UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended October 31, 2024

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 001-40483

ALZAMEND NEURO, INC.

(Exact name of registrant as specified in its charter)

Delaware		**81-1822909**
(State or other jurisdiction of incorporation or organization)		(I.R.S. Employer Identification Number)
3480 Peachtree Road NE, Second Floor Suite 103, Atlanta, GA	**30326**	**(844) 722-6303**
(Address of principal executive offices)	(Zip Code)	(Registrant's telephone number, including area code)

Securities registered under Section 12(b) of the Act:

Title of Each Class	**Trading Symbol**	**Name of each exchange on which registered**
Common Stock, $0.0001 par value per share	ALZN	NASDAQ Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	x	Smaller reporting company	x
Emerging growth company	x		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

As of December 10, 2024 there were 5,432,797 shares of registrant's common stock, $0.0001 par value per share, outstanding.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Alzamend Neuro, Inc.
Condensed Balance Sheets
(Unaudited)

	October 31, 2024	April 30, 2024
ASSETS		
CURRENT ASSETS		
Cash	$ 4,093,073	$ 376,048
Prepaid expenses and other current assets	673,669	79,194
TOTAL CURRENT ASSETS	4,766,742	455,242
Property, plant and equipment, net	240,976	176,346
TOTAL ASSETS	$ 5,007,718	$ 631,588
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 1,254,750	$ 2,925,059
Note payable	-	300,714
TOTAL LIABILITIES, ALL CURRENT	$ 1,254,750	$ 3,225,773
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY (DEFICIT)		
Series A Convertible Preferred Stock, $0.0001 stated value per share, 3,000 shares designated; 87.9867 and nil issued and outstanding as of October 31, 2024 and April 30, 2024, respectively	-	-
Series B Convertible Preferred Stock, $0.0001 stated value per share, 6,000 designated; 2,100 issued and outstanding as of October 31, 2024 and April 30, 2024	-	-
Common stock, $0.0001 par value: 300,000,000 shares authorized; 5,231,254 and 687,999 issued and outstanding as of October 31, 2024 and April 30, 2024, respectively	523	69
Additional paid-in capital	60,162,478	51,426,154
Accumulated deficit	(56,410,033)	(54,020,408)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	3,752,968	(2,594,185)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 5,007,718	$ 631,588

The accompanying notes are an integral part of these unaudited condensed financial statements.

Alzamend Neuro, Inc.
Condensed Statements of Operations
(Unaudited)

	For the Three Months Ended October 31,		For the Six Months Ended October 31,	
	2024	**2023**	**2024**	**2023**
OPERATING EXPENSES				
Research and development	$ 311,088	$ 1,996,783	$ 517,659	$ 4,362,920
General and administrative	1,046,980	904,939	1,802,814	2,064,732
Total operating expenses	1,358,068	2,901,722	2,320,473	6,427,652
Loss from operations	(1,358,068)	(2,901,722)	(2,320,473)	(6,427,652)
OTHER EXPENSE, NET				
Interest expense	(3,495)	(4,311)	(15,501)	(6,147)
Total other expense, net	(3,495)	(4,311)	(15,501)	(6,147)
NET LOSS	(1,361,563)	(2,906,033)	(2,335,974)	(6,433,799)
Dividends on preferred shares	(53,651)	-	(53,651)	-
NET LOSS AVAILABLE TO COMMON SHARES	$ (1,415,214)	$ (2,906,033)	$ (2,389,625)	$ (6,433,799)
Basic and diluted net loss per common share	$ (0.40)	$ (4.43)	$ (1.11)	$ (9.80)
Basic and diluted weighted average common shares outstanding	3,531,702	656,378	2,154,761	656,323

The accompanying notes are an integral part of these unaudited condensed financial statements.

Alzamend Neuro, Inc.
Condensed Statements of Stockholders' Equity (Deficit)
For the Three Months Ended October 31, 2024
(Unaudited)

	Series A Convertible Preferred Stock		Series B Convertible Preferred Stock		Common Stock		Additional Paid-In	Accumulated	
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Total
BALANCES, July 31, 2024	188	$ -	2,100	$ -	861,332	$ 86	$ 53,782,414	$ (54,994,819)	$ (1,212,319)
Issuance of common stock for cash, net of issuance costs	-	-	-	-	755,888	76	1,174,148	-	1,174,224
Issuance of common stock for restricted stock awards	-	-	-	-	83	-	-	-	-
Issuance of preferred stock for cash, net of issuance costs	550	-	-	-	-	-	5,125,000	-	5,125,000
Conversion of preferred stock to common stock	(650)	-	-	-	3,613,951	361	(361)	-	-
Stock-based compensation to employees and consultants	-	-	-	-	-	-	81,277	-	81,277
Net loss	-	-	-	-	-	-	-	(1,415,214)	(1,415,214)
BALANCES, October 31, 2024	88	$ -	2,100	$ -	5,231,254	$ 523	$ 60,162,478	$ (56,410,033)	$ 3,752,968

The accompanying notes are an integral part of these unaudited condensed financial statements.

Alzamend Neuro, Inc.
Condensed Statements of Stockholders' Deficit
For the Three Months Ended October 31, 2023
(Unaudited)

	Series B Convertible Preferred Stock		Common Stock		Additional Paid-In	Note Receivable for Common Stock -	Accumulated	
	Shares	Amount	Shares	Amount	Capital	Related Party	Deficit	Total
BALANCES, July 31, 2023	-	$ -	646,268	$ 65	$ 62,370,775	$ (14,883,295)	$ (47,600,428)	$ (112,883)
Issuance of common stock for cash, net of issuance costs	-	-	615	-	18,087	-	-	18,087
Issuance of common stock for restricted stock awards	-	-	83	-	-	-	-	-
Subscription receivable payment received	-	-	-	-	(7,002)	7,002	-	-
Stock-based compensation to employees and consultants	-	-	-	-	318,336	-	-	318,336
Net loss	-	-	-	-	-	-	(2,906,033)	(2,906,033)
BALANCES, October 31, 2023	-	$ -	646,966	$ 65	$ 62,700,196	$ (14,876,293)	$ (50,506,461)	$ (2,682,493)

The accompanying notes are an integral part of these unaudited condensed financial statements.

Alzamend Neuro, Inc.
Condensed Statements of Stockholders' Equity (Deficit)
For the Six Months Ended October 31, 2024
(Unaudited)

	Series A Convertible Preferred Stock		Series B Convertible Preferred Stock		Common Stock		Additional Paid-In	Accumulated	
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Total
BALANCES, April 30, 2024	-	$ -	2,100	$ -	687,999	$ 69	$ 51,426,154	$ (54,020,408)	$ (2,594,185)
Issuance of common stock for cash, net of issuance costs	-	-	-	-	755,888	76	1,174,148	-	1,174,224
Issuance of common stock for restricted stock awards	-	-	-	-	83	-	-	-	-
Issuance of preferred stock for cash, net of issuance costs	800	-	-	-	-	-	7,088,644	-	7,088,644
Conversion of preferred stock to common stock	(712)	-	-	-	3,787,284	378	(378)	-	-
Conversion of note payable and interest to preferred stock	-	-	-	-	-	-	311,356	-	311,356
Stock-based compensation to employees and consultants	-	-	-	-	-	-	162,554	-	162,554
Net loss	-	-	-	-	-	-	-	(2,389,625)	(2,389,625)
BALANCES, October 31, 2024	88	$ -	2,100	$ -	5,231,254	$ 523	$ 60,162,478	$ (56,410,033)	$ 3,752,968

The accompanying notes are an integral part of these unaudited condensed financial statements.

Alzamend Neuro, Inc.
Condensed Statements of Stockholders' Equity (Deficit)
For the Six Months Ended October 31, 2023
(Unaudited)

	Series B Convertible Preferred Stock		Common Stock		Additional Paid-In	Note Receivable for Common Stock -	Accumulated	
	Shares	Amount	Shares	Amount	Capital	Related Party	Deficit	Total
BALANCES, April 30, 2023	-	$ -	646,268	$ 65	$ 62,001,395	$ (14,883,295)	$ (44,072,662)	$ 3,045,503
Issuance of common stock for cash, net of issuance costs	-	-	615	-	18,087	-	-	18,087
Issuance of common stock for restricted stock awards	-	-	83	-	-	-	-	-
Subscription receivable payment received	-	-	-	-	(7,002)	7,002	-	-
Stock-based compensation to employees and consultants	-	-	-	-	687,716	-	-	687,716
Net loss	-	-	-	-	-	-	(6,433,799)	(6,433,799)
BALANCES, October 31, 2023	-	$ -	646,966	$ 65	$ 62,700,196	$ (14,876,293)	$ (50,506,461)	$ (2,682,493)

The accompanying notes are an integral part of these unaudited condensed financial statements.

Alzamend Neuro, Inc.
Condensed Statements of Cash Flows
(Unaudited)

	For the Six Months Ended October 31,	
	2024	**2023**
Cash flows from operating activities:		
Net loss	$ (2,389,625)	$ (6,433,799)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	25,370	25,370
Interest expense - debt discount	9,286	-
Stock-based compensation to employees and consultants	162,554	687,716
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(594,475)	(134,213)
Prepaid expenses - related party	-	247,334
Accounts payable and accrued liabilities	(1,668,953)	795,968
Net cash used in operating activities	(4,455,843)	(4,811,624)
Cash flows from investing activities:		
Purchase of equipment	(90,000)	(147,243)
Net cash used in investing activities	(90,000)	(147,243)
Cash flows from financing activities:		
Net proceeds from the issuance of common stock	1,174,224	18,087
Net proceeds from the issuance of preferred stock	7,088,644	-
Net cash provided by financing activities	8,262,868	18,087
Net increase (decrease) in cash	3,717,025	(4,940,780)
Cash at beginning of period	376,048	5,140,859
Cash at end of period	$ 4,093,073	$ 200,079
Supplemental disclosures of cash flow information:		
Non-cash financing activities:		
Conversion of Series A convertible preferred stock	$ 7,120,133	$ -
Fair value of warrants issued in connection with Series A convertible preferred stock	$ 1,635,489	$ -
Conversion of note payable and accrued interest into Series B convertible preferred stock	$ 311,356	$ -

The accompanying notes are an integral part of these unaudited condensed financial statements.

1. DESCRIPTION OF BUSINESS

Organization

Alzamend Neuro, Inc. (the "Company" or "Alzamend"), is a clinical-stage biopharmaceutical company focused on developing novel products for the treatment of Alzheimer's disease ("Alzheimer's"), bipolar disorder ("BD"), major depressive disorder ("MDD") and post-traumatic stress disorder ("PTSD"). With two current product candidates, Alzamend aims to bring treatments or cures to market at a reasonable cost as quickly as possible. The Company's current pipeline consists of two novel therapeutic drug candidates: (i) a patented ionic cocrystal technology delivering a therapeutic combination of lithium, proline and salicylate, known as AL001, through two royalty-bearing exclusive worldwide licenses from the University of South Florida Research Foundation, Inc., as licensor (the "Licensor"); and (ii) 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, known as ALZN002, through a royalty-bearing exclusive worldwide license from the same Licensor.

The Company is devoting substantially all its efforts towards research and development of its two product candidates and raising capital. The Company has not generated any product revenue to date. The Company has financed its operations to date primarily through debt financings and through the sale of its common stock, par value $0.0001 per share ("Common Stock") and its preferred stock, par value $0.0001 per share. The Company expects to continue to incur net losses in the foreseeable future.

Reverse Stock Split

On October 27, 2023, pursuant to the authorization provided by the Company's stockholders at a special meeting of stockholders, the Company filed an amendment to the Certificate of Incorporation to effectuate a reverse stock split of the Company's issued and outstanding Common Stock by a ratio of one-for-fifteen (the "First Reverse Split"). The First Reverse Split did not affect the number of authorized shares of Common Stock, preferred stock or their respective par value per share. As a result of the First Reverse Split, each fifteen shares of Common Stock issued and outstanding prior to the First Reverse Split were converted into one share of Common Stock. The First Reverse Split became effective in the State of Delaware on October 31, 2023. All share amounts in these financial statements have been updated for all periods presented to reflect the First Reverse Split.

On July 10, 2024, pursuant to the authorization provided by the Company's stockholders at its annual meeting of stockholders, the Company filed an amendment to the Certificate of Incorporation to effectuate a reverse stock split of the Company's issued and outstanding Common Stock by a ratio of one-for-ten (the "Second Reverse Split"). The Second Reverse Split did not affect the number of authorized shares of Common Stock, preferred stock or their respective par value per share. As a result of the Second Reverse Split, each ten shares of Common Stock issued and outstanding prior to the Second Reverse Split were converted into one share of Common Stock. The Second Reverse Split became effective in the State of Delaware on July 16, 2024. All share amounts in these financial statements have been updated for all periods presented to reflect the Second Reverse Split.

