</b>	<b>(18.4)</b>	<b>(5.1)</b>	<b>(4.8)</b>	<b>(4.9)</b>	<b>(4.6)</b>	<b>(19.4)</b>
<b>Beginning cash and equivalents</b>	<b>1.9</b>	<b>15.6</b>	<b>13.6</b>	<b>11.8</b>	<b>1.9</b>	<b>14.1</b>	<b>11.5</b>	<b>9.2</b>	<b>7.4</b>	<b>14.1</b>	<b>5.1</b>	<b>1.7</b>	<b>(2.9)</b>	<b>(8.0)</b>	<b>5.1</b>	<b>(13.3)</b>	<b>(18.4)</b>	<b>(23.2)</b>	<b>(28.1)</b>	<b>(13.3)</b>
<b>Ending cash and equivalents</b>	<b>15.6</b>	<b>13.6</b>	<b>11.8</b>	<b>14.1</b>	<b>14.1</b>	<b>11.5</b>	<b>9.2</b>	<b>7.4</b>	<b>5.1</b>	<b>5.1</b>	<b>1.7</b>	<b>(2.9)</b>	<b>(8.0)</b>	<b>(13.3)</b>	<b>(13.3)</b>	<b>(18.4)</b>	<b>(23.2)</b>	<b>(28.1)</b>	<b>(32.7)</b>	<b>(32.7)</b>

Source: Company reports and Ascendant Capital Markets estimates

### ANALYST CERTIFICATION

Each analyst hereby certifies that the views expressed in this report reflect the analyst’s personal views about the subject securities or issuers. Each analyst also certifies that no part of the analyst’s compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report. The analyst who prepared this report is compensated based upon the overall profitability of Ascendant Capital Markets, LLC, which may, from time to time, include the provision of investment banking, financial advisory and consulting services. Compensation for research is based on effectiveness in generating new ideas for clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

## Alzamend Neuro, Inc.



Source: <https://bigcharts.marketwatch.com/>

	Report Date		Price
Report	Date	Rating	Target
1	9/30/2021	Buy	8.00
2	12/23/2021	Buy	8.25
3	3/16/2022	Buy	7.50
4	9/18/2022	Buy	7.25
5	12/14/2022	Buy	7.00
6	4/3/2023	Buy	6.75

- Ascendant Capital Markets, LLC has received compensation for advisory or investment banking services from the company in the past 12 months.

### IMPORTANT DISCLOSURES

This report has been distributed by Ascendant Capital Markets, LLC and is for the sole use of our clients. This report is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. This report contains information from various sources, including United States government publications, The Wall Street Journal and other periodicals, Yahoo! Finance and other sources, and is for informational purposes only and is not a recommendation to trade in the securities of the companies mentioned within the report. We seek to update our research and recommendations as appropriate, but the large majority of reports are published at irregular intervals as we consider appropriate and, in some cases, as constrained by industry regulations.

We may have a business relationship with companies covered in this report. Ascendant Capital Markets, LLC may make a market in the securities of the subject company. We and our affiliates, officers, directors, and employees will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives (including options and warrants) thereof of covered companies referred to in this report. This report is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any

information in this report is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of the investments referred to in this report may fluctuate.

Following are some general risks that can adversely impact future operational and financial performance and share price valuation: (1) industry fundamentals with respect to legislation, mandates, incentives, customer demand, or product pricing; (2) issues relating to competing companies or products; (3) unforeseen developments with respect to management, financial condition or accounting policies or practices; or (4) external factors that affect the interest rates, currency, the economy or major segments of the economy. Past performance is not a guide to future performance, future returns are not guaranteed, and loss of original capital may occur. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Our report is disseminated primarily electronically, and, in some cases, in printed form. The information contained in this report is not incorporated into the contents of our website and should be read independently thereof. Copyright Ascendant Capital Markets, LLC. No part of this material may be copied, photocopied or duplicated by any means or redistributed without the prior written consent of Ascendant Capital Markets, LLC.

### Risks & Considerations

Risks to attainment of our share price target include balance sheet/liquidity risks, failure of product candidates to demonstrate safety and efficacy in clinical trials, failure to gain regulatory approvals, ability to commercialize product, failure to obtain suitable reimbursement, competition, changing macroeconomic factors, investor sentiment for investing in biotech stocks, and changes in consumer or government priorities for healthcare.

### Ascendant Capital Markets, LLC Rating System

**BUY:** We expect the stock to provide a total return of 15% or more within a 12-month period.

**HOLD:** We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

**SELL:** We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

### Ascendant Capital Markets, LLC Distribution of Investment Ratings (as of July 14, 2023)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	51	98%	16	31%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	52	100%	16	31%

### **Other Important Disclosures**

Our analysts use various valuation methodologies including discounted cash flow, price/earnings (P/E), enterprise value/EBITDAS, and P/E to growth rate, among others. Risks to our price targets include failure to achieve financial results, product risk, regulatory risk, general market conditions, and the risk of a change in economic conditions.

### **Dissemination of Research**

Ascendant Capital Markets, LLC research is distributed electronically via the Thomson Reuters platforms, Bloomberg, Capital IQ and FactSet. Please contact your investment advisor or institutional salesperson for more information.

### **General Disclaimer**

The information and opinions in this report were prepared by Ascendant Capital Markets, LLC. This information is not intended to be used as the primary basis of investment decisions and because of individual client objectives it should not be construed as advice designed to meet the particular investment needs of any investor. This material is for information purposes only and is not an offer or solicitation with respect to the purchase or sale of any security. The reader should assume that Ascendant Capital Markets, LLC may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein. The opinions, estimates, and projections contained in this report are those of Ascendant Capital Markets, LLC as of the date of this report and are subject to change without notice. Ascendant Capital Markets, LLC endeavors to ensure that the contents have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, Ascendant Capital Markets, LLC makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein, and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to Ascendant Capital Markets, LLC, or its affiliates that is not reflected in this report. This report is not to be construed as an offer or solicitation to buy or sell any security.

### **Additional Disclosures**

Ascendant Capital Markets, LLC is a broker-dealer registered with the United States Securities and Exchange Commission (SEC) and a member of the FINRA and SIPC. Ascendant Capital Markets, LLC is not a Registered Investment Advisor nor is it an investment advisor registered with the Securities and Exchange Commission or with the securities regulators of any state, and at the present time is not eligible to file for federal registration.