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Press release, November 14, 2016

## **Alligator Bioscience AB publishes prospectus for Initial Public Offering on Nasdaq Stockholm**

**Alligator Bioscience AB (“Alligator” or the “Company”), a leading biotech company developing innovative immune activating antibody drugs for tumor-directed immunotherapy, announced on November 2, 2016 its intention to list the Company’s shares on Nasdaq Stockholm. Today, the Company publishes the prospectus for the offering (the “Offering”).**

### **The Offering:**

- The Offering is directed to institutional investors in Sweden and abroad, including to qualified institutional buyers in the United States, as well as to the general public in Sweden, Norway, Denmark and Finland
- The price per share in the Offering is set to SEK 32.50, corresponding to a value of the total number of shares in the Company upon completion of the Offering of SEK 2,275 million
- The Offering consists of 12,923,077 shares, corresponding to approximately 18.5 percent of the total number of shares in the Company upon completion of the Offering, of which 10,769,231 are new shares offered by the Company and 2,153,846 are existing shares offered by Sunstone Life Science Ventures Fund II K/S and Duba AB (together the “Selling Shareholders”). Employees and board members who are shareholders in the Company will not sell any shares in the Offering
- In order to cover potential over-allotment in relation to the Offering, the Selling Shareholders intend to, upon the Global Co-ordinators (see definition below) request, offer up to 1,938,462 additional existing shares (the “Over-Allotment Option”), corresponding to up to 15 percent of the number of shares in the Offering and approximately 2.8 percent of the total number of shares in the Company upon completion of the Offering
- Assuming the Over-Allotment Option is exercised in full, the value of the Offering will amount to approximately SEK 483 million and correspond to approximately 21.2 percent of the total number of shares in the Company upon completion of the Offering

- Catella Fondförvaltning, Investment AB Öresund and Norron Asset Management (together the "Cornerstone Investors") have, subject to certain conditions, committed to acquire shares in the Offering for a combined value of SEK 150 million
- Johnson & Johnson Innovation-JJDC, Inc. ("JJDC") has, by separate agreement and subject to certain conditions, committed to acquire shares in the Offering for a value of USD 5 million whereby the conversion from USD to SEK shall be based on the exchange rate as per November 17, 2016. Assuming an exchange rate of USD/SEK of 8.95, this would correspond to approximately SEK 45 million. For the sake of clarity, it should be noted that the calculation of the SEK amount as per the foregoing has been made for illustration purposes only and the final calculation will be established based on the exchange rate as of November 17, 2016
- In total, the subscription undertakings, with the above assumption regarding exchange rate, amount to 5,992,308 shares, corresponding to approximately 46.4 percent of the number of shares in the Offering (approximately 40.3 percent of the number of shares in the Offering assuming the Over-Allotment Option is exercised in full)
- Trading in Alligator shares on Nasdaq Stockholm is expected to begin on November 23, 2016 under the ticker "ATORX" and settlement is expected to take place on November 25, 2016
- A prospectus with full terms and conditions is published today November 14, 2016 on Alligator's website and on Carnegie's website for on-going offerings

### **Per Norlén, CEO at Alligator:**

"Alligator has over the last couple of years had an outstanding development. Based on our technology platform and our team of scientists the Company has developed several innovative product candidates for immunotherapy of cancer. After the successful partnership with Janssen Biotech, Inc. regarding ADC-1013 we are now following a clear strategy to speed up pre-clinical and clinical development of our new and promising product candidates in order to establish us as the leading research-based company within tumor-directed immunotherapy. The planned IPO is an important step in the realization of this strategy."