2. LIQUIDITY AND GOING CONCERN

The accompanying condensed financial statements have been prepared on the basis that the Company will continue as a going concern. As of October 31, 2024, the Company had cash of $4.1 million, working capital of $3.5 million, an accumulated deficit of $56.4 million and stockholders' equity of $3.8 million. For the three and six months ended October 31, 2024, the Company had net losses of $1.4 million and $2.4 million, respectively. For the six months ended October 31, 2024, cash used in operating activities was $4.5 million. Historically, the Company has financed its operations principally through issuances of equity and debt instruments.

Management believes its current cash on hand is not sufficient to fund its planned operations through one year after the date the condensed financial statements are issued. These factors create substantial doubt about the Company's ability to continue as a going concern for at least one year after the date that these condensed financial statements are issued.

The Company's inability to continue as a going concern could have a negative impact on the Company, including its ability to obtain needed financing. The Company's condensed financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classifications of liabilities that might be necessary should it be unable to continue as a going concern.

The Company expects to continue to incur losses for the foreseeable future and needs to raise additional capital until it is able to generate revenues from operations sufficient to fund its development and commercial operations. These factors create substantial doubt about our ability to continue as a going concern. However, based on the Company's current business plan, management believes that the Company's cash and cash equivalents at October 31, 2024, together with the anticipated receipt of funds from its "at-the-market" offering and from the sale of its Series A and Series B Convertible Preferred Stock pursuant to the securities purchase agreements related thereto, will be sufficient to meet the Company's anticipated cash requirements during the twelve-month period subsequent to the issuance of the financial statements included in this Quarterly Report.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying condensed financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and the rules of the Securities and Exchange Commission ("SEC") applicable to interim reports of companies filing as a smaller reporting company. These condensed financial statements should be read in conjunction with the audited financial statements and notes thereto contained in the Company's Report on Form 10-K for the year ended April 30, 2024, filed with the SEC on July 30, 2024. In the opinion of management, the accompanying condensed interim financial statements include all adjustments necessary in order to make the condensed financial statements not misleading. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year or any other future period. Certain notes to the condensed financial statements that would substantially duplicate the disclosures contained in the audited financial statements for the most recent fiscal year as reported in the Company's Report on Form 10-K have been omitted. The accompanying condensed balance sheet at April 30, 2024 has been derived from the audited balance sheet at April 30, 2024 contained in such Form 10-K.

Accounting Estimates

The preparation of condensed financial statements, in conformity with U.S. GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed financial statements and the reported amounts of expenses during the reporting period. The Company's significant accounting policies that involve significant judgment and estimates include stock-based compensation, warrant valuation, and valuation of deferred income taxes. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a remaining maturity of three months or less when purchased to be cash equivalents. As of October 31, 2024 and April 30, 2024, the Company had no cash equivalents.

Fair Value of Financial Instruments

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, *Fair Value Measurement*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on three levels of inputs that may be used to measure fair value, of which the first two are considered observable and the last is considered unobservable:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 assumptions: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities including liabilities resulting from imbedded derivatives associated with certain warrants to purchase Common Stock.

The fair values of warrants are determined using the Black-Scholes valuation model, a "Level 3" fair value measurement, based on the estimated fair value of Common Stock, volatility based on the historical volatility data of similar companies, considering the industry, products and market capitalization of such other entities, the expected life based on the remaining contractual term of the warrants and the risk free interest rate based on the implied yield available on U.S. Treasury Securities with a maturity equivalent to the warrants' contractual life.

Property and Equipment, Net

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful life of five years. Significant additions and improvements are capitalized, while repairs and maintenance are charged to expense as incurred.

Research and Development Expenses

Research and development costs are expensed as incurred. Research and development costs consist of scientific consulting fees, clinical trial fees and lab supplies, as well as fees paid to other entities that conduct certain research and development activities on behalf of the Company.

The Company has acquired and may continue to acquire the rights to develop and commercialize new product candidates from third parties. The upfront payments to acquire license, products or rights, as well as any future milestone payments, are immediately recognized as research and development expenses, provided that there is no alternative future use of the rights in other research and development projects.

Stock-Based Compensation

The Company recognizes stock-based compensation expense for stock options on a straight-line basis over the requisite service period and account for forfeitures as they occur. The Company's stock-based compensation costs are based upon the grant date fair value of options estimated using the Black-Scholes option pricing model. To the extent any stock option grants are made subject to the achievement of a performance-based milestone, management evaluates when the achievement of any such performance-based milestone is probable based on the relative satisfaction of the performance conditions as of the reporting date.

The Company recognizes stock-based compensation expense for restricted stock units on a straight-line basis over the requisite service period and account for forfeitures as they occur. The Company's stock-based compensation for restricted stocks is based upon the estimated fair value of the Common Stock.

The Black-Scholes option pricing model utilizes inputs which are highly subjective assumptions and generally require significant judgment. Certain of such assumptions involve inherent uncertainties and the application of significant judgment. As a result, if factors or expected outcomes change and the Company uses significantly different assumptions or estimates, the Company's stock-based compensation could be materially different.

Warrants

The Company accounts for stock warrants as either equity instruments, derivative liabilities, or liabilities in accordance with FASB ASC 480, *Distinguishing Liabilities from Equity* and FASB ASC 815, *Derivatives and Hedging* ("ASC 815"), depending on the specific terms of the warrant agreement.

Based on the terms of the Company's warrant agreements, the Company accounted for the warrants as equity instruments as the warrants were indexed to the Common Stock, required settlement in shares and would be classified as equity under ASC 815.

Loss per Common Share

The Company utilizes FASB ASC 260, *Earnings per Share*. Basic loss per share is computed by dividing loss available to common stockholders by the weighted-average number of common shares outstanding. Diluted loss per share is computed similar to basic loss per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. Diluted loss per common share reflects the potential dilution that could occur if convertible preferred stock, options and warrants were to be exercised or converted or otherwise resulted in the issuance of Common Stock that then shared in the earnings of the entity.

Since the effects of outstanding stock options, restricted stock units and warrants are anti-dilutive in the periods presented, shares of Common Stock underlying these instruments have been excluded from the computation of loss per common share.

The following sets forth the number of shares of Common Stock underlying outstanding stock options, restricted stock units and warrants that have been excluded from the computation of loss per common share:

	For the Six Months Ended October 31,	
	2024	2023
Stock options (1)	116,999	121,054
Restricted stock units	84	250
Warrants	873,450	67,665
	990,533	188,969

(1) The Company has excluded 10,000 stock options for the six months ended October 31, 2024 and 2023, with an exercise price of $0.06, from its anti-dilutive securities as these shares have been included in our determination of basic loss per share as they represent shares issuable for little or no cash consideration upon the satisfaction of certain conditions pursuant to FASB ASC 260-10-45-14.

Recent Accounting Standards

From time to time, new accounting pronouncements are issued by the FASB and adopted by the Company as of the specified effective date. Unless otherwise discussed, the impact of recently issued standards that are not yet effective are not expected to have a material impact on the Company's financial position or results of operations upon adoption.

Management has considered all other recently issued accounting standards and does not believe the adoption of such standards will have a material impact on its condensed financial statements.

4. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets were as follows:

	October 31, 2024	April 30, 2024
Prepaid clinical trial expenses	$ 490,911	$ -
Prepaid insurance	163,332	60,523
Other prepaid expenses	19,426	18,671
Total prepaid expenses and other current assets	$ 673,669	$ 79,194

On October 22, 2024, the Company entered into a Study Start-up Agreement with Massachusetts General Hospital ("Mass General Agreement") in preparation for five clinical research trials for its AL001 product candidate. The Mass General Agreement required a prepayment of $514,000. Prepaid clinical trial expenses at October 31, 2024 represented the unamortized portion of clinical trial expense and will be amortized as used.

On June 14, 2024, the Company purchased directors' and officers' insurance for 12 months in the amount of $227,000. Prepaid insurance at October 31, 2024 represented the unamortized portion of directors' and officers' insurance.

5. STOCK-BASED COMPENSATION

2016 Stock Incentive Plan

On April 30, 2016, the Company's stockholders approved the Company's 2016 Stock Incentive Plan (the "Plan"). The Plan provides for the issuance of a maximum of 83,333 shares of Common Stock to be offered to the Company's directors, officers, employees, and consultants. On March 1, 2019, the Company's stockholders approved an additional 50,000 shares to be available for issuance under the Plan. Options granted under the Plan have an exercise price equal to or greater than the fair value of the underlying Common Stock at the date of grant and become exercisable based on a vesting schedule determined at the date of grant. The options expire between five and 10 years from the date of grant. Restricted stock awards granted under the Plan are subject to a vesting period determined at the date of grant.

2021 Stock Incentive Plan

In February 2021, the Company's board of directors (the "Board") adopted, and the stockholders approved, the Alzamend Neuro, Inc. 2021 Stock Incentive Plan (the "2021 Plan"). The 2021 Plan authorizes the grant to eligible individuals of (1) stock options (incentive and non-statutory), (2) restricted stock, (3) stock appreciation rights, or SARs, (4) restricted stock units, and (5) other stock-based compensation.

Stock Subject to the 2021 Plan. The maximum number of shares of Common Stock that may be issued under the 2021 Plan is 66,667 shares, which number will be increased to the extent that compensation granted under the 2021 Plan is forfeited, expires or is settled for cash (except as otherwise provided in the 2021 Plan). Substitute awards (awards made or shares issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, in each case by a company that the Company acquires or any subsidiary of the Company or with which the Company or any subsidiary combines) will not reduce the shares authorized for grant under the 2021 Plan, nor will shares subject to a substitute award be added to the shares available for issuance or transfer under the 2021 Plan.

Restricted Stock. In May 2021, the Company issued restricted stock awards pursuant to the 2021 Plan to one employee. The restricted stock award vests over 48 months. The award requires continued service to the Company during the vesting period. The vesting provisions of individual awards may vary as approved by the Board. Compensation expense for restricted stock is generally recorded based on its market value on the date of grant and recognized ratably over the associated service and performance period.

Stock Options. All options that the Company grants are granted at the per share fair value on the grant date. Vesting of options differs based on the terms of each option. The Company has valued the options at their date of grant utilizing the Black Scholes option pricing model. As of the date of issuance of these options, there was not an active public market for the Company's shares. Accordingly, the fair value of the underlying options was determined based on the historical volatility data of similar companies, considering the industry, products and market capitalization of such other entities. The risk-free interest rate used in the calculations is based on the implied yield available on U.S. Treasury issues with an equivalent term approximating the expected life of the options as calculated using the simplified method. The expected life of the options used was based on the contractual life calculated using the simplified method. Stock-based compensation is a non-cash expense because the Company settles these obligations by issuing shares of Common Stock from its authorized shares instead of settling such obligations with cash payments.

A summary of stock option activity for the six months ended October 31, 2024 is presented below:

		Outstanding Options			
	Shares Available for Grant	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value
Balance at April 30, 2024	62,000	98,000	$ 178.12	5.22	$ 70,500
Options granted	-	-	$ -	-	
Options exercised	-	-	$ -	-	
Options expired	3,333	(3,333)	$ 150.00	-	
Balance at October 31, 2024	65,333	94,667	$ 179.11	4.90	$ 15,100
Options vested and expected to vest at October 31, 2024		88,001	$ 179.39	4.65	$ 15,100
Options exercisable at October 31, 2024		87,043	$ 178.87	4.63	$ 15,100

The aggregate intrinsic value in the table above represents the total pretax intrinsic value (i.e., the difference between the estimated fair value on the respective date and the exercise price, times the number of shares) that would have been received by the option holders had all option holders exercised their options.

Restricted stock unit activity for the six months ended October 31, 2024 is presented below:

	Shares	Weighted Average Grant Date Fair Value
Unvested at April 30, 2024	167	$ 375.00
Granted	-	-
Vested	83	$ 375.00
Cancelled	-	-
Unvested at October 31, 2024	84	$ 375.00

Performance Contingent Stock Options Granted to Employee

On November 26, 2019, the Board granted 28,333 performance and market contingent awards to certain key employees and a director. These grants were made outside of the Plan. These awards have an exercise price of $225.00 per share. These awards have multiple separate market triggers for vesting based upon either (i) the successful achievement of stepped target closing prices on a national securities exchange for 90 consecutive trading days later than 180 days after the Company's initial public offering ("IPO") for its common stock, or (ii) stepped target prices for a change in control transaction. The target prices ranged from $1,500 per share to $6,000 per share. In the event any of the stock price milestones are not achieved within three years, the unvested portion of the performance options will be reduced by 25%.

