Q4 Alligator Bioscience AB (publ)
Year-end Report January-December 2019

ALLIGATOR bioscience

A revolution for life.

First patient dosed with ATOR-1017.

Financial information

October - December 2019

- Net sales, SEK 0.0 million (25.6)
- Total operating costs SEK -59.7 million (-56.1)
- Operating result, SEK -59.3 million (-30.1)
- Earnings per share before and after dilution, SEK -0.84 (-0.43)
- Cash flow for the period, SEK -41.5 million (-41.8)
- Cash, cash equivalents, incl securities, SEK 249.9 million (436.4)

January - December 2019

- Net sales, SEK 4.4 million (27.0)
- Total operating costs SEK -219.9 million (-181.6)
- Operating result, SEK -214.5 million (-153.1)
- Earnings per share before and after dilution, SEK -2.94 (-2.10)
- Cash flow for the period, SEK -167.5 million (-111.8)

"2019 was the year when Alligator entered the clinical phase on a broad front. At the beginning of the year, we had one clinical project and at year-end, the number had increased to four."

CEO Per Norlén

This information is such information as Alligator Bioscience AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication at 8:00 a.m. CET on February 12, 2020. For contact details, see page 12.

Significant events October – December

- The first patient was dosed in a Phase I study with the drug candidate ATOR-1017 that is in development for the treatment of metastasized cancer.
- Dr Malin Carlsson was appointed Chief Operating Officer.
- ALG.APV-527 and ATOR-1017 new preclinical data were presented at the scientific conference SITC 2019.

Events after the end of the period

- **ATOR-1015:** The Phase I clinical trial is progressing well with nine dose levels evaluated for initial safety. Currently, evaluation of 400 mg dosing, about 6 mg/kg given every two weeks, is initiated.

CEO comments.

2019 was a year characterized by a number of achievements for the company. We are pleased that the entire project portfolio including mitazalimab (ADC-1013) developed very well during the year and we went from one to four projects in clinical phase, which in hindsight is quite impressive. A challenge was of course Janssen's decision to end the cooperation on mitazalimab. Their decision was unexpected, especially given the positive clinical data recently presented and the great interest the product has achieved since it has been shown that CD40 can be particularly effective in pancreatic cancer.

Per Norlén
CEO Alligator Bioscience

However, on the positive side Jansen has invested heavily in the development of the project and produced large quantities of material that we now will use in our clinical studies. At the same time, it was very satisfying to see how our organization handled the emerging situation. Thinking new and constructive lies in Alligator's DNA and the initial surprise at Janssen's decision was rather immediately converted into substantial plans to take this important project further into clinical phase II, with or without a new partner.

Alligator regains drug candidate mitazalimab (ADC-1013)
Mitazalimab was licensed to Janssen in 2015. During the third quarter of 2019, we regained the exclusive, worldwide rights to develop and commercialize the drug candidate. In connection with this, we also received study drug material sufficient to conduct comprehensive phase II studies. The decision should be seen in light of the other projects in Janssen's portfolio. Mitazalimab has shown good effect in combination with several different immunotherapies including PD-1, which makes us hopeful about the continued development. Since we out-licensed the product in 2015, we have received direct payments of a total of USD 46 million from Janssen and an additional USD 15 million as investments in Alligator's shares. We have now regained a product that has undergone extensive clinical testing in nearly 120 cancer patients with positive results, as well as study drug material of considerable value. We intend to manage this opportunity in the best way possible by, as a first step, initiating Phase II clinical trials this year in order to demonstrate clinical efficacy.

From one to four projects in clinical development
2019 was the year when Alligator entered the clinical phase on a broad front. At the beginning of the year, we had one clinical project and at year-end, the number had increased to four. In the spring, the first patient was dosed with ATOR-1015. This phase I study has progressed rapidly, and we plan to present the results during the second half of this year. At the time of writing, 6 mg/kg dosing is being initiated which is higher than the doses used for the marketed drug Yervoy. This is promising since ATOR-1015 is developed with the aim of solving the tolerability issues with the current treatment. At the end of 2019, the first patient was also dosed with ATOR-1017 and we look forward to following the development during this year. In addition to Alligator's own portfolio projects, the drug candidate AC101 has also started dosing in clinical phase I. AC101 is a HER2 antibody developed in collaboration with the Korean company AbClon. The drug candidate is now being further developed by the Chinese company Henlius. In addition, the preclinical phase has been completed for ALG. APV-527 and we are now looking for a partner to implement this project in clinical phase together with Aptevo.

From safety to efficacy studies in specific cancers
During 2020, we plan for the next leap in the company's development as we are entering efficacy studies for both mitazalimab and ATOR-1015 in combination with other drugs. With this, both projects enter clinical phase II. In addition, we plan for a phase Ib study to evaluate the effect of ATOR-1015 in malignant melanoma. This study can be done within the framework of the ongoing phase I study with a possibility to read-out already during 2021.

Mitazalimab is our most advanced project. It has undergone two successful phase I studies demonstrating that the drug candidate has the most favorable safety profile on the market and has demonstrated initial signs of clinical efficacy. During the Phase I studies, we have also been able to determine the appropriate dose level for the coming Phase II studies, at a dose level several times higher than those applied by our closest competitors. Our ambition is to find a partner with the capacity and competence to continue this promising project, but we are also ready to pursue the project on our own. Our goal is to start combination studies for the treatment of pancreatic cancer in 2020. Pancreatic cancer accounts for about three percent of all cancer cases in Sweden, but accounts for a quarter of all cancer-related deaths. A breakthrough in the treatment of pancreatic cancer thus has the potential to revolutionize cancer care and radically increase the survival rate.

Also ATOR-1015 is planned to be ready for phase II efficacy studies in 2020. ATOR-1015 is unique in its ability to selectively activate CTLA-4 in the tumor area, allowing the power of CTLA-4 blockade to be utilized at the same time as side effects can be limited. This allows ATOR-1015 to replace current CTLA-4 treatment, which is associated with severe side effects, in all approved indications, i.e. malignant melanoma, renal cell cancer, and colorectal cancer with high tumor mutation rate.

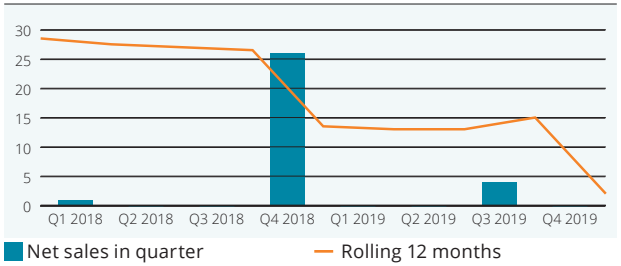
Intensified business development efforts
One of the main goals with Alligator's business development activities is to find partners for different kind of collaborations. Since the end of 2019, we have intensified our efforts to find suitable partners for our projects, including mitazalimab, efforts that will continue at an intensified level in 2020. There are great benefits in out-licensing our projects before phase II, as it can reduce our own financial risk and generate revenues in terms of upfront and milestone payments. However, there are also clear advantages to continue the project development in-house and take a project into clinical phase II studies and demonstrate good clinical efficacy, as the value of the candidate drug increases significantly. This is a balance we are constantly working with in order to optimize the company's development and value. Important goals are to sign beneficial partnerships and to secure financing of the planned clinical studies.

I would like to conclude by thanking all our employees for their fantastic work and commitment to Alligator in 2019, as well as our partners, scientific advisors and shareholders for their continued support.

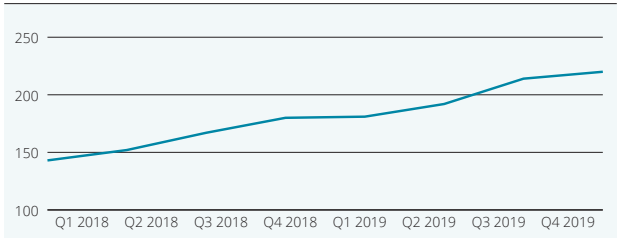
Per Norlén
CEO Alligator Bioscience AB (publ)

Performance measures, Group.