### **Subscription undertakings**

Cornerstone Investors have undertaken to acquire shares in the Offering equivalent to SEK 150 million. In addition, JJDC has, in accordance with the investment agreement entered into in connection with JJDC's initial investment in the Company in August 2015, undertaken to, upon request from the Company, acquire shares for an aggregate amount of up to the SEK equivalent of USD 5 million in an offering of the Company's shares carried out in connection with a listing on Nasdaq Stockholm. Based on the undertaking, the Board of Directors of the Company has utilized the right to request JJDC to apply for acquisition of shares in the Offering of the SEK equivalent of USD 5 million. Assuming an exchange rate of USD/SEK of 8.95, this would correspond to approximately SEK 45 million. For the sake of clarity, it should be noted that the calculation of the SEK amount as per the foregoing has been made for illustration purposes only and the final calculation will be established based

on the exchange rate as of November 17, 2016. It should be noted that JJDC will not be guaranteed allotment in accordance with the undertaking.

### **About Alligator and background to the Offering**

Alligator is a research-based biotechnology company that develops innovative immune activating antibody drugs for tumor-directed immunotherapy. The Company is headquartered in Lund, Sweden, and had 35 employees per September 30, 2016. The Company is primarily active in the early stages of drug development, from the idea stage to clinical phase IIa studies, and Alligator's product portfolio primarily consist of the product candidates ADC-1013, ATOR-1015 and ATOR-1016. In August 2015, ADC-1013 was out-licensed to Janssen Biotech, Inc., one of the Janssen Pharmaceutical Companies of Johnson & Johnson, for further development and commercialization.

Alligator's strategy is to strengthen the Company's position as a key player within the field of tumor-directed immunotherapy by developing innovative immune-activating product candidates with the potential to become "first in class", "best in class" or both. In order to reach this goal Alligator will have to further broaden its product portfolio, pursue the product candidates further into the clinical development phase and further accelerate the pace of development. For the Company's non-licensed product candidates ATOR-1015 and ATOR-1016, and two other unnamed product candidates in research phase, this implies that clinical studies will, as a starting point, be funded by own resources until proof-of-concept in cancer patients has been proven, i.e. up to and including completion of clinical phase IIa. These product candidates will thus be taken further in clinical development before out-licensing, as compared with the development of ADC-1013. Out-licensing at a later stage is justified for two main reasons. The first is that the further in clinical development the product candidate has reached, the better the opportunity to achieve favorable contracts with higher royalty percentages. The second reason is that fierce competition in immuno-oncology will lead to big pharmaceutical companies (so called "Big Pharma") requiring extensive clinical efficacy documentation prior to in-licensing.

The Board of Directors is focused on realizing Alligator's long-term strategy. The Company's existing funds are sufficient to finance this strategy until 2020. However, the Board of Directors believes that the Offering is justified in order to secure the development of ATOR-1015 into clinical phase II and of ATOR-1016, and at least one of the Company's unnamed research projects in research phase into clinical phase I, where substantial financial undertakings are expected in 2020. Furthermore, the Board of Directors intends to intensify the development of product candidates, both through development of the Company's projects in the early research phase and by initiating new research projects.

As the Company intends to independently develop its product candidates and pursue phase IIa studies before out-licensing, and in parallel carry out several research projects - which by itself will entail significant investments - the Board of Directors believes that the Company's funds need to be further strengthened. The development of pharmaceutical drugs often experiences delays as it is associated with risks and uncertainty. Some of the impacting factors affecting development are beyond the Company's control, such as assessments and decisions of regulatory authorities, which may affect the timing and contribute to possible delays, and lead to higher costs and capital requirements. Based on these reasons, the Board of Directors believes that it is justified for a company like Alligator to carry out a new share issue in connection with a listing of the Company's shares in order to have sufficient

working capital in the long-term and to give the Company scope to exploit opportunities that benefit the Company's business and which otherwise could not be realized. A listing of the Company's shares will give Alligator access to the Swedish and international capital markets but also contribute to broadening the Company's shareholder base as well as create liquidity in the shares for the Company's existing shareholders. Accordingly, the Board of Directors considers that the time is now appropriate for a listing of the Company's shares on Nasdaq Stockholm.