On November 22, 2022, the Compensation Committee of the Board modified the performance criteria for these awards. The target price range is now $1,500 per share to $3,000 per share. Additionally, if the stock price milestones are now not achieved by November 27, 2026, as opposed to within three years, the unvested portion of the portion of the performance options will be reduced by 25%. Due to the significant risks and uncertainties associated with achieving the market-contingent awards, as of October 31, 2024, management believes that the achievement of the requisite performance conditions is not probable and, as a result, no compensation cost has been recognized for these awards.

On November 29, 2022, the Compensation Committee of the Board granted 13,333 performance-based stock option to the Chief Executive Officer at an exercise price of $175.50 per share, of which 50% vest upon the completion and announcement of topline data from the Company's Phase II clinical trial of AL001 within three years from grant date and the remaining 50% vest upon the completion and announcement of topline data from the Company's Phase II clinical trial of ALZN002 within four years from the grant date. During the three months ended July 31, 2023, management believed that it was probable that the performance condition of the completion and announcement of topline data from the Company's Phase II clinical trial of AL001 would be achieved and had recognized the related stock-based compensation. As of October 31, 2024, management believed that the achievement of the second performance condition was not probable and, as a result, no compensation cost has been recognized related to Phase I/IIA of ALZN002.

Performance Contingent Stock Options Granted to TAMM Net

On March 23, 2021, the Company issued performance-based stock options to certain team members at TAMM Net, Inc. ("TAMM Net") to purchase an aggregate of 3,000 shares of Common Stock at a per share exercise price of $225.00 per share, of which 50% would vest upon the completion of Phase I of AL001 by March 31, 2022, and the remaining 50% would vest upon completion of Phase I/IIA of ALZN002 by December 31, 2022.

On January 19, 2023, the Board modified the performance criteria for these awards. The remaining 50% of the grant will now vest upon the completion and announcement of topline data of the first cohort from a Phase I/IIA clinical trial of ALZN002 on/or before March 31, 2024. The modified performance criteria was not met on or before March 31, 2024 and, as a result, the remaining unvested stock options were cancelled and no compensation cost has been recognized for these awards related to ALZN002.

Performance Contingent Stock Options Granted to Consultants

On October 14, 2021, the Company issued performance-based stock options to two consultants to purchase an aggregate of 1,334 shares of Common Stock with an exercise price of $363.00 per share, of which 333 vest upon completion of each of the Phase II clinical trials of AL001 for a BD indication, AL001 for a PTSD indication, AL001 for an MDD indication and ALZN002 for an Alzheimer's indication.

On January 19, 2023, the Board modified the performance criteria for these awards. The revised grant will vest 25% if the Company (a) completes and announces topline data from a Phase II clinical trial of AL001 and ALZN002, as applicable, that would support a new drug application for the drug candidate and the indication listed below, and (b) obtained a "Study May Proceed" letter from the U.S. Food and Drug Administration ("FDA") for the additional Investigational New Drug ("IND") on/or before December 31, 2023, as follows: (i) AL001 – BD; (ii) AL001- MDD; (iii) AL001 – PTSD; and (iv) ALZN002 – Alzheimer's.

During the year ended April 30, 2024, the Company filed INDs for BD, MDD and PTSD and received a "Study May Proceed" letter for BD in October 2023, MDD in November 2023 and PTSD in December 2023. As a result, 75% of the performance grant vested and the Company recognized stock-based compensation related to the vesting. As of October 31, 2024, management believed that the achievement of the remaining requisite performance condition was not probable and, as a result, no compensation cost has been recognized for these awards related to ALZN002 – Alzheimer's.

Stock-Based Compensation Expense

The Company's results of operations included expenses relating to stock-based compensation for three and six months ended October 31, 2024 and 2023, were comprised as follows:

	For the Three Months Ended October 31,		For the Six Months Ended October 31,	
	2024	2023	2024	2023
Research and development	$ -	$ -	$ -	$ 142,603
General and administrative	81,277	175,733	162,554	545,113
Total	$ 81,277	$ 175,733	$ 162,554	$ 687,716

As of October 31, 2024, total unamortized stock-based compensation expense related to unvested employee and non-employee awards that are expected to vest was $284,000. The weighted-average period over which such stock-based compensation expense will be recognized was approximately 0.9 years.

6. WARRANTS

During the three months ended October 31, 2024, the Company issued warrants to purchase an aggregate of 440,000 shares of common stock at an exercise price of $12.50 per share.

(i) On August 19, 2024, the Company issued a warrant to purchase 160,000 shares of Common Stock at an exercise price of $12.50 in connection with the sale of convertible preferred stock to Orchid Finance, LLC ("Orchid") for $2,000,000. Based on the terms of the Company's warrant agreement, the Company accounted for the warrant as an equity instrument as the warrant is indexed to the common stock, requires settlement in shares and would be classified as equity under ASC 815. The fair value of the warrant on the date issued was $571,000.

(ii) On August 21, 2024, the Company issued a warrant to purchase 200,000 shares of Common Stock at an exercise price of $12.50 in connection with the sale of convertible preferred stock to Orchid for $2,500,000. Based on the terms of the Company's warrant agreement, the Company accounted for the warrant as an equity instrument as the warrant is indexed to the common stock, requires settlement in shares and would be classified as equity under ASC 815. The fair value of the warrant on the date issued was $486,000.

(iii) On September 11, 2024, the Company issued a warrant to purchase 80,000 shares of Common Stock at an exercise price of $12.50 in connection with the sale of convertible preferred stock to Orchid for $1,000,000. Based on the terms of the Company's warrant agreement, the Company accounted for the warrant as an equity instrument as the warrant is indexed to the common stock, requires settlement in shares and would be classified as equity under ASC 815. The fair value of the warrant on the date issued was $69,000.

Warrant activity for the six months ended October 31, 2024 is presented below:

	Number Outstanding	Weighted Average Exercise Price
Outstanding at April 30, 2024	240,449	$67.45
Granted	640,000	$12.50
Cancelled/Expired	(6,999)	$320.28
Outstanding at October 31, 2024	873,450	$24.35

The following table summarizes information about Common Stock warrants outstanding and exercisable at October 31, 2024:

Outstanding				Exercisable	
Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$12.00-$12.50	850,000	4.7	$ 12.38	850,000	$ 12.38
$450.00	23,042	1.8	$ 450.00	23,042	$ 450.00
$937.50	408	1.6	$ 937.50	408	$ 937.50
$12.00 - $937.50	873,450	4.7	$ 24.35	873,450	$ 24.35

7. COMMITMENTS AND CONTINGENCIES

Contractual Obligations

On July 2, 2018, the Company entered into two Standard Exclusive License Agreements with Sublicensing Terms for AL001 with the Licensor and its affiliate, the University of South Florida (the "AL001 Licenses"), pursuant to which the Licensor granted the Company a royalty bearing exclusive worldwide licenses limited to the field of Alzheimer's, under United States Patent Nos. (i) 9,840,521, entitled "Organic Anion Lithium Ionic Cocrystal Compounds and Compositions", filed September 24, 2015 and granted December 12, 2017, and (ii) 9,603,869, entitled "Lithium Co-Crystals for Treatment of Neuropsychiatric Disorders", filed May 21, 2016 and granted March 28, 2017. On February 1, 2019, the Company entered into the First Amendments to the AL001 Licenses, on March 30, 2021, the Company entered into the Second Amendments to the AL001 Licenses and on June 8, 2023, the Company entered into the Third Amendments to the AL001 Licenses (collectively, the "AL001 License Agreements"). The Third Amendments to the AL001 Licenses modified the timing of the payments of the license fees.

The AL001 License Agreements require that the Company pay combined royalty payments of 4.5% on net sales of products developed from the licensed technology for AL001. The Company has already paid an initial license fee of $200,000 for AL001. As an additional licensing fee for the license of the AL001 technologies, the Licensor received 14,853 shares of Common Stock. Minimum royalties for AL001 License Agreements are $40,000 on the first anniversary of the first commercial sale, $80,000 on the second anniversary of the first commercial sale and $100,000 on the third anniversary of the first commercial sale and every year thereafter, for the life of the AL001 License Agreements.

On May 1, 2016, the Company entered into a Standard Exclusive License Agreement with Sublicensing Terms for ALZN002 with the Licensor (the "ALZN002 License"), pursuant to which the Licensor granted the Company a royalty-bearing exclusive worldwide license limited to the field of Alzheimer's Immunotherapy and Diagnostics, under United States Patent No. 8,188,046, entitled "Amyloid Beta Peptides and Methods of Use," filed April 7, 2009 and granted May 29, 2012. On August 18, 2017, the Company entered into the First Amendment to the ALZN002 License, on May 7, 2018, the Company entered into the Second Amendment to the ALZN002 License, on January 31, 2019, the Company entered into the Third Amendment to the ALZN002 License, on January 24, 2020, the Company entered into the Fourth Amendment to the ALZN002 License, on March 30, 2021, the Company entered into the Fifth Amendment to the ALZN002 License, on April 17, 2023, the Company entered into the Sixth Amendment to the ALZN002 License and on December 11, 2023, the Company entered into the Seventh Amendment to the ALZN002 License (collectively, the "ALZN002 License Agreement"). The Seventh Amendment to the ALZN002 License modified the timing of the payments of the license fees.

The ALZN002 License Agreement requires the Company to pay royalty payments of 4% on net sales of products developed from the licensed technology for ALZN002. The Company has already paid an initial license fee of $200,000 for ALZN002. As an additional licensing fee for the license of ALZN002, the Licensor received 24,012 shares of Common Stock. Minimum royalties for ALZN002 are $20,000 on the first anniversary of the first commercial sale, $40,000 on the second anniversary of the first commercial sale and $50,000 on the third anniversary of the first commercial sale and every year thereafter, for the life of the ALZN002 License Agreement.

On November 19, 2019, the Company entered into two Standard Exclusive License Agreements with Sublicensing Terms for two additional indications of AL001 with the Licensor (the "November AL001 License"), pursuant to which the Licensor granted the Company a royalty bearing exclusive worldwide licenses limited to the fields of (i) neurodegenerative diseases excluding Alzheimer's and (ii) psychiatric diseases and disorders. On March 30, 2021, the Company entered into the First Amendments to the November AL001 License and on April 17, 2023, the Company entered into the Second Amendments to the November AL001 License (collectively, the "November AL001 License Agreements"). The Second Amendments to the November AL001 License modified the timing of the payments for the license fees.

The November AL001 License Agreements require the Company to pay royalty payments of 3% on net sales of products developed from the licensed technology for AL001 in those fields. The Company paid an initial license fee of $20,000 for the additional indications. Minimum royalties for November AL001 License Agreements are $40,000 on the first anniversary of the first commercial sale, $80,000 on the second anniversary of the first commercial sale and $100,000 on the third anniversary of the first commercial sale and every year thereafter, for the life of the November AL001 License Agreements.

These license agreements have an indefinite term that continue until the later of the date no licensed patent under the applicable agreement remains a pending application or enforceable patent, the end date of any period of market exclusivity granted by a governmental regulatory body, or the date on which the Company's obligations to pay royalties expire under the applicable license agreement. Under the various license agreements, if the Company fails to meet a milestone by its specified date, Licensor may terminate the license agreement. The Licensor was also granted a preemptive right to acquire such shares or other equity securities that may be issued from time to time by the Company while the Licensor remains the owner of any equity securities of the Company.