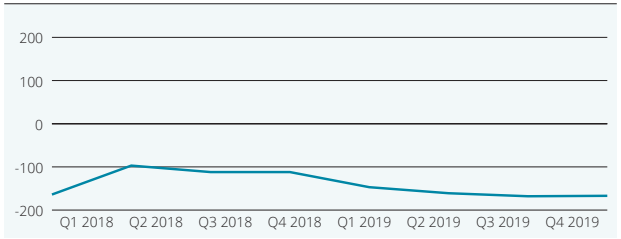
Net sales, SEK million



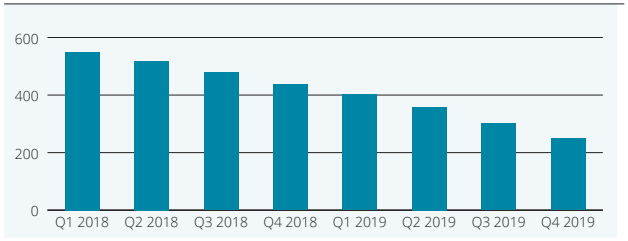
Operating costs, rolling 12 months, SEK million



Cash flow, rolling 12 months, SEK million



Cash and cash equivalents, including securities, SEK million



	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Result (TSEK)				
Net sales	0	25,594	4,358	26,959
Operating profit/loss	-59,307	-30,060	-214,519	-153,080
Profit/loss for the period	-59,765	-30,589	-210,112	-150,043
R&D costs	-47,713	-44,075	-173,601	-139,493
R&D costs as a percentage of operating costs excl. impairments	80%	79%	79%	77%
Capital (TSEK)				
Cash and cash equivalents at end of period	196,870	362,878	196,870	362,878
Cash, cash equivalents and bonds at end of period	249,886	436,391	249,886	436,391
Cash flow from operating activities	-49,568	-41,169	-178,963	-104,115
Cash flow for the period	-41,473	-41,780	-167,446	-111,770
Equity at the end of the period	258,498	468,310	258,498	468,310
Equity ratio at the end of the period, %	83%	92%	83%	92%
Info per share (SEK)				
Earnings per share before dilution	-0.84	-0.43	-2.94	-2.10
Earnings per share after dilution*	-0.84	-0.43	-2.94	-2.10
Equity per share before dilution	3.62	6.56	3.62	6.56
Equity per share after dilution*	3.62	6.56	3.62	6.56
Personnel				
Number of employees at end of period	55	55	55	55
Average number of employees	56	54	55	51
Average number of employees employed within R&D	46	46	46	44

For definitions and calculations, see the sections later in this report.

*Effect from dilution is not considered when result is negative and options where call rate is higher than closing rate is not considered.

Operations.

Alligator Bioscience AB is a public Swedish biotech company specialized in the development of novel immuno-oncology drugs for tumor-directed immunotherapy, with the aim of providing more effective treatment with fewer side effects. The strategy is to develop drug candidates that selectively stimulate the immune system in the tumor region, rather than the whole body. There is a major unmet medical need in this area for novel and improved therapies.

The preclinical drug development process is mainly carried out in Alligator's laboratory by the company's own personnel. All of the expertise required for running successful projects is represented. To make the process as competitive and time-efficient as possible, some of this work is also carried out in collaboration with other biotech companies, contract laboratories and leading international immuno-oncology research institutions.

The clinical studies are carried out in collaboration with leading specialist physicians and CROs with expertise in clinical development.

Several patented technologies

The development of novel drug candidates is based on Alligator's patented technology platforms FIND® (protein optimization technology) and ALLIGATOR-GOLD® (antibody library). These platforms enable efficient generation of novel drug candidates with high potential. In addition, the company has two unique bispecific antibody formats for the development of novel dual-action antibodies. The latest antibody format, RUBY™, allows Alligator to easily generate bispecific molecules from any two antibodies, with excellent stability and manufacturability properties. The format abolishes the need for further optimization and enables Alligator to move drug candidates faster from preclinical to the clinical phase. Together, these technologies provide Alligator with a strong base for the development of bispecific, tumor-directed drug candidates.

Competitive project portfolio

Alligator's project portfolio includes the clinical and preclinical drug candidates mitazalimab (ADC-1013), ATOR-1015, ATOR-1017, ALG.APV-527 and ATOR-1144, plus a number of early-stage research projects. All drug candidates are developed for tumor-directed immunotherapy, are directed against immunostimulatory receptors and have the potential to provide long-lasting protection against cancer. Future cancer treatments will probably involve several different drugs in combination. However, although the combination therapies used to date have boosted the clinical effect, they have also led to a higher risk of developing severe immune-related adverse events. Alligator's concept of tumor-directed immunotherapy provides an opportunity to solve this and develop new cancer therapies with higher efficacy without increasing the risk of severe side effects.

Alligator's business model

	DISCOVERY	PRECLINICAL	CLINICAL PHASE I	CLINICAL PHASE II	CLINICAL PHASE III	MARKET
Costs	Research until selection of drug candidate. Patent application.	Preclinical studies. Presentations at scientific conferences.	Phase I clinical studies and out-licensing activities.	Phase II clinical studies and out-licensing activities.		
Revenue			**Partnering/out-licensing** Initial payment.	**Partnering/out-licensing** Initial payment. Milestone payments.	**Partnering/out-licensing** Milestone payments.	**Partnering/out-licensing** Royalties.

Alligator's organization

Alligator's research organization is divided into three units: Discovery, Preclinical and Clinical. The Discovery Unit is responsible for early-stage research projects through to the identification of a drug candidate. This normally includes the development and evaluation of treatment concepts, the evaluation of potential drug candidates and early-stage efficacy testing. The Preclinical Unit is responsible for manufacturing clinical study materials and for compiling a clinical data package sufficient for clinical study applications. The Clinical Unit assumes responsibility when the drug candidate enters a Phase I clinical study and for the subsequent clinical development until successful out-licensing.

Business model that creates value across the development chain

The company's business model is based on proprietary drug development – from early-phase research and preclinical development to Phase II clinical studies, when the treatment is validated in patients. The plan is to subsequently out-license the drug candidate to a licensee for further development and market launch. This business model enables the company to generate revenue even before the drug reaches the market, such as initial payments when agreements are signed and milestone payments during the development process.

Drug development at Alligator – the different phases

DISCOVERY

In the Discovery phase, Alligator creates mono and bispecific antibodies using its technology platforms ALLIGATOR-GOLD, FIND and two bispecific fusion formats.

The development and evaluation of treatment concepts, evaluation of various potential drug candidates and early-stage efficacy testing.

The antibodies are optimized to achieve the set objectives in terms of function, binding affinity and stability, after which a drug candidate is selected for further development.

PRECLINICAL

In the Preclinical phase, safety and efficacy of the drug candidate are assessed together with its clinical potential. These studies are conducted both internally at Alligator and together with external partners.

Alongside of these preclinical activities, research activities continue to increase understanding of the candidate's biological function. This phase also includes activities for the production of materials for upcoming clinical studies.

CLINICAL PHASE I

The first human studies are conducted in smaller cohorts, normally 20–80 patients with metastatic cancer. The aim of these studies is mainly to show that the compound is safe.

Studies are also carried out to see how the drug is absorbed, distributed and metabolized.

CLINICAL PHASE II

The endpoint of Phase II studies is to show that the substance has the intended medical efficacy and to determine optimal dosage. Normally, 100-300 patients are tested.

By the end of Phase II, the drug's efficacy, probable dosage and side-effects profile should have been determined.

CLINICAL PHASE III

The drug is tested on a larger cohort of patients in Phase III, usually between 1,000 and 3,000 patients.