If the Offering is fully subscribed, the net proceeds after transaction costs are estimated to be approximately SEK 312 million. The Company intends to use the net proceeds from the new share issue according to the following order of priority, with an approximate share of the proceeds given in percent, and with the aim of achieving the following milestones:

1. Continued development of ATOR-1015 up to and including phase IIa in order to optimize the opportunities for successful licensing: 40 percent
2. Continued development of ATOR-1016 with the aim of taking development of the product candidate up to and including phase I: 30 percent
3. Continued development of the Company's two furthest advanced unnamed product candidates in research phase: 30 percent

## **Prospectus and application form**

The prospectus and application form are published on Alligator's website, [www.alligatorbioscience.se](http://www.alligatorbioscience.se), and on Carnegie's website for on-going offerings, [www.carnegie.se/om-carnegie/kontakt/pagaende-erbjudanden/](http://www.carnegie.se/om-carnegie/kontakt/pagaende-erbjudanden/). Application can also be made through Nordnet's internet service.

## **Preliminary timetable**

Application period for institutional investors:	November 15-22, 2016
Application period for the general public:	November 15-22, 2016
First day of trading on Nasdaq Stockholm:	November 23, 2016
Settlement day:	November 25, 2016

## **Advisors**

Carnegie is Global Co-ordinator and Joint Bookrunner, DNB Markets is Joint Bookrunner and Redeye is Co-Lead Manager (together the "Managers"). Setterwalls Advokatbyrå AB is legal advisor to the Company and Baker & McKenzie Advokatbyrå KB is legal advisor to the Managers.

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## **About Catella Fondförvaltning**

Catella Fonder, founded in 1997, is an active fund manager focusing on the Nordic capital markets. Catella manages equity funds, alternative funds, balanced funds and credit funds. For more information, see [www.catella.com](http://www.catella.com).

## **About Investment AB Öresund**

Investment AB Öresund is a listed investment company active in asset management. Öresund's overall goal as an investment company is to run its business in such a way as to generate a healthy long-term return for its shareholders. For more information, see [www.oresund.se](http://www.oresund.se).

## **About Norron Asset Management**

Norron Asset Management is a Nordic investment manager with offices in Stockholm and Oslo. The company manages 6 different funds with primary focus on the Nordic capital markets. The fund offering consists of both absolute return funds and actively managed equity funds. Norron currently manages approximately SEK 10 billion, and the funds are distributed by market leading Nordic savings platforms, mainly targeting pension capital. For more information, see [www.norron.se](http://www.norron.se).

## Important information

This announcement is not and does not form a part of any offer for sale of securities.

Copies of this announcement are not being made and may not be distributed or sent into the United States, Australia, Canada, Japan or any other jurisdiction in which such distribution would be unlawful or would require registration or other measures. The securities referred to in this announcement have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and accordingly may not be offered or sold in the United States absent registration or an exemption from the registration requirements of the Securities Act and in accordance with applicable U.S. state securities laws. The Company does not intend to register any offering in the United States or to conduct a public offering of securities in the United States.

An offering of the securities referred to in this announcement is made by means of the prospectus referred to herein. This announcement is not a prospectus for the purposes of Directive 2003/71/EC (together with any applicable implementing measures in any Member State, the "Prospectus Directive"). Investors should not invest in any securities referred to in this announcement except on the basis of information contained in the aforementioned prospectus.

In any EEA Member State other than Sweden, Norway, Denmark and Finland, that has implemented the Prospectus Directive, this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Directive, i.e., only to investors who can receive the offer without an approved prospectus in such EEA Member State.

This communication is only being distributed to and is only directed at persons in the United Kingdom that are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") or (ii) high net worth entities, and other persons to whom this announcement may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "Relevant Persons"). This communication must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. Persons distributing this communication must satisfy themselves that it is lawful to do so.

Matters discussed in this announcement may constitute forward-looking statements. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe," "expect," "anticipate," "intends," "estimate," "will," "may," "continue," "should" and similar expressions. The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The information, opinions and forward-looking statements contained in this announcement speak only as at its date, and are subject to change without notice.

In connection with the offer or sale of securities referred to herein, the Global Coordinator may over-allot securities/conduct stabilization or effect transactions with a view to supporting the market price of the securities at a level higher than that which might otherwise prevail. Any stabilisation action or over-allotment will be conducted by the Global Coordinator in accordance with all applicable laws and rules.