Additionally, the Company is required to complete milestones and make payments on the due dates to the Licensor for the license of the AL001 technologies and for the ALZN002 technology, as follows:

Original AL001 Licenses:

Payment	Due Date	Event
$ 50,000 *	Completed September 2019	Pre-IND meeting
$ 65,000 *	Completed June 2021	IND application filing
$ 190,000 *	Completed December 2021	Upon first dosing of patient in a clinical trial
$ 500,000 *	Completed March 2022	Upon completion of first clinical trial
$ 1,250,000	March 2025	Upon first patient treated in a Phase III clinical trial
$ 10,000,000	8 years from the effective date of the agreement	Upon FDA new drug application approval

* Milestone met and payment made

ALZN002 License:

Payment	Due Date
$ 50,000	*Completed January 2022
$ 50,000	Upon first dosing of patient in first Phase I clinical trial
$ 500,000	Upon completion of first Phase IIB clinical trial
$ 1,000,000	Upon first patient treated in a Phase III clinical trial
$ 10,000,000	Upon first commercial sale

* Milestone met and payment made

Additional AL001 Licenses:

Payment	Due Date	Event
$ 2,000,000	March 2026	Upon first patient treated in a Phase III clinical trial
$ 16,000,000	August 1, 2029	First commercial sale

8. EQUITY TRANSACTIONS

The Company is authorized to issue 10,000,000 shares of Preferred Stock, $0.0001 par value. The Board has designated 3,000 shares as Series A Convertible Preferred Stock and 6,000 shares as Series B Convertible Preferred Stock. The rights, preferences, privileges and restrictions on the remaining authorized 9,991,000 shares of Preferred Stock have not been determined. The Board is authorized to create a new series of preferred shares and determine the number of shares, as well as the rights, preferences, privileges and restrictions granted to or imposed upon any series of preferred shares.

Series A Convertible Preferred Stock

On May 8, 2024, the Company and Orchid entered into a securities purchase agreement (the "Orchid SPA") for the purchase of up to 2,500 shares of Series A Convertible Preferred Stock and warrants to purchase shares up to 2,000,000 shares of Common Stock in several tranche closings.

On May 10, 2024, the Company sold 100 shares of Series A Convertible Preferred Stock and warrants to purchase 80,000 shares of Common Stock with an exercise price of $12.50, for a total purchase price of $1.0 million. The purchase price was paid by the surrender and cancellation of a term note issued by the Company to Orchid of $311,356, consisting of $310,000 of principal and $1,356 of accrued and unpaid interest, $100,000 discount and net cash of $588,644.

On June 25, 2024, the Company sold 150 shares of Series A Convertible Preferred Stock and warrants to purchase 120,000 shares of Common Stock with an exercise price of $12.50, for a total purchase price of $1.5 million. The purchase price was paid in cash.

On August 19, 2024, the Company sold 200 shares of Series A Convertible Preferred Stock and warrants to purchase 160,000 shares of Common Stock with an exercise price of $12.50 to Orchid, for a total purchase price of $2.0 million. The purchase price was paid in cash.

On August 21, 2024, the Company sold 250 shares of Series A Convertible Preferred Stock and warrants to purchase 200,000 shares of Common Stock with an exercise price of $12.50 to Orchid, for a total purchase price of $2.5 million less $100,000 discount. The purchase price was paid in cash.

On September 11, 2024, the Company sold 100 shares of Series A Convertible Preferred Stock and warrants to purchase 80,000 shares of Common Stock with an exercise price of $12.50 to Orchid, for a total purchase price of $1.0 million. The purchase price was paid in cash.

The Series A Convertible Preferred Stock has a stated value of $1,000 per share and holders of the Series A Convertible Preferred Stock are entitled to cumulative cash dividends at an annual rate of 15%, or $1,500.00 per share ("Dividend Amount"), based on the stated value per share. Notwithstanding the foregoing, for as long as any share(s) of Series A Preferred Stock shall remain outstanding, the Dividend Amount shall be paid either in shares of Series A Preferred Stock or cash, at Orchid's discretion, in each case equal to the Dividend Amount. Each share of Series A Convertible Preferred Stock is convertible into shares of Common Stock cased on the conversion price ("Series A Conversion Price"), which is defined as (a) the state value of the Series A Preferred Stock being converted pus all accrued but unpaid dividends, divided by (b) the greater of (i) $2.50 per share ("Floor Price"), and (ii) the lesser of (A) $15.00 and (B) 80% of the lowest closing price of the Common Stock during the three trading days immediately prior to the date of the conversion. The Conversion Price is subject to adjustment in the event of an issuance of Common Stock at a price per share lower than the Conversion Price then in effect, but not below the Floor Price. The Floor Price shall, however, be adjusted for stock splits, stock dividends, combinations or similar transactions. The holders of the Series A Convertible Preferred Stock are entitled to vote with the Common Stock as a single class on an as-converted basis, subject to applicable law provisions of the Delaware General Corporation Law and Nasdaq, provided, however, that for purposes of complying with Nasdaq regulations, the conversion price, for purposes of determining the number of votes the holder of Series A Convertible Preferred Stock is entitled to cast, shall not be lower than $5.63 (the "Voting Floor Price"), which represents the closing sale price of the Common Stock on the trading day immediately prior to the execution date of the Orchid SPA. The Voting Floor Price shall be adjusted for stock dividends, stock splits, stock combinations and other similar transactions. Upon a liquidation event, the holders of Series A Convertible Preferred Stock receive a liquidation preference ahead of holders of Common Stock.

Series B Convertible Preferred Stock

On January 31, 2024, the Company and Ault Lending, LLC ("Ault Lending") entered into a securities purchase agreement (the "AL SPA") for the purchase of up to 6,000 shares of Series B Convertible Preferred Stock and warrants to purchase shares up to 600,000 shares of the Company's Common Stock. The AL SPA provides that Ault Lending may purchase up to $6 million of Series B Convertible Preferred Stock in one or more closings. Ault Lending has the right to purchase up to $2 million of Series B Convertible Preferred Stock, on or before March 31, 2024, and the right to purchase up to $4 million of Series B Convertible Preferred Stock after March 31, 2024, but on or before March 31, 2025 (the "Termination Date"). The Agreement will automatically terminate if the final closing has not occurred prior to the Termination Date.

On January 31, 2024, the Company sold 1,220 shares of Series B Convertible Preferred Stock and warrants to purchase 122,000 shares of Common Stock with an exercise price of $12.00, for a total purchase price of $1.22 million. The purchase price was paid by the cancellation of $1.15 million of cash advances made by Ault Lending to the Company between November 9, 2023 and January 31, 2024 and a subscription receivable of $70,000.

On March 26, 2024, the Company sold 780 shares of Series B Convertible Preferred Stock and warrants to purchase 78,000 shares of Common Stock with an exercise priceof $12.00, for a total purchase price of $780,000.

On April 29, 2024, the Company sold 100 shares of Series B Convertible Preferred Stock and warrants to purchase 10,000 shares of Common Stock with an exercise price of $12.00, for a total purchase price of $100,000.

The Series B Convertible Preferred Stock has a stated value of $1,000 per share ("Stated Value") and does not accrue dividends. Each share of Series B Convertible Preferred Stock is convertible into a number of shares of Common Stock determined by dividing the Stated Value by $10.00 (the "Conversion Price"). The Conversion Price is subject to adjustment in the event of an issuance of Common Stock at a price per share lower than the Conversion Price then in effect, as well as upon customary stock splits, stock dividends, combinations or similar events. The holders of the Series B Convertible Preferred Stock are entitled to vote with the Common Stock as a single class on an as-converted basis, subject to applicable law provisions of the Delaware General Company Law and Nasdaq, provided, however, that for purposes of complying with Nasdaq regulations, the conversion price, for purposes of determining the number of votes the holder of Series B Convertible Preferred Stock is entitled to cast, shall not be lower than $8.73 (the "Voting Floor Price"), which represents the closing sale price of the Common Stock on the trading day immediately prior to the Execution Date. The Voting Floor Price shall be adjusted for stock dividends, stock splits, stock combinations and other similar transactions. Upon a liquidation event the holders of Series B Convertible Preferred Stock receive a liquidation preference ahead of holders of Common Stock.

The warrants have an exercise price of $12.00 (the "Exercise Price") and become exercisable on the first business day after the six-month anniversary of issuance (the "Initial Exercise Date") and have a five-year term, expiring on the fifth anniversary of the Initial Exercise Date. The Exercise Price is subject to adjustment in the event of an issuance of Common Stock at a price per share lower than the Exercise Price then in effect, as well as upon customary stock splits, stock dividends, combinations or similar events.

Common Stock

At-the-Market Offering

On October 3, 2024, the Company entered into an At-the-Market Issuance Sales Agreement with Ascendiant Capital Markets, LLC (the "ATM Offering"), as sales agent to sell shares of its Common Stock, having an aggregate offering price of up to approximately $6.5 million from time to time, through the ATM Offering. On October 3, 2024, the Company filed a prospectus supplement with the SEC relating to the offer and sale of up to approximately $6.5 million in shares of Common Stock in the ATM Offering.

The offer and sale of the shares will be made pursuant to the Company's effective "shelf" registration statement on Form S-3 and an accompanying base prospectus contained therein (Registration Statement No. 333-273610) filed with the SEC on August 2, 2023 and declared effective by the SEC on August 10, 2023.

During the six months ended October 31, 2024, the Company sold an aggregate of 755,888 shares of Common Stock pursuant to the ATM Offering for gross and net proceeds of $1.2 million.

Orchid SPA

During the three months ended October 31, 2024, Orchid converted 649.5363 shares of Series A Convertible Preferred Stock into 3,613,951 shares of Common Stock. During the six months ended October 31, 2024, Orchid converted 712.0133 shares of Series A Convertible Preferred Stock into 3,787,284 shares of Common Stock.

9. RELATED PARTY TRANSACTIONS

In connection with the Orchid SPA, the Company agreed to pay Ault Lending an origination fee of five percent (5%) of the total gross proceeds we receive from Orchid upon each purchase of Series A Convertible Preferred Stock. During the three and six months ended October 31, 2024, origination fees due to Ault Lending were $275,000 and $400,000, respectively.

10. SUBSEQUENT EVENTS

From November 1, 2024 to December 10, 2024, the Company sold an aggregate of 201,543 shares of Common Stock pursuant to the ATM Offering for gross and net proceeds of $280,000.

Management has evaluated events through the date the financial statement were available to be issued and determined that there have been no other events that occurred that would require adjustment to our disclosures in the condensed financial statements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following management's discussion and analysis of financial condition and results of operations in conjunction with our unaudited condensed financial statements and notes thereto included in Part I, Item 1 of this Quarterly Report on Form 10-Q and with our audited financial statements and related notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K, filed with the Securities and Exchange Commission, or the SEC, on July 30, 2024.

NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). This section should be read in conjunction with our unaudited condensed financial statements and related notes included in Part I, Item 1 of this report. The statements contained in this report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act.

These statements relate to future events or our future financial performance. We have attempted to identify forward-looking statements by terminology including "anticipates," "believes," "expects," "can," "continue," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predict," "should" or "will" or the negative of these terms or other comparable terminology. These statements are only predictions; uncertainties and other factors may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels or activity, performance or achievements expressed or implied by these forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.

In this Quarterly Report, unless the context requires otherwise, references to the "Company," "Alzamend," "we," "our company" and "us" refer to Alzamend Neuro, Inc., a Delaware corporation.

Overview

We were incorporated on February 26, 2016, as Alzamend Neuro, Inc. under the laws of the State of Delaware. We were formed to acquire and commercialize patented intellectual property and know-how to prevent, treat and potentially cure the crippling and deadly Alzheimer's disease ("Alzheimer's"). With our two product candidates, we aim to bring treatment or cures not only for Alzheimer's, but also bipolar disorder ("BD"), major depressive disorder ("MDD") and post-traumatic stress disorder ("PTSD"). Existing Alzheimer's treatments only temporarily relieve symptoms but do not, to our knowledge, slow or halt the underlying progression of the disease. We have developed a novel approach to combat Alzheimer's through immunotherapy.

Critical Accounting Policies and Estimates

Research and Development Expenses. Research and development costs are expensed as incurred. Research and development costs consist of scientific consulting fees and lab supplies, as well as fees paid to other entities that conduct certain research and development activities on behalf of our company.

We have acquired and may continue to acquire the rights to develop and commercialize new product candidates from third parties. The upfront payments to acquire license, product or rights, as well as any future milestone payments, are immediately recognized as research and development expense, provided that there is no alternative future use of the rights in other research and development projects.

Stock-Based Compensation. We maintain a stock-based compensation plan as a long-term incentive for employees, non-employee directors and consultants. The plan allows for the issuance of incentive stock options, non-qualified stock options, restricted stock units, and other forms of equity awards.

We recognize stock-based compensation expense for stock options on a straight-line basis over the requisite service period and account for forfeitures as they occur. Our stock-based compensation costs are based upon the grant date fair value of options estimated using the Black-Scholes option pricing model. To the extent any stock option grants are made subject to the achievement of a performance-based milestone, management evaluates when the achievement of any such performance-based milestone is probable based on the relative satisfaction of the performance conditions as of the reporting date.