The endpoint of Phase III studies is to demonstrate that the new compound is at least as good or better than previously approved treatments.

When the Phase III program is complete, a statement can be issued about the drug's properties and common side effects and the documentation required to register the drug has been compiled.

Mitazalimab (ADC-1013).
Drug candidate ready for Phase II clinical study.

ADC-1013, now with the generic name of mitazalimab, is an antibody that binds to CD40 receptors and has been developed for the treatment of various types of metastatic cancer. Activation of the dendritic cell's CD40 receptor strengthens the expression of the immune system's antigens and hence the ability to selectively attack the cancer cells.

The drug candidate was out-licensed to Janssen Biotech, Inc. (Janssen) in 2015-2019 (October). Janssen conducted an extensive Phase I clinical study that showed promising safety and tolerability, and initial signs of clinical efficacy. To date, mitazalimab has generated revenue of almost SEK 400 million for Alligator. The next stage of development will be to start up a Phase II combination study, which is scheduled to commence in late 2020.

Events during the fourth quarter

During the period, intensive efforts took place to transfer the project from Janssen to Alligator, which also included a significant amount of clinical study materials that cover the needs of future Phase II programs. The agreement was officially terminated on October 28, 2019. Alligator is now working on the continued clinical development plan for mitazalimab, which includes a Phase II study expected to commence in late 2020.

The licensing agreement between Alligator and Janssen that was signed in 2015 was terminated during autumn 2019 due to a strategic decision by Janssen to prioritize other projects. In addition to Janssen's running and funding the development programs over the past few years, Alligator also received an upfront payment of USD 35 million when the agreement was signed in 2015, and an additional USD 11 million throughout the term of the agreement.

Project status: Phase I clinical study completed, planning for Phase II

To date, the clinical program has comprised two Phase I studies. The first study was conducted by Alligator with a focus on intratumoral administration. The results showed that clinically relevant doses of mitazalimab are well-tolerated.

Promising safety and tolerability data from a second Phase I clinical study with mitazalimab in cancer patients was presented at the American Society of Clinical Oncology (ASCO) Annual Meeting in Chicago on May 31-June 4, 2019. The study showed that the adverse effects were mostly mild and transient. The study comprised a total of 95 patients. Doses of up to 1200 µg/kg i.v. with no premedication, and up to 2000 µg/kg with premedication proved safe and tolerable. The results also gave signs of clinical activity. Partial response was observed in one renal cancer patient, while 10 patients showed disease stability for at least six months.

2019 objectives

☑ Completion of patient study in Phase I clinical study.

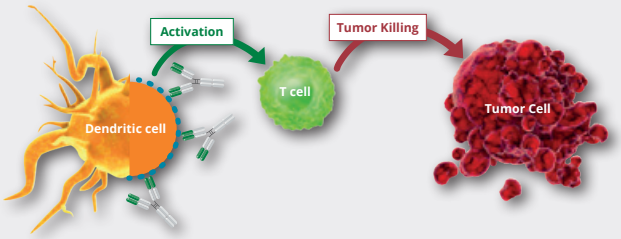
2020 objectives

☐ Start (CTA submission) of Phase II clinical combination study.

Mechanism of action

#CD40

1. The dendritic cell presents the target molecule CD40 on its surface.
2. Mitazalimab binds to CD40 and triggers activation of the immune system's beneficial T cells.
3. The T cells are activated to kill tumor cells.



Mitazalimab is a stimulatory antibody that targets CD40, a receptor in the dendritic cells of the immune system, which are the cells that detect cancer cells in the body. Mitazalimab's activation of CD40 enables dendritic cells to stimulate the immune response's weapons more effectively – in this case, T cells – allowing the immune system to selectively attack the cancer. Mitazalimab has been optimized using Alligator's unique FIND technology, with the aim to achieve efficacy already at very low doses. In preclinical models, mitazalimab has been shown to induce a potent tumor-directed immune response and provide long-lasting tumor immunity. In addition, preclinical data have demonstrated how mitazalimab can be used against multiple types of cancer.

ATOR-1015. Tumor-localizing bispecific CTLA-4 antibody with dual immunostimulatory function.

ATOR-1015 is a bispecific antibody that targets the CTLA-4 and OX40 molecules, developed as targeted therapy for metastatic cancer. One component of the antibody blocks CTLA-4, a target molecule validated for clinical efficacy. The other component binds to OX40, which localizes the antibody to the tumor region, and has the potential to increase efficacy and improve safety.

The drug should be administered as a combination therapy primarily with PD-1 inhibitors. The ATOR-1015 antibody has been assembled and optimized using Alligator's unique ALLIGATOR-GOLD and FIND technologies and a bispecific fusion format.

Events during the fourth quarter

The ongoing Phase I study commenced in March 2019 with a titration phase using a single patient per dose level. This phase was then followed by the standard 3+3-design, where a cohort of at least three patients per dose level are treated before escalating to a higher dose.

Events after the end of the period

The study is progressing well and currently evaluation of 400 mg dosing, about 6 mg/kg given every two weeks, is initiated. Current dosing has reached a level that is likely to produce both benefits and side effects.

Project status: Clinical Phase I

The ongoing dose escalation study in patients with metastatic cancer is planned to comprise up to 53 patients. The principal investigator is Dr Jeffrey Yachnin from the Department of Oncology at Karolinska University Hospital in Stockholm. The primary endpoint of the study is to investigate the safety and tolerability of ATOR-1015 and to determine the recommended dose for subsequent Phase II studies. For further information, please refer to:

https://www.clinicaltrials.gov/ct2/show/NCT03782467?term=1015&rank=1

2019 objectives

- ☑ Continued Phase I clinical study with preliminary read-out of results in the second-half of 2020.

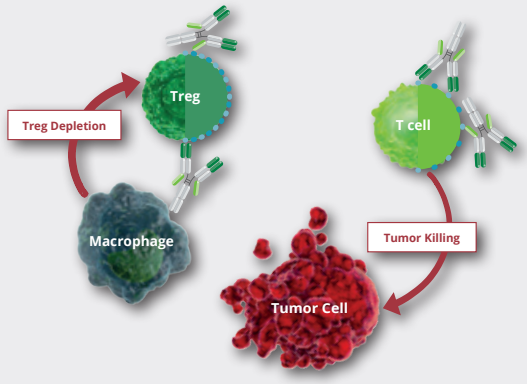
2020 objectives

- ☐ Results from the ongoing clinical Phase I study.
- ☐ Start of Phase Ib monotherapy study within the framework of the ongoing Phase I study.
- ☐ Submission of CTA application to start Phase II clinical combination study.

Mechanism of action

#CTLA-4
#OX40

1. ATOR-1015 binds to CTLA-4 and OX40 on the regulatory T cells, the cells which restrain the immune system.
2. The macrophages are activated to kill Tregs, removing the inhibitory effect of Tregs on the beneficial T cells.
3. The effector T cells (light green) increase in number and are activated to kill the tumor cells.



ATOR-1015 binds to two different immunomodulatory receptors – the CTLA-4 checkpoint receptor, and an OX40 activating receptor. By merging two immunotherapies in the same molecule, new biology is created. In preclinical studies, the bispecificity has been shown to cause a significant increase in the immunostimulatory effect and is expected be achieved mainly in environments where both of the target molecules are expressed at high levels, such as in a tumor. This means that ATOR-1015 may have potent immunostimulatory effects in the tumor environment, but not in the rest of the body, with the goal of increasing efficacy and reducing side effects. ATOR-1015 is primarily designed for combination therapies and the preclinical results presented include data indicating an additive anti-tumor effect in combination with a PD-1 blocking antibody.

ATOR-1017. Stimulation of both T and NK cells induces potent killing of tumor cells.

ATOR-1017 is a monoclonal antibody that activates the 4-1BB receptor on T and NK cells in the tumor region and has been developed for the treatment of metastatic cancer. 4-1BB has the capacity to stimulate the immune cells required for tumor control.

The drug candidate is developed for enhanced combination treatment of metastazised cancer.

Events during the fourth quarter

In December 2019, the first patient was successfully dosed in the Phase I study for ATOR-1017. The study will comprise up to 50 patients and is a dose-ranging study in patients with metastatic cancer. The study will be conducted at three different clinics in Sweden. The primary endpoint of the study is to investigate the safety and tolerability of ATOR-1017, and to determine the recommended dose for subsequent Phase II studies.

Project status: Clinical Phase I

ATOR-1017 activates 4-1BB receptors which increases the immune system's ability to discover and kill tumor cells. This makes 4-1BB an extremely interesting target for cancer immunotherapy. ATOR-1017 has a unique profile as the immunostimulatory effect increases in environments with a high number of immune cells, which occurs specifically in tumors. This creates an opportunity for potent, tumor-localizing immunostimulation that can increase the effect and reduce side effects for the patient.

Large volumes of preclinical data have been presented showing that ATOR-1017 stimulates both natural killer (NK) and T cells, both of which contribute to an effective immune-mediated killing of tumor cells. NK cells are immune cells that specifically target tumor cells trying to evade the immune system's response. NK cells also strengthen cell-death signaling from the immune system's tumor-specific T cells. Stimulatory antibodies against 4-1BB therefore strengthen the ability of both NK and T cells to attack tumor cells.

2019 objectives

- ☑ Submission of Clinical Trial Authorization (CTA) application.
- ☑ Start of Phase I clinical study later this year.

2020 objectives

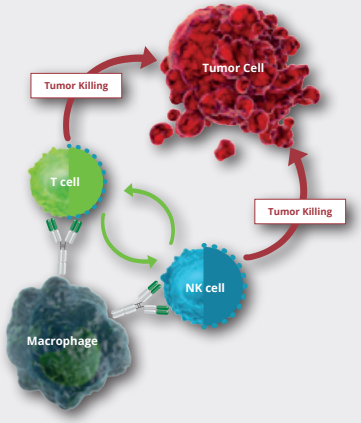
- ☐ Phase I clinical study proceeds.

Mechanism of action

#4-1BB

#Fc-gamma receptor

1. ATOR-1017 binds to the target molecule 4-1BB on the surface of T cells and NK cells.
2. The immunostimulatory function is dependent on binding to Fc-gamma receptor on macrophages.
3. The beneficial T cells are activated to kill tumor cells.



ATOR-1017 is distinct from other 4-1BB antibodies, partly because of its unique binding profile, but also because its immunostimulatory function is dependent on crosslinking to Fc-gamma receptors in immune cells. This localizes the immunostimulation to the tumor region where both 4-1BB and Fc gamma receptors are expressed at high levels – totally in line with the treatment strategy for Alligator's drug candidates. The objective is to achieve an effective tumor-directed immune response with minimum side effects.

Other projects.

ALG.APV-527.

ALG.APV-527 is a bispecific antibody that targets 4-1BB and 5T4, designed for the treatment of metastatic cancer. The drug candidate is co-developed with Aptevo Therapeutics Inc. since 2017.

Events during the fourth quarter

During the autumn, Alligator and Aptevo made a joint decision to postpone an application to start clinical trials. For Alligator, this will ensure that resources are available for driving its clinical portfolio forward. The companies have initiated discussions with potential partners for the upcoming clinical development of ALG.APV-527.

Project status: Preclinical development

Preclinical data for ALG.APV-527 has been presented at several scientific conferences. Data shows that ALG.APV-527 has the potential to selectively stimulate and strengthen the T cell response in the tumor without stimulating the immune system in the rest of the body. Data also shows that ALG.APV-527 is localized to 5T4 positive tumors and selectively stimulates and enhances the tumor-directed immune responses of the T cells and NK cells. Additionally, data shows that the 5T4 antigen is expressed on a wide range of tumor types. The findings support its overall potential to evoke an effective tumor-directed immune response with less side effects.

Co-development with Aptevo

In July 2017, Aptevo Therapeutics and Alligator Bioscience signed an agreement regarding the co-development of ALG.APV-527. Under the agreement, the companies will equally own and finance the development.

The original molecules involved in the tumor-binding function and immunomodulatory function of ALG.APV-527 were developed using Alligator's patented antibody library, ALLIGATOR-GOLD. The bispecific molecule was further developed and improved with Aptevo, using its technology platform ADAPTIR™. A drug candidate was created by combining a tumor-binding function with an immunomodulatory function in the same molecule, that can selectively target the tumor and stimulate the antitumor-specific immune cells that are found there.

ATOR-1144.

Tumor-localizing bispecific CTLA-4 x GITR antibody with broadened capacity to activate the immune system.

The ATOR-1144 drug candidate is a tumor-localizing bispecific CTLA-4 x GITR antibody with the potential to stimulate both the innate and adaptive (acquired) immune systems, with a direct anti-tumor effect. The innate immune system is the body's first line of defense against pathogens. The acquired immune system does not react the first time the body is attacked. However, it remembers the pathogen and is ready to respond if it ever attacks again.

Out-licensed projects.

AC101 agreement with AbClon

Through its subsidiary Atlas Therapeutics AB, Alligator holds a participating interest in the clinical project Biosynergy (AC101/HLX22), run by the Korean company AbClon. The drug candidate is now being further developed by the Chinese company Shanghai Henlius, which in 2018 increased its rights to encompass a global license for development and commercialization. Alligator incurs no overheads for this project but is entitled to a share of any future returns. During previous financial years, Alligator received two milestone payments totaling SEK 2.1 million in conjunction with a regional out-licensing of one of these products, the HER2 antibody AC101.

Technology agreement with Biotheus

In August 2019, an agreement was concluded with Biotheus Inc. of China. Biotheus obtained the Chinese rights (China, Hong Kong, Taiwan and Macao) to an antibody from the ALLIGATOR-GOLD antibody library. The agreement gives Alligator the right to total initial upfront payments, and milestone and option payments of potentially USD 142 million.

Events after the end of the period

Alligator and Biotheus made a joint decision to extend the period for the initial scientific evaluation. This means the remainder of the initial payment to Alligator, USD 0.5 million planned for the first quarter of 2020, has been deferred.

An investment in Alligator. Risks and opportunities.

All drug development is associated with high risk
The cost of developing new drugs is great and there is a significant risk that a drug candidate will fail to reach the market. A drug candidate could, for example, demonstrate unacceptable side effects or is shown to lack the intended therapeutic effect.

Alligator mitigates risks
Alligator's drug candidates are tumor-directed, which reduces the risk of serious side effects. Risks for the project portfolio as a whole are also limited as Alligator develops drug candidates for different target molecules. The clinical success of the portfolio as a whole is thereby not dependent on the ability of a specific combination of antibodies/target molecules to show clinical efficacy.

Major potential
Immuno-oncology has substantial potential and confidence in immuno-oncology as an effective form of therapy is now established. This was apparent, not least, in the 2018 Nobel Prize in Medicine, which was awarded to James P. Allison and Tasuku Honjo, two pioneers in the field.

Objectives for 2025: between three and five out-licensed projects
Alligator is pursuing a long-term and highly intensive business development program and since 2015 has generated income of approximately USD 50 million in the form of initial payments and milestone payments. The objective is to have between three and five out-licensed project by 2025, which will generate significant income in the form of initial payments and milestone payments.

GREAT MEDICAL NEEDS WORLDWIDE
One in five men and one in six women worldwide will at some stage of their lives develop cancer. Every year, about 18 million people are diagnosed with cancer and approximately 10 million people die of cancer (Globocan 2018). This means there is a major unmet need for advanced cancer care. Alligator's ambition is to develop immuno-oncology drugs that can save lives all over the world.