The Black-Scholes option pricing model utilizes inputs which are highly subjective assumptions and generally require significant judgment. These assumptions include:

- ***Risk-Free Interest Rate.*** The risk-free interest rate is based on the U.S. Treasury zero coupon issues in effect at the time of grant for periods corresponding with the expected term of the option.

- ***Expected Volatility.*** Because we do not have a sufficient trading history for our common stock ("Common Stock"), the expected volatility was estimated based on the average volatility for comparable publicly traded life sciences companies over a period equal to the expected term of the stock option grants. The comparable companies were chosen based on the similar size, stage in life cycle or area of specialty. We will continue to apply this process until a sufficient amount of historical information regarding the volatility of our own stock price becomes available.

- ***Expected Term.*** The expected term represents the period that the stock-based awards are expected to be outstanding and is determined using the simplified method (based on the mid-point between the vesting date and the end of the contractual term), as we do not have sufficient historical data to use any other method to estimate expected term.

- ***Expected Dividend Yield.*** We have never paid dividends on our Common Stock and have no plans to pay dividends on our Common Stock. Therefore, we used an expected dividend yield of zero.

Certain of these assumptions involve inherent uncertainties and the application of significant judgment. As a result, if factors or expected outcomes change and we use significantly different assumptions or estimates, our stock-based compensation could be materially different.

Preferred Stock Classification. We analyze the terms of our preferred stock using Accounting Standards Codification ("ASC") 480, *Distinguishing Liabilities from Equity*, to determine whether our preferred stock should be classified as a liability or equity, and if classified as equity, permanent or temporary. Common criteria we consider are redemption provisions, conversion options, cumulative of mandatory fixed dividends, discretionary dividends based on earning, voting rights and collateral requirements.

Plan of Operations

We intend to develop and commercialize therapeutics and vaccines that are better than existing treatments and have the potential to significantly improve the lives of individuals afflicted by Alzheimer's, BD, MDD and PTSD. To achieve these goals, we are pursuing the following key business strategies:

- Advance clinical development of AL001 for Alzheimer's, BD, MDD and PTSD treatment;

- Advance clinical development of ALZN002 for Alzheimer's treatment;

- Expand our pipeline of pharmaceuticals to include additional indications for AL001 and delivery methods;

- Focus on translational and functional endpoints to efficiently develop product candidates; and

- Optimize the value of AL001 and ALZN002 in major markets.

Our pipeline consists of two novel therapeutic drug candidates:

- AL001 - A patented ionic cocrystal technology delivering a therapeutic combination of lithium, salicylate and proline through three royalty-bearing exclusive worldwide licenses from the University of South Florida Research Foundation, Inc., as licensor (the "Licensor"); and

- ALZN002 - 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 through a royalty-bearing exclusive worldwide license from the Licensor.

Our most advanced product candidate (lead product) licensed and in clinical development in humans is AL001, an ionic cocrystal of lithium for the treatment of Alzheimer's, BD, MDD and PTSD. Based on our preclinical data involving mice models, AL001 treatment prevented cognitive deficits, depression and irritability and is superior in improving associative learning and memory and irritability compared with lithium carbonate treatments, supporting the potential of this lithium formulation for the treatment of Alzheimer's, BD, MDD and PTSD in humans. Lithium has been marketed for more than 35 years and human toxicology regarding lithium use has been well characterized, potentially mitigating the regulatory burden for safety data.

On May 5, 2022, we initiated a multiple-dose, steady-state, double-blind, ascending dose safety, tolerability, pharmacokinetic clinical trial of AL001 in patients with mild to moderate Alzheimer's and healthy subjects. We completed the Phase IIA clinical trial in March 2023 and announced positive topline data in June 2023, followed by the full data set in October 2024.

We announced that we successfully identified a maximum tolerated dose ("MTD") for development of AL001 from a multiple-ascending dose study as assessed by an independent safety review committee. This dose, providing lithium at a lithium carbonate equivalent dose of 240 mg 3-times daily ("TID"), is designed to be unlikely to require lithium therapeutic drug monitoring ("TDM"). Also, this MTD is risk mitigated for the purpose of treating fragile populations, such as Alzheimer's patients.

Lithium is a commonly prescribed drug for manic episodes in BD type 1 as well as maintenance therapy of BD in patients with a history of manic episodes. Lithium is also prescribed off-label for MDD, BD and treatment of PTSD, among other disorders. Lithium was the first mood stabilizer approved by the U.S. Food and Drug Administration ("FDA") and is still a first-line treatment option (considered the "gold standard") but is underutilized perhaps because of the need for TDM. Lithium was the first drug that required TDM by regulatory authorities in product labelling because the effective and safe range of therapeutic drug blood concentrations is narrow and well defined for treatment of BD when using lithium salts. Excursions above this range can be toxic, and below can impair effectiveness. Existing lithium drugs suffer from chronic toxicity, poor physicochemical properties, and poor brain bioavailability. Alzamend's novel AL001 formulation, a lithium-salicylate/L-proline engineered ionic cocrystal, is designed to overcome the toxicities associated with conventional lithium salts, promising a next-generation lithium treatment with an enhanced safety profile and advantageous distribution to brain and brain structures.

Based on the results from our Phase IIA MAD study, we plan to initiate five clinical trials to determine relative increased lithium levels in the brain compared to a marketed lithium salt for healthy subject and patients diagnosed with mild to moderate Alzheimer's, BD, MDD and PTSD, based on published mouse studies that predict that lithium can be given at lower doses for equivalent therapeutic benefit when treating with AL001. For example, the goal is to replace the amount of lithium needed for maintenance treatment of BD with a clinically relevant, lower AL001 lithium carbonate equivalent lithium dose. Such lithium dose mitigation could redefine the landscape of neuropsychiatric, neurodegenerative, and neurological treatment practices. In August 2024, we announced that we had partnered with Massachusetts General Hospital to serve as the CRO for these clinical trials.

On November 19, 2024, we announced final full data set from a nonclinical study comparing brain and plasma lithium exposures between AL001 and lithium carbonate in Alzheimer's transgenic mice. The study was conducted at the University of South Florida and the bioanalytical procedures for determination of lithium concentration in the brain and plasma samples were conducted under good laboratory practice standards by Sannova Analytical LLC. The study involved administering AL001, a good manufacturing practices-quality active pharmaceutical ingredient ("API") to 5XFAD mice, a recognized model for Alzheimer's research, to compare its effects against lithium carbonate, an FDA approved and marketed API. Mice received either high or low doses scaled to humans of both AL001 and lithium carbonate over a 14-day period to observe pharmacokinetic steady-state drug conditions. On the 15th day, the mice were analyzed to assess how the treatments affected lithium concentrations in different brain regions and in their plasma.

Based on the study, both treatments had no negative impact on the mice's body weight or clinical signs during the treatment period. AL001 showed lower plasma lithium levels than lithium carbonate, reducing the risk of adverse systemic effects, suggesting an expansion for safety of lithium's therapeutic index. Further, AL001 showed consistently higher lithium concentrations in brain tissues, particularly at lower doses, compared to lithium carbonate. Finally, the study found that different brain regions absorb and retain lithium differently. This means treatments can potentially be tailored to target specific brain areas, allowing for more precise treatment of various brain-related conditions when applied in human studies.

These results highlight the potential clinical advantages of AL001 for conditions like Alzheimer's, BD, MDD and PTSD at low doses. By reducing the systemic burden, AL001 could lessen the risk of side effects such as thyroid and kidney complications often associated with extant lithium therapies. This positions AL001 as a promising candidate for safer long-term treatment options, without the need for TDM. This innovation is specifically designed to address the needs of fragile populations, such as elderly and Alzheimer's patients, by offering a potentially more efficient and safer alternative to existing treatments.

The dosing level identified as optimal in this robust nonclinical study will serve as the foundation for advancing the evaluation of AL001 in the comprehensive 'Lithium in Brain' Phase II clinical trials. These trials, conducted in collaboration with Massachusetts General Hospital, will encompass a diverse cohort of both healthy subjects and patients diagnosed with mild to moderate Alzheimer's disease, BD, MDD and PTSD.

On September 28, 2022, we submitted an IND application to the FDA for ALZN002 and received a "study may proceed" letter on October 31, 2022. The product candidate is an immunotherapy vaccine designed to treat mild to moderate dementia of the Alzheimer's type. ALZN002 is a proprietary "active" immunotherapy product, which means it is produced by each patient's immune system. It consists of autologous DCs that are activated white blood cells taken from each individual patient so that they can be engineered outside of the body to attack Alzheimer's-related amyloid-beta proteins. These DCs are pulsed with a novel amyloid-beta peptide (E22W) designed to bolster the ability of the patient's immune system to combat Alzheimer's, with the goal being to foster tolerance to treatment for safety purposes while stimulating the immune system to reduce the brain's beta-amyloid protein burden, resulting in reduced Alzheimer's signs and symptoms. Compared to passive immunization treatment approaches that use foreign blood products (such as monoclonal antibodies), active immunization with ALZN002 is anticipated to offer a more robust and long-lasting effect on the clearance of amyloid. This could provide a safer approach due to its reliance on autologous immune components, using each individual patient's own white blood cells rather than foreign cells and/or blood products.

On April 3, 2023, we announced the initiation of a Phase I/IIA clinical trial for ALZN002 to treat mild to moderate dementia of the Alzheimer's type. The purpose of this trial is to assess the safety, tolerability, and efficacy of multiple ascending doses of ALZN002 compared with that of a placebo in 20-30 subjects with mild to moderate morbidity. The primary goal of this clinical trial is to determine an appropriate dose of ALZN002 for treatment of patients with Alzheimer's in a larger Phase IIB efficacy and safety clinical trial. On February 13, 2024, we received notice from the company we engaged as our contract research organization ("CRO"), Biorasi, LLC ("Biorasi") that Biorasi was terminating our contract with them. We are currently pursuing the engagement of a replacement CRO.

The continuation of our current plan of operations with respect to initiating and conducting the series of human clinical trials for each of our therapeutics requires us to raise additional capital to fund our operations.

Because our working capital requirements depend upon numerous factors, including the progress of our preclinical and clinical testing, timing and cost of obtaining regulatory approvals, changes in levels of resources that we devote to the development of manufacturing and marketing capabilities, competitive and technological advances, status of competitors, and our ability to establish collaborative arrangements with other organizations, we will require additional financing to fund future operations.

Results of Operations

Results of Operations for the Three Months Ended October 31, 2024 and 2023

The following table summarizes the results of our operations for the three months ended October 31, 2024 and 2023:

	For the Three Months Ended October 31,			
	2024	**2023**	**$ Change**	**% Change**
OPERATING EXPENSES				
Research and development	$ 311,088	$ 1,996,783	$ (1,685,695)	-84%
General and administrative	1,046,980	904,939	142,041	16%
Total operating expenses	1,358,068	2,901,722	(1,543,654)	-53%
Loss from operations	(1,358,068)	(2,901,722)	1,543,654	53%
OTHER EXPENSE, NET				
Interest expense	(3,495)	(4,311)	816	-19%
Total other expense, net	(3,495)	(4,311)	816	-19%
NET LOSS	(1,361,563)	(2,906,033)	1,544,468	53%
Dividends on preferred shares	(53,651)	-	(53,651)	*
NET LOSS AVAILABLE TO COMMON SHARES	$ (1,415,214)	$ (2,906,033)	$ 1,490,819	51%
Basic and diluted net loss per common share	$ (0.40)	$ (4.43)	$ 4.03	*
Basic and diluted weighted average common shares outstanding	3,531,702	656,378		*

* Not meaningful

Revenue

We currently have only two product candidates, AL001 and ALZN002. These products are in the clinical stage of development and will require extensive clinical study, review and evaluation, regulatory review and approval, significant marketing efforts and substantial investment before either or both of them, and any respective successors, will provide us with any revenue. We did not generate any revenues during the three months ended October 31, 2024 and 2023, and we do not anticipate that we will generate revenue for the foreseeable future.

Research and Development Expenses

Research and development expenses for the three months ended October 31, 2024 and 2023 were $311,000 and $2.1 million, respectively. As reflected in the table below, research and development expenses primarily consisted of professional fees and clinical trial fees:

	For the Three Months Ended October 31,			
	2024	**2023**	**$ Change**	**% Change**
Professional fees	$ 181,233	$ 1,045,212	$ (863,979)	-83%
Clinical trial fees	124,123	794,676	(670,553)	-84%
Stock-based compensation expense	-	142,603	(142,603)	*
Other research and development expenses	5,732	14,292	(8,560)	-60%
Total research and development expenses	$ 311,088	$ 1,996,783	$ (1,685,695)	-84%

* Not meaningful

Professional Fees

During the three months ended October 31, 2024 and 2023, we incurred professional fees of $181,000 and $1.0 million, respectively, which were primarily comprised of professional fees attributed to various types of scientific services, including FDA consulting services. The decrease relates to lower professional fees incurred related to minimal clinical trial activities.