PROJECTS READY FOR OUT-LICENSING
Alligator has a number of projects in various development phases that are ready for out-licensing. Everything from the most advanced project, mitazalimab, to ALG.APV-527, which was prepared for an initial clinical phase in 2019. Alligator also sees opportunities for interesting deals using its broad knowledge and unique technology platform, on which the company's development of unique antibodies is based.

GLOBAL MARKET WORTH USD 85 BILLION
The global cancer therapy market is valued at USD 85 billion (2018). Immuno-oncology is one of the fastest growing areas and the global market for cancer immunotherapies is expected to dominate the market in the future and grow to nearly USD 107 billion in 2023. As an example, sales of Merck's drug Keytruda® alone are expected to exceed USD 11 billion in 2019 (USD 7.1 billion in 2018). Source: GlobalData, Cowen Therapeutics Outlook March 2019.

HIGH INNOVATION CAPACITY
Alligator possesses a very high innovation capacity. The company's discovery unit develops tumor-targeted immunotherapies focusing on active therapies that provide long-lasting tumor-specific immunity. The unit's most important assets are its world-class researchers and a unique technology platform, which can be seen as the company's innovation engine, where future immuno-oncology drugs are already being developed.

The Alligator share.

Changes during the quarter

During the quarter, Gladiator fund, who was among the ten largest shareholders at the beginning of the quarter, have divested all their shares. While still among the ten largest shareholders, J&J Innovation has reduced their shareholding (-3,021,604 shares).

Banque Internationale à Luxembourg SA have increased their holdings and now holds a total of 20.6% of the shares. A new owner with an account at BNY Mellon holds 2.8% of the shares and Magnus Petersson has increased his holdings to 2.2%.

During the quarter, the number of shareholders has increased from approximately 7,100 to 7,400.

Number of shares and stock option program

The total number of outstanding shares in the company at the end of the quarter was 71,388,615 (71,388,615).

At the AGM held in 2016, a resolution was passed regarding two incentive programs: an employee option program and a warrant program.

Under the employee option program, 900,000 employee stock options were allotted free of charge to participants. The employee options have been vested in installments until May 1, 2019. Of the allotted employee options, 846,664 have been vested and 53,336 have lapsed since the individuals to whom they were allotted have since left the company. To secure delivery under the employee option program, and to cover ancillary costs, primarily social security contributions, a total of 1,182,780 warrants were issued to a subsidiary of which 900,000 were allotted to employees free of charge and 282,780 were issued to cover ancillary costs. Because of the warrants having lapsed, a total of maximum 1,112,686 warrants can be exercised in the program.

A total of 1,000,000 subscription options were issued under the program, of which a total of 857,000 warrants had been transferred to the participants in the program at market value at the end of the quarter. Further transfers will not take place and, consequently, a maximum of 857,000 warrants can be exercised in the program.

Each warrant in the two programs entitles the holder to acquire one new share at an exercise price of SEK 75. The warrants can be exercised in the from March 1, 2020 until May 31, 2020.

At the 2018 AGM, it was decided to set up another employee option program whereby 2,275,000 employee options were allotted free of charge to participants. The employee options will be vested in installments until May 1, 2021. Vesting is subject to the participant remaining in the company's employment and not having resigned on a given qualifying date. Of the allotted employee options, 568,750 have been vested, 1,650,000 may still be vested and 56,250 have lapsed since the individual to whom they were allotted has since left the company. To secure delivery under the employee stock option program, and to cover ancillary costs, primarily social security contributions, a total of 2,989,805 warrants were issued to a subsidiary of which 2,275,000 were allotted to employees free of charge and 714,805 were issued to cover ancillary costs. Because of the warrants having lapsed, a total of maximum 2,915,881 warrants can be exercised in the program.

Each warrant in the program entitles the holder to acquire one new share at an exercise price of SEK 75. The warrants are expected to be available to exercise one month after the publication of the first quarter reports for 2021 and 2022.

Upon full exercise of all warrants issued in respect of the share subscription incentive programs, a total of 4,885,567 shares will be issued, thereby increasing the number of shares to a maximum of 76,274,182, corresponding a to dilution by 6.4%.

The Alligator share in brief (December 30, 2019)

- Listed on: Nasdaq Stockholm Mid Cap
- Number of shares: 71,388,615
- Average turnover per day: Approximately 221,000 (preceding quarter approximately 312,000)
- Number of shareholders: Approximately 7,400 (preceding quarter approximately 7,100)
- Market capitalization: SEK 754 million (preceding quarter SEK 837 million)
- Ticker: ATORX
- ISIN: SE0000767188

Largest Shareholders	Dec 30, 2019	%
Banque Internationale à Luxembourg SA	14,712,424	20.6
Sunstone Life Science Ventures Fund II K/S	5,758,485	8.1
Lars Spånberg	3,213,858	4.5
Johnson & Johnson Innovation	2,740,919	3.8
Avanza Pension	2,621,221	3.7
4AP fund	2,202,183	3.1
BNY Mellon-account	2,007,987	2.8
Öhman funds	1,968,859	2.8
Magnus Petersson	1,586,988	2.2
Mikael Lönn	1,422,183	2.0
Remaining share holders	33,153,508	46.4

Banque Internationale à Luxembourg SA (BIL) is a group of mainly Swedish investors with their shares managed by BIL.

The company's owner structure is updated monthly on the company's website: www.alligatorbioscience.com.

Source: Shareholder data is based on a report from Euroclear and Monitor (Modular Finance) as of December 30, 2019, where certain foreign accounts have been identified by the company.

Other information.

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

Employees
The number of employees in the Group at the end of the quarter was 55 (55). Of these, 13 (14) were men and 42 (41) were women.

Of the total number of employees, 47 (47) were employed within Research and Development.

Future report dates
Alligator intends to publish its financial reports according to the following:

- Annual Report 2019 March 2020
- Q1 Interim report April 23, 2020, 8:00 am
- Q2 Interim report July 13, 2020, 1:00 pm
- Q3 Interim report October 22, 2020, 8:00 am

Annual General Meeting
The Annual General Meeting will be held on May 5, 2020.

The license agreement with Janssen
On July 31, it was announced that the company had regained exclusive, global rights to develop and commercialize the CD40 antibody mitazalimab/ADC-1013 (JNJ-64457107) from Janssen Biotech, Inc. The agreement was terminated due to a strategic decision by Janssen to prioritize other projects. The original license agreement with Janssen comprised possible milestone payments of up to about USD 695 million. The successful commercialization of mitazalimab would also have triggered incremental royalties on global net sales for Alligator. In addition to Janssen being responsible for and running the project in recent years, Alligator received an initial payment of USD 35 million when the agreement was signed in 2015, and then another USD 11 million during the time of the agreement.

Alligator has no legal or financial obligations to Janssen. The agreement was officially terminated on October 28, and all rights have been transferred to the company.

Risks and uncertainties
During the course of its business operations, the Group is exposed to various financial risks, such as market risk (comprising foreign exchange risk, interest-rate risk and price risk), credit risk and liquidity risk. The aim of the Group's overall risk management is to achieve minimal adverse effects in terms of earnings and financial position. The Group's business risks, risk management and financial risks are described in detail in the Annual Report for 2018. As Alligator regains the global rights to mitazalimab from Janssen, the risk in the company's long-term financing increases. Alligator will mitigate the risk by reviewing priorities in the company's project portfolio and further focus on out-licensing any of the company's projects. Otherwise, no significant events occurred during the year that impacted or changed these descriptions of the Group's risks and risk management.

Statement of Financial Position
The Company works continuously to secure the financing of the operation. This include both business development for new partnering agreements, with an upfront payment upon signing, as well as other options. At the time of the publication of this Year-end Report, the Company's assessment is that the financial resources are sufficent for the ongoing and planned operations the coming twelve months.

Forward-looking information
Even though the board and management believe the expectations in this report are justified, no guarantees can be given that they will turn out to be correct. Accordingly, the actual outcome may differ significantly from the assumptions stated in the forward-looking information depending on, among other factors, changes in the economy or market, changes in legal or regulatory demands, other political decisions and changes in exchange rates.

Parent Company
Net sales, earnings trend, financial position and liquidity
Both Group management functions and all operating activities are carried out in the Parent Company.

For additional details, refer to the information provided for the Group since the subsidiaries do not conduct their own operations.

Notes to the reader
Figures in brackets refer to the outcome for the corresponding period in the preceding year for figures related to the income statement and cash flow. For figures related to the financial position and personnel, figures in brackets refer to December 31, 2018. Unless otherwise stated, all amounts stated are rounded correctly, which may mean that some totals do not tally exactly.

Registered trademarks
FIND® and ALLIGATOR-GOLD® are Alligator Bioscience AB proprietary trademarks which are registered in Sweden and other countries.

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Financial statements

Unless otherwise stated, this Year-end Report refers to the Group. Due to the nature of the business, there can be large fluctuations in revenue which are not seasonal or regular but are mainly linked to when milestones generating a payment are reached in out-licensed research projects.

Like revenue, expenses can also fluctuate between periods. Among other factors, this fluctuation in expenses is influenced by the current phase of the various projects since certain phases generate higher costs. Figures in brackets refer to the outcome for the corresponding period in the preceding year for figures related to the income statement and cash flow. For figures related to the financial position and personnel, figures in brackets refer to December 31, 2018.

Unless stated otherwise, all amounts are in SEK thousand (TSEK). All amounts stated are rounded, which may mean that some totals do not tally exactly.

Consolidated
Income Statement

All amounts TSEK unless specified	Note	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Net sales	5	0	25,594	4,358	26,959
Other operating income	5	427	411	1038	1,555
Total operating income		**427**	**26,005**	**5,396**	**28,514**
Operating costs					
Other external costs		-41,303	-39,311	-145,375	-121,162
Personnel costs		-15,268	-14,513	-60,609	-52,144
Depreciation of tangible assets and intangible assets		-2,866	-1,503	-11,548	-5,902
Other operatings expenses		-297	-737	-2,384	-2,387
Total operating costs		**-59,735**	**-56,065**	**-219,915**	**-181,594**
Operating profit/loss		**-59,307**	**-30,060**	**-214,519**	**-153,080**
Result from other securities and receivables		277	292	1,218	1,160
Other interest income and similar income statement items		367	698	4,643	7,465
Interest expense and similar income statement items		-1,102	-1,518	-1,455	-5,587
Net financial items		**-457**	**-528**	**4,406**	**3,037**
Profit/loss before tax		**-59,765**	**-30,589**	**-210,112**	**-150,043**
Tax on profit for the period		0	0	0	0
Profit for the period attributable to Parent Company shareholders		**-59,765**	**-30,589**	**-210,112**	**-150,043**
Earnings per share before dilution, SEK		**-0.84**	**-0.43**	**-2.94**	**-2.10**
Earnings per share after dilution, SEK		**-0.84**	**-0.43**	**-2.94**	**-2.10**

Net sales. *The Company had no sales during the last quarter of the year. Sales in the quarter last year pertained primarily to the project Biosynergy which is developed by the Korean collaboration partner AbClon Inc. where a third party, Shanghai Henlius Biotech, Inc., exercising an option from a regional to a global agreement. Sales for the year pertain primarily to the license agreement with Biotheus Inc. Sales in last year pertained primarily to the exercising of the option from a regional to a global agreement in the Biosynergy project.*

Other operating income. *Other operating income for the year comprises primarily of exchange gains in the company's operations. In the same period prior year, revenue comprised exchange gains in the company's operations.*

Operating expenses. *The company has expanded its operations compared with the same period prior year and its ongoing projects have progressed. The overall cost level is within the previously communicated cost increase interval of 10-20 percent compared to last year. Employee benefit expenses have increased as a result of additional people being employed, mainly within R&D.*

Total financial items. *Pertains to returns on liquidity and financial assets as well as unrealized exchange gains and losses as a result of significant liquidity positions in USD, EUR and GBP.*

Consolidated
Statement of Comprehensive Income

All amounts TSEK	Note	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Profit/loss for the period		-59,765	-30,589	-210,112	-150,043
Other comprehensive income		0	0	0	0
Comprehensive income for the period		**-59,765**	**-30,589**	**-210,112**	**-150,043**

Consolidated

Statement of Financial Position

All amounts in TSEK	Note	2019-12-31	2018-12-31
ASSETS			
Fixed assets			
Intangible assets			
Participations in development projects	3	17,949	17,949
Patents		232	702
Softwares		464	464
Tangible assets			
Improvements in leased premises		1,825	2,434
Right of use assets	2	18,394	0
Equipment, machinery and computers		12,131	15,804
Construction in progress and advance payments for tangible assets		1,125	0
Financial assets			
Other investments held as fixed assets	6	53,016	53,259
Total fixed assets		**105,136**	**90,612**
Current assets			
Current receivables			
Accounts receivable	6	0	25,328
Other receivables	6	4,896	4,564
Prepayments and accrued income		4,226	4,521
Other short-term financial assets	6	0	20,254
Cash and cash equivalents	6	196,870	362,878
Total current assets		**205,992**	**417,545**
TOTAL ASSETS		**311,128**	**508,156**
EQUITY AND LIABILITIES			
Equity			
Share capital		28,555	28,555
Other capital contributions		662,614	662,614
Retained earnings and profit/loss for the period		-432,671	-222,860
Equity attributable to Parent Company shareholders		**258,498**	**468,310**
Non-current provisions and liabilities			
Lease liabilities	2,6	11,260	0
Other long-term liabilities	6	426	0
Total non-current provisions and liabilities		**11,685**	**0**
Current liabilities			
Accounts payable	6	15,674	17,702
Other liabilities	6	2,055	1,564
Lease liabilities	2,6	5,794	0
Accrued expenses and deferred income	6	17,420	20,580
Total current liabilities		**40,944**	**39,847**
TOTAL EQUITY AND LIABILITIES		**311,128**	**508,156**

Cash and cash equivalents. *Consolidated cash and cash equivalents, which consist of bank balances and short-term, highly liquid investments, totaled SEK 196,870 thousand (362,878). Bank balances amounted to SEK 93,890 thousand (112,024). A portion of the Group's liquidity is invested in short-term interest funds, which is recognized as cash and cash equivalents. This investment can easily be converted to cash and is subject to an immaterial risk of changes in value. The investment totals a nominal amount of SEK 101,530 thousand (250,439) and the value at the end of the period was SEK 102,980 thousand (250,854).*

Cash, cash equivalents and other short-term investments, including financial assets. *The Group invests a portion of its liquidity in corporate bonds, which are deemed to be easily convertible to cash. The value of these bonds amounts to SEK 53,016 thousand (73,513). The Group plans to use its liquidity for operating activities. A portion of the Group's liquidity is invested in USD, EUR and GBP foreign currency accounts. In accordance with the Group's Financial Policy, inflows of foreign currencies exceeding the expected requirements for the coming 18 months are to be converted to SEK at the time of payment. Besides this, no further hedging has taken place.*

Equity. *Equity at the end of the period amounted to SEK 258,498 thousand (468,310), corresponding to an equity ratio of 83% (92).*

Equity per share before and after dilution. *At the end of the period, equity per outstanding share amounted to SEK 3.62 (6.56), before and after dilution. Since the subscription price for issued options has not been reached, these are not taken into account (not "in-the-money").*

Right of use assets, lease liabilities and loans. *At the end of the period, right of use assets amounted to SEK 18 394 thousand (0) and lease liabilities amounted to SEK 17 053 thousand (0). Both right of use assets and lease liabilities pertain primarily to leases for offices and laboratories. As of December 31, 2019, the company has entered into a installment purchase amounting to SEK 778 (0) thousand. Otherwise, no loans had been raised as of 31 December 2019 and no loans have been raised since that date. The Group has no loans or loan commitments.*