Clinical Trial Fees

During the three months ended October 31, 2024 and 2023, we incurred clinical trial fees of $124,000 and $795,000, respectively. Clinical trial fees for the three months ended October 31, 2024 were for our initial set-up for our Phase IIA brain imaging study with Massachusetts General. Clinical trial fees for the three months ended October 31, 2023 were for our Phase IIA clinical trial for AL001 and our Phase I/IIA clinical trial for ALZN002.

Stock-Based Compensation Expense

During the three months ended October 31, 2024 and 2023, we incurred research and development stock-based compensation expense of nil and $143,000, respectively, related to stock option grants and restricted stock grants to executives, employees and consultants. The decrease in stock-based compensation expense for the three months ended October 31, 2024 was a result of fewer stock options vesting during the period compared to the prior year period.

Other Research and Development Expenses

During the three months ended October 31, 2024 and 2023, we incurred other fees of $6,000 and $14,000, respectively, which were primarily comprised of scientific materials required for our clinical trials.

General and Administrative Expenses

General and administrative expenses for the three months ended October 31, 2024 and 2023 were $1.0 million and $0.9 million, respectively. As reflected in the table below, general and administrative expenses primarily consisted of the following expense categories: salaries and benefits; professional fees; insurance; stock-based compensation expense; marketing fees; as well as board of director fees. For the three months ended October 31, 2024 and 2023, the remaining general and administrative expenses of $83,000 and $93,000, respectively, primarily consisted of payments for filing fees, transfer agent fees, travel and entertainment and other office expenses, none of which was significant individually.

	For the Three Months Ended October 31,			
	2024	2023	$ Change	% Change
Salary and benefits	$ 325,764	$ 225,934	$ 99,830	44%
Professional fees	148,669	283,585	(134,916)	-48%
Insurance	60,239	88,988	(28,749)	-32%
Stock-based compensation expense	81,277	175,733	(94,456)	-54%
Marketing fees	304,000	-	304,000	*
Board of director fees	43,750	37,500	6,250	17%
Other general and administrative expenses	83,281	93,199	(9,918)	-11%
Total general and administrative expenses	$ 1,046,980	$ 904,939	$ 142,041	16%

* Not meaningful

Salaries and Benefits

During the three months ended October 31, 2024 and 2023, we incurred $326,000 and $226,000, respectively, in employee-related expenses. The increase in salaries and benefits was due to a bonus paid to our chief executive officer. As of October 31, 2024, we had four full-time and three part-time employees.

Professional Fees

During the three months ended October 31, 2024 and 2023, we incurred professional fees of $149,000 and $284,000, respectively. During the three months ended October 31, 2024, we incurred $96,000 in audit fees, $35,000 in legal fees, $14,000 in tax preparation fees, and $2,000 in consulting fees. During the three months ended October 31, 2023, we incurred $92,000 in audit fees, $89,000 in investor relations fees, 67,000 in legal fees, $13,000 in tax preparation fees, $12,000 in related party consulting, and $11,000 in Sarbanes-Oxley compliance fees. The decrease in professional fees was due mainly to lower investor relations and legal fees.

Insurance Expense

During the three months ended October 31, 2024 and 2023, we incurred insurance expense of $60,000 and $89,000, respectively, which was primarily directors' and officers' insurance.

Stock-Based Compensation Expense

During the three months ended October 31, 2024 and 2023, we incurred general and administrative stock-based compensation expense of $81,000 and $176,000, respectively, related to stock option grants and restricted stock grants to executives, employees and consultants. The decrease in stock-based compensation expense for the three months ended October 31, 2024, was a result of fewer stock options vesting during the period compared to the prior year period.

Marketing Fees

During the three months ended October 31, 2024 and 2023, we incurred marketing fees of $304,000 and nil, respectively. The increase was due to a marketing program launched to promote our company and our stock during the three months ended October 31, 2024.

Results of Operations for the Six Months Ended October 31, 2024 and 2023

The following table summarizes the results of our operations for the six months ended October 31, 2024 and 2023:

	For the Six Months Ended October 31,			
	2024	**2023**	**$ Change**	**% Change**
OPERATING EXPENSES				
Research and development	$ 517,659	$ 4,362,920	$ (3,845,261)	-88%
General and administrative	1,802,814	2,064,732	(261,918)	-13%
Total operating expenses	2,320,473	6,427,652	(4,107,179)	-64%
Loss from operations	(2,320,473)	(6,427,652)	4,107,179	64%
OTHER EXPENSE, NET				
Interest expense	(15,501)	(6,147)	(9,354)	-152%
Total other expense, net	(15,501)	(6,147)	(9,354)	-152%
NET LOSS	(2,335,974)	(6,433,799)	4,097,825	64%
Dividends on preferred shares	(53,651)	-	(53,651)	*
NET LOSS AVAILABLE TO COMMON SHARES	$ (2,389,625)	$ (6,433,799)	$ 4,044,174	63%
Basic and diluted net loss per common share	$ (1.11)	$ (9.80)	$ 8.69	*
Basic and diluted weighted average common shares outstanding	2,154,761	656,323		*

* Not meaningful

Revenue

We currently have only two product candidates, AL001 and ALZN002. These products are in the clinical stage of development and will require extensive clinical study, review and evaluation, regulatory review and approval, significant marketing efforts and substantial investment before either or both of them, and any respective successors, will provide us with any revenue. We did not generate any revenues during the six months ended October 31, 2024 and 2023, and we do not anticipate that we will generate revenue for the foreseeable future.

Research and Development Expenses

Research and development expenses for the six months ended October 31, 2024 and 2023 were $518,000 and $4.4 million, respectively. As reflected in the table below, research and development expenses primarily consisted of professional fees and clinical trial fees:

	For the Six Months Ended October 31,			
	2024	**2023**	**$ Change**	**% Change**
Professional fees	$ 365,398	$ 2,114,802	$ (1,749,404)	-83%
Clinical trials	124,123	2,039,794	(1,915,671)	-94%
Stock-based compensation expense	-	142,603	(142,603)	*
Other research and development expenses	28,138	65,721	(37,583)	-57%
Total research and development expenses	$ 517,659	$ 4,362,920	$ (3,845,261)	-88%

* Not meaningful

Professional Fees

During the six months ended October 31, 2024 and 2023, we incurred professional fees of $365,000 and $2.1 million, respectively, which were primarily comprised of professional fees attributed to various types of scientific services, including FDA consulting services. The decrease relates to lower professional fees incurred related to minimal clinical trial activities.

Clinical Trial Fees

During the six months ended October 31, 2024 and 2023, we incurred clinical trial fees of $124,000 and $2.0 million, respectively. Clinical trial fees for the six months ended October 31, 2024 were for our initial set-up for our Phase IIA brain imaging study with Massachusetts General. Clinical trial fees for the six months ended October 31, 2023 were for our Phase IIA clinical trial for AL001 and our Phase I/IIA clinical trial for ALZN002.

Stock-Based Compensation Expense

During the six months ended October 31, 2024 and 2023, we incurred research and development stock-based compensation expense of nil and $143,000, respectively, related to stock option grants and restricted stock grants to executives, employees and consultants. The decrease in stock-based compensation expense for the six months ended October 31, 2024 was a result of fewer stock options vesting during the period compared to the prior year period.

Other Research and Development Expenses

During the six months ended October 31, 2024 and 2023, we incurred other fees of $28,000 and $66,000, respectively, which were primarily comprised of scientific materials required for our clinical trials.

General and Administrative Expenses

General and administrative expenses for the six months ended October 31, 2024 and 2023 were $1.8 million and $2.1 million, respectively. As reflected in the table below, general and administrative expenses primarily consisted of the following expense categories: salaries and benefits; professional fees; insurance; stock-based compensation expense; marketing fees; as well as board of director fees. For the six months ended October 31, 2024 and 2023, the remaining general and administrative expenses of $145,000 and $177,000, respectively, primarily consisted of payments for filing fees, transfer agent fees, travel and entertainment and other office expenses, none of which was significant individually.

	For the Six Months Ended October 31,			
	2024	**2023**	**$ Change**	**% Change**
Salaries and benefits	$ 553,559	$ 379,258	$ 174,301	46%
Professional fees	371,096	434,764	(63,668)	-15%
Insurance	138,634	206,684	(68,050)	-33%
Stock-based compensation expense	162,554	545,113	(382,559)	-70%
Marketing fees	344,000	247,334	96,666	39%
Board of director fees	87,500	75,000	12,500	17%
Other general and administrative expenses	145,471	176,579	(31,108)	-18%
Total general and administrative expenses	$ 1,802,814	$ 2,064,732	$ (261,918)	-13%

Salaries and Benefits

During the six months ended October 31, 2024 and 2023, we incurred $554,000 and $379,000, respectively, in employee-related expenses. The increase in salaries and benefits was due to a bonus paid to our chief executive officer. As of October 31, 2024, we had four full-time and three part-time employees.

Professional Fees

During the six months ended October 31, 2024 and 2023, we incurred professional fees of $371,000 and $435,000, respectively. During the six months ended October 31, 2024, we incurred $151,000 in audit fees, $109,000 in legal fees, $86,000 in investor relations fees, $22,000 in tax preparation fees, and $2,000 in consulting fees. During the six months ended October 31, 2023, we incurred $170,000 in audit fees, $118,000 in investor relations fees, $69,000 in legal fees, $29,000 in tax preparation fees, $24,000 in related party consulting, and $17,000 in Sarbanes-Oxley compliance fees. The decrease in professional fees was due mainly to lower audit, investor relations, related party consulting and Sarbanes-Oxley compliance fees partially offset by higher legal fees.

Insurance Expense

During the six months ended October 31, 2024 and 2023, we incurred insurance expense of $139,000 and $207,000, respectively, which was primarily directors' and officers' insurance.

Stock-Based Compensation Expense

During the six months ended October 31, 2024 and 2023, we incurred general and administrative stock-based compensation expense of $163,000 and $545,000, respectively, related to stock option grants and restricted stock grants to executives, employees and consultants. The decrease in stock-based compensation expense for the six months ended October 31, 2024, was a result of fewer stock options vesting during the period compared to the prior year period.

Marketing Fees

During the six months ended October 31, 2024 and 2023, we incurred marketing fees of $344,000 and $207,000, respectively. The increase was due to a marketing program launched to promote our company and our stock during the six months ended October 31, 2024.

Liquidity and Capital Resources

The accompanying condensed financial statements have been prepared assuming that we will continue as a going concern. We have incurred recurring net losses and operations have not provided sufficient cash flows. We believe that we will continue to incur operating and net losses each quarter until at least the time we are able to generate revenues from operations. We believe our current cash on hand is insufficient to fund our planned operations through one year after the date the condensed financial statements are issued. These factors create substantial doubt about our ability to continue as a going concern for at least one year after the date that our condensed financial statements are issued.

Our inability to continue as a going concern could have a negative impact on our company, including our ability to obtain needed financing. We intend to finance our future development activities and our working capital needs largely through the sale of equity securities with some additional funding from other sources, including debt financing, until such time as funds provided by operations are sufficient to fund working capital requirements. Our condensed financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classifications of liabilities that might be necessary should we be unable to continue as a going concern. As of October 31, 2024, we had cash of $4.1 million, working capital of $3.5 million, an accumulated deficit of $56.4 million and stockholders' equity of $3.8 million. For the three and six months ended October 31, 2024, we had net losses of $1.4 million and $2.4 million, respectively. For the six months ended October 31, 2024, cash used in operating activities was $4.5 million. Historically, we have financed our operations principally through issuances of equity and debt instruments.

We will need to obtain substantial additional funding in the future for our clinical development activities and continuing operations. If we are unable to raise capital when needed or on favorable terms, we would be forced to delay, reduce, or eliminate our research and development programs or future commercialization efforts. Our future capital requirements will depend on many factors, including:

- successful enrollment in and completion of clinical trials;
- our ability to establish agreements with third-party manufacturers for clinical supply for our clinical trials and, if our product candidates are approved, commercial manufacturing;

- our ability to maintain our current research and development programs and establish new research and development programs;
- addition and retention of key research and development personnel;
- our efforts to enhance operational, financial, and information management systems, and hire additional personnel, including personnel to support development of our product candidates;
- negotiating favorable terms in any collaboration, licensing, or other arrangements into which we may enter and performing our obligations in such collaborations;
- the timing and amount of milestone and other payments we may receive under our collaboration arrangements;
- our eventual commercialization plans for our product candidates;
- the costs involved in prosecuting, defending, and enforcing patent claims and other intellectual property claims; and
- the costs and timing of regulatory approvals.