Accrued expenses and deferred income. *The decrease compared to the previous year pertains primarily to ALG.APV-527 was in preclinical phase with high accrued expenses regarding manufacturing of drug substance compared to 2019. At the end of the period, accrued expenses and deferred income amounted to SEK 17,420 thousand (20,580).*

Consolidated

Statement of Changes in Equity

All amounts in TSEK	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Opening balance	**318,210**	**498,779**	**468,310**	**617,956**
New capital issue	0	0	0	0
Effect of share-based payments	53	119	301	397
Profit/loss for the period	-59,765	-30,589	-210,112	-150,043
Other comprehensive income in the period	0	0	0	0
Closing balance	**258,498**	**468,310**	**258,498**	**468,310**

Consolidated
Statement of Cash Flows

All amounts in TSEK	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Operating activities				
Operating profit/loss	-59,307	-30,060	-214,519	-153,080
Adjustments for items not generating cash flow				
Depreciation and impairments	2,866	1,503	11,548	5,902
Effect from warrant program	53	119	301	397
Other items, no impact on cash flow	301	-815	2,126	32
Interest received	351	471	1,759	1,886
Interest paid	-97	0	-419	0
Tax paid	0	0	0	0
Cash flow from operating activities before changes in working capital	**-55,833**	**-28,782**	**-199,205**	**-144,863**
Changes in working capital				
Change in operating receivables	6,802	-25,550	25,291	25,979
Change in operating liabilities	-536	13,162	-5,049	14,769
Cash flow from operating activities	**-49,568**	**-41,169**	**-178,963**	**-104,115**
Investing activities				
Acquisition of intangible assets	0	0	-116	-541
Acquisition of tangible assets	-1,253	-610	-2,069	-7,124
Divestment of property, plant and equipment	0	0	0	10
Divestment of securities	10,000	0	20,000	0
Cash flow from investing activities	**8,747**	**-610**	**17,815**	**-7,655**
Financing activities				
Amortization of leasing liabilities	-1,430	0	-7,077	0
Installment purchase	778	0	778	0
Cash flow from financing activities	**-652**	**0**	**-6,298**	**0**
Cash flow for the period	**-41,473**	**-41,780**	**-167,446**	**-111,770**
Cash and cash equivalents at beginning of period	**239,281**	**404,688**	**362,878**	**472,919**
Exchange rate differences in cash and cash equivalents	-938	-31	1,438	1,728
Cash and cash equivalents at end of period*	**196,870**	**362,878**	**196,870**	**362,878**

* Inclusive other short-term liquid assets investments in interest funds amounting to SEK 103 millions (251) that can easily be converted into cash and are subject to an insignificant risk of value changes. Bonds, SEK 53 millions (74), that can easily be converted into cash, are not included in cash and cash equivilants.

Investments. *Investments for the fourth quarter amounted to SEK 1,253 thousand (610). These investments comprised laboratory equipment totaling SEK 1,253 thousand (610).*

Investments during the year of 2019 amounted to SEK 2,185 thousand (7,655). These investments were made in software SEK 116 thousand (541) and laboratory equipment SEK 2,069 thousand (6,550). During the year, investments in leased premises amounted to SEK 0 thousand (573).

Cash flow for the period. *Cash flow for the fourth quarter totaled SEK -41,473 thousand (-41,780). During the quarter, a corporate bond of SEK 10,000 thousand matured, previously reported as Other short-term financial assets.*

Cash flow for the first nine months of 2019 amounted to SEK -167,446 (-111,770). During the first quarter, a payment was received as a result of Shanghai Henlius Biotech, Inc. exercising an option to acquire the global licensing rights to the Biosynergy project, which was recognized as revenue in the fourth quarter of 2018.

Parent Company

Income Statement

All amounts in TSEK	Note	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Net sales		0	387	4,358	1,751
Other operating income		427	411	717	1,555
Total operating income		**427**	**798**	**5,075**	**3,307**
Operating costs					
Other external costs		-42,804	-39,311	-151,338	-121,159
Personnel costs		-15,268	-14,513	-60,609	-52,144
Depreciation and impairment of tangible assets and intangible assets		-1,423	-1,503	-5,812	-5,902
Other operatings expenses		-297	-471	-2,384	-2,121
Total operating costs		**-59,793**	**-55,799**	**-220,142**	**-181,325**
Operating profit/loss		**-59,365**	**-55,001**	**-215,068**	**-178,019**
Results from financial items					
Result from other securities and receivables		277	292	1,218	1,160
Other interest income and similar income statement items		688	1,137	2,781	7,871
Interest expense and similar income statement items		-361	-702	-381	-5,587
Net financial items		**604**	**726**	**3,618**	**3,444**
Profit/loss after financial items		**-58,761**	**-54,275**	**-211,450**	**-174,575**
Appropriations					
Group contribution received		487	14,677	487	14,677
Total appropriations		**487**	**14,677**	**487**	**14,677**
Result before tax		**-58,274**	**-39,598**	**-210,963**	**-159,898**
Tax on profit for the year		0	0	0	0
Profit/loss for the period		**-58,761**	**-39,598**	**-211,450**	**-174,575**

Parent Company

Statement of Comprehensive Income

All amounts in TSEK	Note	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Profit/loss for the period		-58,274	-39,598	-210,963	-159,898
Other comprehensive income		0	0	0	0
Profit/loss for the year		**-58,274**	**-39,598**	**-210,963**	**-159,898**

Parent Company

Balance Sheet

ASSETS

All amounts in TSEK	Note	2019-12-31	2018-12-31
ASSETS			
Fixed assets			
Intangible assets			
Patents		232	702
Software		464	464
Total intangible assets		**696**	**1,166**
Tangible assets			
Improvements in leased premises		1,825	2,434
Equipment, machinery and computers		12,131	15,804
Construction in progress and advance payments for tangible assets		1,125	0
Total tangible assets		**15,081**	**18,238**
Financial assets			
Participations in Group companies	**3**	20,294	20,294
Other investments held as fixed assets		53,016	53,259
Total financial assets		**73,310**	**73,553**
Total fixed assets		**89,087**	**92,957**
Current assets			
Current receivables			
Accounts receivables		0	387
Receivables from Group companies		487	14,677
Other receivables		4,896	4,563
Prepayments and accrued income		5,750	4,521
Total current receivables		**11,133**	**24,148**
Other short-term investments		101,530	270,693
Cash and bank deposits		80,470	109,353
Total current assets		**193,133**	**404,195**
TOTAL ASSETS		**282,219**	**497,152**

Parent Company

Balance Sheet

EQUITY AND LIABILITIES

All amounts in TSEK	Note	2019-12-31	2018-12-31
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		28,555	28,555
Total restricted equity		**28,555**	**28,555**
Non-restricted equity			
Share premium reserve		662,741	662,741
Retained earnings		-233,691	-74,094
Profit/loss for the period		-210,963	-159,898
Total non-restricted equity		**218,088**	**428,750**
Total equity		**246,643**	**457,305**
Non-current provisions and liabilities			
Other long-term liabilities		426	0
Total non-current provisions and liabilities		**426**	**0**
Current liabilities			
Accounts payable		15,674	17,702
Other liabilities		2,055	1,564
Accrued expenses and deferred income		17,420	20,580
Total current liabilities		**35,150**	**39,847**
TOTAL EQUITY AND LIABILITIES		**282,219**	**497,152**

Notes.

Note 1 General information

This Year-end report covers the Swedish Parent Company Alligator Bioscience AB (publ), corporate registration number 556597-8201, and its subsidiaries Atlas Therapeutics AB, corporate registration number 556815-2424, and A Bioscience Incentive AB, corporate registration number 559056-3663. All the Group's business operations are carried out in the Parent Company.