A change in the outcome of any of these or other variables with respect to the development of any of our product candidates could significantly change the costs and timing associated with the development of that product candidate. Furthermore, our operating plans may change in the future, and we may need additional funds to meet operational needs and capital requirements associated with such operating plans.

Series B Preferred Financing

On January 31, 2024, we entered into a securities purchase agreement ("AL SPA") with Ault Lending, LLC ("Ault Lending") whereby Ault Lending may purchase of up to 6,000 shares of series B convertible preferred stock ("Series B Convertible Preferred Stock") and warrants to purchase shares up to 600,000 shares of our common stock. The AL SPA provides that Ault Lending may purchase up to $6 million of Series B Convertible Preferred Stock in one or more closings. Ault Lending has the right to purchase up to $2 million of Series B Convertible Preferred Stock, on or before March 31, 2024, and the right to purchase up to $4 million of Series B Convertible Preferred Stock after March 31, 2024, but on or before March 31, 2025 (the "Termination Date"). The Agreement will automatically terminate if the final closing has not occurred prior to the Termination Date.

During the year ended April 30, 2024, we sold an aggregate of 2,100 shares of Series B Convertible Preferred Stock and warrants to purchase 210,000 shares of common stock with an exercise price of $12.00, for a total purchase price of $2.1 million. The purchase price was paid by the cancellation of $1.15 million of cash advances made by Ault Lending to us between November 9, 2023 and January 31, 2024 and the remaining $950,000 in cash.

The Series B Convertible Preferred Stock has a stated value of $1,000 per share ("Series B Stated Value") and does not accrue dividends. Each share of Series B Convertible Preferred Stock is convertible into a number of shares of common stock determined by dividing the Series B Stated Value by $10.00 (the "Series B Conversion Price"). The Series B Conversion Price is subject to adjustment in the event of an issuance of common stock at a price per share lower than the Series B Conversion Price then in effect, as well as upon customary stock splits, stock dividends, combinations or similar events. The holders of the Series B Convertible Preferred Stock are entitled to vote with the common stock as a single class on an as-converted basis, subject to applicable law provisions of the Delaware General Corporation Law and Nasdaq, provided however, that for purposes of complying with Nasdaq regulations, the conversion price, for purposes of determining the number of votes the holder of Series B Convertible Preferred Stock is entitled to cast, shall not be lower than $8.73 (the "Voting Floor Price"), which represents the closing sale price of the common stock on the trading day immediately prior to the date of execution of the AL SPA. The Voting Floor Price shall be adjusted for stock dividends, stock splits, stock combinations and other similar transactions.

The warrants have an exercise price of $12.00 (the "Series B Exercise Price") and become exercisable on the first business day after the six-month anniversary of issuance (the "Series B Initial Exercise Date") and have a five-year term, expiring on the fifth anniversary of the Series B Initial Exercise Date. The Series B Exercise Price is subject to adjustment in the event of an issuance of common stock at a price per share lower than the Series B Exercise Price then in effect, as well as upon customary stock splits, stock dividends, combinations or similar events.

Series A Preferred Financing

On May 8, 2024, we and Orchid Finance, LLC ("Orchid"), entered into a securities purchase agreement (the "Orchid SPA") for the purchase of up to 2,500 shares of Series A Convertible Preferred Stock ("Series A Convertible Preferred Stock") and warrants to purchase shares up to 2,500,000 shares of common stock in several tranche closings.

On May 10, 2024, we sold 100 shares of Series A Convertible Preferred Stock and warrants to purchase 80,000 shares of common stock with an exercise price of $12.50, for a total purchase price of $1.0 million. The purchase price was paid by the surrender and cancellation of a term note issued by us to Orchid of $311,356, consisting of $310,000 of principal and $1,356 of accrued and unpaid interest, $100,000 discount and net cash of $588,644. On June 25, 2024, we sold 150 shares of Series A Convertible Preferred Stock and warrants to purchase 120,000 shares of common stock with an exercise price of $12.50, for a total purchase price of $1.5 million. The purchase price was paid in cash. On August 19, 2024, we sold 200 shares of Series A Convertible Preferred Stock and warrant to purchase 160,000 shares of common stock with an exercise price of $12.50, for a total purchase price of $2.0 million. The purchase price was paid in cash. On August 21, 2024, we sold 250 shares of Series A Convertible Preferred Stock and warrant to purchase 200,000 shares of common stock with an exercise price of $12.50, for a total purchase price of $2.5 million less $100,000 discount. The purchase price was paid in cash. On September 11, 2024, we sold 100 shares of Series A Convertible Preferred Stock and warrant to purchase 80,000 shares of common stock with an exercise price of $12.50, for a total purchase price of $1.0 million. The purchase price was paid in cash.

Pursuant to the Orchid SPA, Orchid has agreed to purchase the remaining 1,700 Preferred Shares based on our achievement of the milestones set forth below (the "Milestones"):

- 200 Preferred Shares, for $2,000,000, within 60 days of the effectiveness of the resale registration statement (the "Registration Statement") and the execution of a partnership agreement with a nationally renowned research facility for a clinical trial (the "Fourth Tranche"); and

- 100 Preferred Shares, for $1,000,000, on each monthly anniversary of the effectiveness of the resale registration statement, which was declared effective on July 9, 2024, until all remaining 1,500 Preferred Shares have been sold (each, a "Final Tranche").

Notwithstanding the foregoing Milestones, Orchid has the ability to invest any amount in its sole discretion in advance of the dates that the foregoing Milestones shall have been met. In the event that the average closing price of the common stock during the three trading days preceding the date of a tranche closing shall not be equal to or greater than $2.50 a share (the "Floor Price"), then the applicable closing shall be delayed until such time as the price meets the required threshold. We agreed to pay Ault Lending an origination fee of five percent (5%) of the total gross proceeds we receive from Orchid upon each purchase of Series A Convertible Preferred Stock. We also agreed to pay Orchid a fee of $100,000 upon the first closing, which occurred on May 10, 2024, $100,000 upon the third closing, which occurred on August 21, 2024, and the fourth, eighth and thirteenth closings constituting parts of the Final Tranche.

The Registration Statement registering for resale the shares of common stock issuable upon conversion of the Series A Convertible Preferred Stock and exercise of the warrants was declared effective on July 9, 2024. In addition, we agreed to use our best efforts to hold a special meeting of our stockholders within 90 days of the execution date of the Orchid SPA for purposes of seeking stockholder approval of the issuance of all the shares of common stock issuable upon conversion of the Series A Convertible Preferred Stock and the exercise of the warrants in excess of the "Nasdaq Limit," which is 19.99% of our shares of common stock issued and outstanding on the execution date of the Orchid SPA. We held a special meeting of stockholders on July 8, 2024, at which time, the stockholders approved the issuance of all the shares of common stock issuable upon conversion of the Series A Convertible Preferred Stock and the exercise of the warrants in excess of the "Nasdaq Limit."

The Series A Convertible Preferred Stock has a stated value of $10,000 per share ("Series A Stated Value") and accrues dividends at the rate of 15% per annum, payable quarterly in arrears in cash or paid-in-kind shares, in Orchid's sole discretion. Each share of Series A Convertible Preferred Stock is convertible into a number of shares of common stock determined by dividing the Series A Stated Value by (y) the greater of (i) the Floor Price and (ii) the lesser of (A) $15.00 and (B) 80% of the lowest closing price of our common stock during the three trading days immediately prior to the date of conversion into conversion shares (the "Series A Conversion Price"). The Series A Conversion Price is subject to adjustment in the event of an issuance of common stock at a price per share lower than the Series A Conversion Price then in effect, as well as upon customary stock splits, stock dividends, combinations or similar events. The holders of the Series A Convertible Preferred Stock are entitled to vote with the common stock as a single class on an as-converted basis, subject to applicable law provisions of the Delaware General Corporation Law and Nasdaq, provided however, that for purposes of complying with Nasdaq regulations, the conversion price, for purposes of determining the number of votes the holder of Series B Convertible Preferred Stock is entitled to cast, shall not be lower than $5.63 (the "Series A Voting Floor Price"), which represents the closing sale price of the common stock on the trading day immediately prior to the date of execution of the Orchid SPA. The Series A Voting Floor Price shall be adjusted for stock dividends, stock splits, stock combinations and other similar transactions.

The warrants have an exercise price of $12.50 (the "Series A Exercise Price") and are exercisable upon issuance and have a five-year term, expiring on the fifth anniversary of issuance. The Series A Exercise Price is subject to adjustment in the event of an issuance of common stock at a price per share lower than the Series A Exercise Price then in effect, as well as upon customary stock splits, stock dividends, combinations or similar events. The warrants are exercisable on a cashless basis in the event that there is not then an effective resale registration statement for the common stock issuable upon exercise of the warrants.

At-the-Market Offering

On October 3, 2024, we entered into an At-the-Market Issuance Sales Agreement with Ascendiant Capital Markets, LLC (the "ATM Offering"), as sales agent to sell shares of our common stock, having an aggregate offering price of up to approximately $6.5 million from time to time, through the ATM Offering. On October 3, 2024, we filed a prospectus supplement with the SEC relating to the offer and sale of up to approximately $6.5 million in shares of common stock in the ATM Offering.

The offer and sale of the shares will be made pursuant to our effective "shelf" registration statement on Form S-3 and an accompanying base prospectus contained therein (Registration Statement No. 333-273610) filed with the SEC on August 2, 2023 and declared effective by the SEC on August 10, 2023.

During the six months ended October 31, 2024, we sold an aggregate of 755,888 shares of common stock pursuant to the ATM Offering for gross and net proceeds of $1.2 million. From November 1, 2024 to December 10, 2024, we sold an aggregate of 201,543 shares of common stock pursuant to the ATM Offering for gross and net proceeds of $280,000.

Cash Flows

The following table summarizes our cash flows for the six months ended October 31, 2024 and 2023:

	For the Six Months Ended October 31,	
	2024	**2023**
Net cash provided by (used in):		
Operating activities	$ (4,455,843)	$ (4,811,624)
Investing activities	(90,000)	(147,243)
Financing activities	8,262,868	18,087
Net increase (decrease) in cash and cash equivalents	$ 3,717,025	$ (4,940,780)

Operating Activities

During the six months ended October 31, 2024, net cash used in operating activities was $4.5 million. This consisted primarily of a net loss of $2.4 million and a decrease in our net operating assets and liabilities of $2.3 million, partially offset by non-cash charges of $197,000. The non-cash charges primarily consisted of stock-based compensation expense. The decrease in our net operating assets and liabilities was due to a decrease in accounts payable and accrued liabilities and an increase in prepaid expenses and other current assets.

Investing Activities

During the six months ended October 31, 2024, net cash used in investing activities was $90,000 from the purchase of equipment. We purchased equipment, which measures lithium levels in the brain, to be used in the AL001 clinical trial.

Financing Activities

During the six months ended October 31, 2024, net cash provided by financing activities was $8.3 million. This consisted of $7.1 million from the sale of Series A Convertible Preferred Stock and $1.2 million from the sale of common stock from our ATM Offering.

Contractual Obligations

On July 2, 2018, we entered into two Standard Exclusive License Agreements with Sublicensing Terms for AL001 with the Licensor and its affiliate, the University of South Florida (the "AL001 Licenses"), pursuant to which the Licensor granted us a royalty bearing exclusive worldwide licenses limited to the field of Alzheimer's, under United States Patent Nos. (i) 9,840,521, entitled "Organic Anion Lithium Ionic Cocrystal Compounds and Compositions," filed September 24, 2015 and granted December 12, 2017, and (ii) 9,603,869, entitled "Lithium Co-Crystals for Treatment of Neuropsychiatric Disorders," filed May 21, 2016 and granted March 28, 2017. On February 1, 2019, we entered into the First Amendments to the AL001 Licenses, on March 30, 2021, we entered into the Second Amendments to the AL001 Licenses and on June 8, 2023, we entered into the Third Amendments to the AL001 Licenses (collectively, the "AL001 License Agreements"). The Third Amendments to the AL001 Licenses modified the timing of the payments of the license fees.

The AL001 License Agreements require that we pay combined royalty payments of 4.5% on net sales of products developed from the licensed technology for AL001. We have already paid an initial license fee of $200,000 for AL001. As an additional licensing fee for the license of the AL001 technologies, the Licensor received 14,853 shares of our common stock. Minimum royalties for AL001 License Agreements are $40,000 on the first anniversary of the first commercial sale, $80,000 on the second anniversary of the first commercial sale and $100,000 on the third anniversary of the first commercial sale and every year thereafter, for the life of the AL001 License Agreements.

On May 1, 2016, we entered into a Standard Exclusive License Agreement with Sublicensing Terms for ALZN002 with the Licensor (the "ALZN002 License"), pursuant to which the Licensor granted us a royalty bearing exclusive worldwide license limited to the field of Alzheimer's Immunotherapy and Diagnostics, under United States Patent No. 8,188,046, entitled "Amyloid Beta Peptides and Methods of Use," filed April 7, 2009 and granted May 29, 2012. On August 18, 2017, we entered into the First Amendment to the ALZN002 License, on May 7, 2018, we entered into the Second Amendment to the ALZN002 License, on January 31, 2019, we entered into the Third Amendment to the ALZN002 License, on January 24, 2020, we entered into the Fourth Amendment to the ALZN002 License, on March 30, 2021, we entered into the Fifth Amendment to the ALZN002 License, on April 17, 2023, we entered into the Sixth Amendment to the ALZN002 License and on December 11, 2023, we entered into the Seventh Amendment to the ALZN002 License (collectively, the "ALZN002 License Agreement"). The Seventh Amendment to the ALZN002 License modified the timing of the payments of the license fees.

The ALZN002 License Agreement requires us to pay royalty payments of 4% on net sales of products developed from the licensed technology for ALZN002. We have already paid an initial license fee of $200,000 for ALZN002. As an additional licensing fee for the license of ALZN002, the Licensor received 24,012 shares of our common stock. Minimum royalties for ALZN002 are $20,000 on the first anniversary of the first commercial sale, $40,000 on the second anniversary of the first commercial sale and $50,000 on the third anniversary of the first commercial sale and every year thereafter, for the life of the ALZN002 License Agreement.

On November 19, 2019, we entered into two Standard Exclusive License Agreements with Sublicensing Terms for two additional indications of AL001 with the Licensor (the "November AL001 License"), pursuant to which the Licensor granted us a royalty bearing exclusive worldwide licenses limited to the fields of (i) neurodegenerative diseases excluding Alzheimer's and (ii) psychiatric diseases and disorders. On March 30, 2021, we entered into the First Amendments to the November AL001 License and on April 17, 2023, we entered into the Second Amendments to the November AL001 License (collectively, the "November AL001 License Agreements"). The Second Amendments to the November AL001 License modified the timing of the payments of the license fees.

The November AL001 License Agreements require us to pay royalty payments of 3% on net sales of products developed from the licensed technology for AL001 in those fields. We paid an initial license fee of $20,000 for the additional indications. Minimum royalties for November AL001 License Agreements are $40,000 on the first anniversary of the first commercial sale, $80,000 on the second anniversary of the first commercial sale and $100,000 on the third anniversary of the first commercial sale and every year thereafter, for the life of the November AL001 License Agreements.

These license agreements have an indefinite term that continue until the later of the date no licensed patent under the applicable agreement remains a pending application or enforceable patent, the end date of any period of market exclusivity granted by a governmental regulatory body, or the date on which the licensee's obligations to pay royalties expire under the applicable license agreement. Under our various license agreements, if we fail to meet a milestone by its specified date, Licensor may terminate the license agreement. The Licensor was also granted a preemptive right to acquire such shares or other equity securities that may be issued from time to time by us while the Licensor remains the owner of any equity securities of our company.

Additionally, we are required to complete milestones and make payments on the due dates to the Licensor for the license of the AL001 technologies and for the ALZN002 technology, as follows:

Original AL001 Licenses:

Payment	Due Date	Event
$ 50,000*	Completed September 2019	Pre-IND meeting
$ 65,000*	Completed June 2021	IND application filing
$ 190,000*	Completed December 2021	Upon first dosing of patient in a clinical trial
$ 500,000*	Completed March 2022	Upon completion of first clinical trial
$ 1,250,000	March 2025	Upon first patient treated in a Phase III clinical trial
$ 10,000,000	8 years from the effective date of the agreement	Upon FDA new drug application approval

* Milestone met and payment made

ALZN002 License:

Payment	Due Date
$ 50,000*	Upon IND application - completed January 2022
$ 50,000	Upon first dosing of patient in first Phase I clinical trial
$ 500,000	Upon completion of first Phase IIB clinical trial
$ 1,000,000	Upon first patient treated in a Phase III clinical trial
$ 10,000,000	Upon first commercial sale

* Milestone met and payment made

Additional AL001 Licenses:

Payment	Due Date	Event
$ 2,000,000	March 2026	Upon first patient treated in a Phase III clinical trial
$ 16,000,000	August 1, 2029	First commercial sale

Recent Accounting Standards

None.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Because we are a smaller reporting company, this section is not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We have established disclosure controls and procedures designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and is accumulated and communicated to management, including the principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

Our principal executive officer and principal financial officer, with the assistance of other members of the Company's management, have evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this quarterly report. Based upon our evaluation, each of our principal executive officer and principal financial officer has concluded that the Company's internal control over financial reporting was not effective as of the end of the period covered by this Quarterly Report on Form 10-Q because the Company has not yet completed its remediation of the material weakness previously identified and disclosed in the Company's Annual Report on Form 10-K for the year ended April 30, 2024, the end of its most recent fiscal year.

Specifically, management has identified the following material weaknesses:

1. we do not have sufficient resources in our accounting function, which restricts our ability to perform sufficient reviews and approval of manual journal entries posted to the general ledger and to consistently execute review procedures over general ledger account reconciliations, financial statement preparation and accounting for non-routine transactions; and

2. our primary user access controls (i.e., provisioning, de-provisioning, privileged access and user access reviews) to ensure appropriate authorization and segregation of duties that would adequately restrict user and privileged access to the financially relevant systems and data to appropriate personnel were not designed and/or implemented effectively. We did not design and/or implement sufficient controls for program change management to certain financially relevant systems affecting our processes.

A material weakness is a control deficiency or combination of control deficiencies that result in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected.

Planned Remediation

We are implementing measures designed to improve our internal control over financial reporting to remediate material weaknesses, including the following:

- Continue to formalize our internal control documentation and strengthening supervisory reviews by our management; and

- Developing plans to add additional accounting personnel and segregating duties amongst accounting personnel.

Management continues to work to improve its controls related to our material weaknesses, specifically relating to user access and change management surrounding our information technology systems and applications. Management will continue to implement measures to remediate material weaknesses, such that these controls are designed, implemented, and operating effectively. The remediation actions include: (i) enhancing design and documentation related to both user access and change management processes and control activities; and (ii) developing and communicating additional policies and procedures to govern the area of information technology change management. In order to achieve the timely implementation of the above, management has commenced the following actions and will continue to assess additional opportunities for remediation on an ongoing basis:

- Engaging a third-party specialist to assist management with improving the Company's overall control environment, focusing on change management and access controls; and

- Implementing new applications and systems that are aligned with management's focus on creating strong internal controls.

We are currently working to improve and simplify our internal processes and implement enhanced controls, as discussed above, to address the material weaknesses in our internal control over financial reporting and to remedy the ineffectiveness of our disclosure controls and procedures. These material weaknesses will not be considered to be remediated until the applicable remediated controls are operating for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

Despite the existence of these material weaknesses, we believe that the condensed financial statements included in the period covered by this Quarterly Report on Form 10-Q fairly present, in all material respects, our financial condition, results of operations and cash flows for the periods presented in conformity with U.S. generally accepted accounting principles.

Changes in Internal Control

Except as detailed above, during the quarter ended October 31, 2024, there was no change in our internal control over financial reporting that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may be subject to legal proceedings. We are not currently a party to or aware of any proceedings that we believe will have, individually or in the aggregate, a material adverse effect on our business, financial condition or results of operations. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

ITEM 1A. RISK FACTORS

The risks described in Part I, Item 1A, "Risk Factors," in our 2024 Annual Report on Form 10-K, could materially and adversely affect our business, financial condition and results of operations, and the trading price of our Common Stock could decline. These risk factors do not identify all risks that we face; our operations could also be affected by factors that are not presently known to us or that we currently consider to be immaterial to our operations. Due to risks and uncertainties, known and unknown, our past financial results may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. The Risk Factors section of our 2024 Annual Report on Form 10-K remains current in all material respects.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On August 19, 2024, we sold 200 shares of Series A Convertible Preferred Stock and warrants to purchase 160,000 shares of common stock with an exercise price of $12.50, for a total purchase price of $2.0 million. The purchase price was paid in cash.

On August 21, 2024, we sold 250 shares of Series A Convertible Preferred Stock and warrants to purchase 200,000 shares of common stock with an exercise price of $12.50, for a total purchase price of $2.5 million less $100,000 discount. The purchase price was paid in cash.

On September 11, 2024, we sold 100 shares of Series A Convertible Preferred Stock and warrants to purchase 80,000 shares of common stock with an exercise price of $12.50, for a total purchase price of $1.0 million. The purchase price was paid in cash.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None of the Company's directors and officers adopted, modified, or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the Company's fiscal quarter ended October 31, 2024 (each as defined in Item 408 of Regulation S-K under the Securities Exchange Act of 1934, as amended).

ITEM 6. EXHIBITS

Exhibit No.	Exhibit Description
3.1	Certificate of Incorporation (incorporated by reference to Exhibit 2.1 of Form DOS filed with the SEC on August 19, 2016).
3.2	Certificate of Amendment to the Certificate of Incorporation, filed with the Delaware Secretary of State on June 10, 2016 (incorporated by reference to Exhibit 3.2 of the Quarterly Report on Form 10-Q filed with the SEC on December 15, 2023).
3.3	Certificate of Amendment to the Certificate of Incorporation, filed with the Delaware Secretary of State on December 22, 2020 (incorporated by reference to Exhibit 3.3 of the Quarterly Report on Form 10-Q filed with the SEC on December 15, 2023).
3.4	Certificate of Amendment to the Certificate of Incorporation, filed with the Delaware Secretary of State on October 27, 2023 (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed with the SEC on October 30, 2023).
3.5	Amended and Restated Certificate of Designations of Preferences, Rights and Limitations of Series B Convertible Preferred Stock, filed with the Delaware Secretary of State on March 1, 2024 (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed with the SEC on March 7, 2024).
3.6	Certificate of Amendment to the Amended and Restated Certificate of Designations of Preferences, Rights and Limitations of Series B Convertible Preferred Stock, filed with the Delaware Secretary of State on March 21, 2024 (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed with the SEC on March 22, 2024).
3.7	Certificate of Designations of Preferences and Rights of Series A Preferred Stock, as filed with the Delaware Secretary of State on May 9, 2024 (incorporated by reference to Exhibit 3.1 of the amended Current Report on Form 8-K/A filed with the SEC on May 10, 2024).
3.8	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 of the registration statement on Form S-1 filed with the SEC on May 10, 2021).
10.1	At-The-Market Issuance Sales Agreement, dated October 3, 2024, with Ascendiant Capital Markets, LLC (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the SEC on October 3, 2024).
31.1*	Certification of Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a).
31.2*	Certification of Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a).
32.1**	Certification of Chief Executive and Financial Officer required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code.
101.INS*	XBRL Instance Document. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

*Filed herewith.

** This certification will not be deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent specifically incorporated by reference into such filing.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ALZAMEND NEURO, INC.

Date: December 11, 2024

By: /s/ Stephan Jackman
Stephan Jackman
Chief Executive Officer (principal executive officer)

Date: December 11, 2024

By: /s/ David J. Katzoff
David J. Katzoff
Chief Financial Officer (principal financial and accounting officer)

EXHIBIT 31.1

CERTIFICATION

I, Stephan Jackman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Alzamend Neuro, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: December 11, 2024

/s/ Stephan Jackman
Name: Stephan Jackman
Title: Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, David J. Katzoff, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Alzamend Neuro, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: December 11, 2024

/s/ David J. Katzoff
Name: David J. Katzoff
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Alzamend Neuro, Inc. (the "Company") on Form 10-Q for the period ended October 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: December 11, 2024

By: /s/ Stephan Jackman
Name: Stephan Jackman
Title: Chief Executive Officer
(Principal Executive Officer)

Date: December 11, 2024

By: /s/ David J. Katzoff
Name: David J. Katzoff
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)