The Parent Company is a Swedish public limited liability company registered and domiciled in the Municipality of Lund. The head office is located at Medicon Village, SE-223 81 Lund.

Note 2 Accounting policies

This Year-end report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable regulations in the Swedish Annual Accounts Act (ÅRL). The Year-end report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act (ÅRL) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

The accounting policies and calculation methods used in this report are the same as those described in the Annual Report for 2018 with the following exceptions.

IFRS 16 Leases

The new standard that entered into force on January 1, 2019, IFRS 16 Leases, has been implemented during the financial year and had no material impact on the Group's or the Parent Company's financial statements for the period. This standard replaces IAS 17 Leases. The transition to IFRS 16 has been recognized in accordance with the modified retrospective approach, meaning that the transition has been recognized as an adjustment of the opening balance at the transition date. Comparative figures and previous years have not be restated. For more information on the impact on the consolidated financial statements at the transition date, refer to Note 2 Accounting policies and Note 10 Leasing in the Annual Report for 2018.

The Group determines whether a contract is, or contains, a lease at the start of the contract. The Group recognizes a right-of-use assets and a corresponding lease liability for all leases in which the Group is the lessee, with the exception of leases where the underlying asset is of a low value. For leases that fulfill the criteria for the exemption rules, the Group recognizes lease payments as an operating expense on a straight-line basis over the lease term, provided no other systematic method for allocating the lease payment provides a fairer presentation taking into account how the economic benefits from the underlying asset are consumed by the lessee.

The lease liability is initially measured at the present value of the future lease payments that have not been paid as of the start date for the lease, discounted by the implicit interest rate or, if this cannot easily be determined, by the incremental borrowing rate. The incremental borrowing rate is the interest rate that a lessee would need to pay for financing through loans in a corresponding period, and with corresponding collateral, for the right of use for an asset in a similar economic environment.

The following lease payments are included in the measurement of lease liabilities:

- fixed fees (including essentially fixed fees) less any benefits in connection with signing the lease that are to be received,
- variable lease payments that are dependent on an index or price, initially measured using an index or price on the start date,
- amounts expected to be paid by the lessee according to residual value guarantees,
- the exercise price for an option, if the lessee is reasonably certain that such an option will be exercised, and
- penalty charges paid upon termination of the lease, if the lease term reflects the fact that the lessee will exercise an option to terminate the lease.

Lease liabilities are presented on a separate line in the statement of financial position.

Lease liabilities are recognized in the subsequent period by increasing the liability to reflect the effect of interest and reducing the liability to reflect the effect of lease payments made.

Lease liabilities are remeasured with a corresponding adjustment of the right-of-use asset according to the rules of the standard. For leases of offices, such adjustments have been made during the current period as the future leasing fees changed as a result of changes in the consumer price index for the month of October.

The right-of-use asset is initially recognized at the value of the lease liability, plus lease payments made on or prior to the start date for the lease and initial direct expenses. The right-of-use asset is recognized in the subsequent period at cost loss depreciation and impairment.

If the Group undertakes an obligation to dismantle a leased asset, to restore land or to restore and renovate an asset to a condition agreed on in the lease, a provision for such obligations is recognized in accordance with IAS 37. Such provisions are included in the cost of the right-of-use asset, provided they are not linked to the production of inventory.

Right-of-use assets depreciated over their estimated useful life or, if it is shorter, over the agreed lease term. If a lease entails a transfer of ownership right at the end of the lease term, or if the cost includes a probable exercise of a call option, the right-of-use asset is depreciated over its useful life. Depreciation commences on the start date for the lease.

Right-of-use assets are presented on a separate line in the statement of financial position.

The group applies the principles of IAS 36 for impairment of right-of-use assets and recognizes this item in accordance with the accounting policy for tangible assets according to IAS 16.

Variable lease payments that are not dependent on an index or price are not included in the measurement of lease liabilities and right-of-use assets. Such lease payments are recognized as a cost under operating profit in the period in which they arise.

IFRS 16 contains practical exemption rules that entail that the lessee does not need to separate service components from the applicable lease payment by class of asset. The Group has chosen not to apply this exemption rule.

Note 3 Effects of changed estimates and judgments

Significant estimates and judgments are described in Note 3 of the Annual Report for 2018. There have been no changes to the company's estimates and judgments since the Annual Report for 2018 was prepared.

Note 4 Segment reporting

The company conducts only one business activity, namely research and development in the field of immunotherapy, and the chief operating decision-maker is thus only responsible for regularly making decisions on and allocating resources to one entity. Accordingly, the company comprises only one operating segment, which corresponds to the Group as a whole, and no separate segment reporting is provided.

Note 5 Consolidated income

A breakdown of the Group's revenue regarding license revenue is as follows:

All amounts in TSEK	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Licensing income	0	25,207	4,288	25,207
Reimbursement for development work	0	387	70	1,751
Milestone revenue	0	0	0	0
Royalty	0	0	0	0
Total	**0**	**25,594**	**4,358**	**26,959**

A breakdown of the Group's revenue per project is as follows:

All amounts in TSEK	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Mitazalimab/ADC-1013	0	387	70	1,720
Biosynergy	0	25,207	0	25,207
Biotheus	0	0	4,288	0
Other	0	0	0	32
Total	**0**	**25,594**	**4,358**	**26,959**

Alligator receives revenues in USD from out-licensed projects.

A breakdown of the Group's other operating income is as follows:

All amounts in TSEK	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Swedish government grants received	0	68	0	68
Operational exchange rate gains	425	343	1,035	1,488
Other	2	0	3	0
Total	**427**	**411**	**1,038**	**1,555**

Note 6 Financial instruments

Cash and cash equivalents at December 31, 2019 consisted of bank balances amounting to SEK 93,890 thousand (112,024) and investments in fixed income funds totaling SEK 102,980 thousand (250,854). Other investments held as fixed assets and other short-term investments pertain to investments in corporate bonds. The accounting policies are described in Note 2 in the annual report for 2018. For other financial assets and liabilities, the reported value as below is considered a reasonable approximation of fair value.

All amounts in TSEK	2019-12-31	2018-12-31
Financial assets valued at fair value through profit and loss		
Liquid assets - Interest funds	102,980	250,854
Financial assets valued at amortized cost		
Other investments held as fixed assets	53,016	53,259
Other short-term investments	0	20,254
Accounts receivable	0	25,328
Other receivables	856	843
Liquid assets - Bank accounts	93,890	112,024
Total financial assets	**250,742**	**462,562**
Financial liabilities valued at amortized cost		
Long-term lease liabilities	11,260	0
Other long-term liabilities	426	0
Accounts payable	15,674	17,702
Short-term lease liabilities	5,794	0
Other short-term liabilities	353	0
Accrued expenses	11,936	15,827
Total financial liabilities	**45,442**	**33,529**

Note 7 Related party transactions

Alligator has a consulting agreement with Carl Borrebaeck through the company Ocean Capital AB pertaining to expert assistance with the evaluation of early-phase research projects and new antibodies. Carl Borrebaeck also plays an important role in building and developing contacts with leading researchers and prominent organizations within cancer immunotherapy. Pricing has been determined on market conditions. These related party transactions corresponded to an expense of SEK 180 thousand (180) for the fourth quarter and SEK 720 thousand (720) for the year to date.

Calculation of performance measures.

Alligator presents certain financial performance measures in this report, including measures that are not defined under IFRS. The company believes that these performance measures are an important complement because they allow for a better evaluation of the company's economic trends. These financial performance measures should not be viewed in isolation or be considered to replace the performance indicators that have been prepared in accordance with IFRS. In addition, such performance measures as Alligator has defined them should not be compared with other performance measures with similar names used by other companies. This is because the above-mentioned performance measures are not always defined in the same manner, and other companies may calculate them differently to Alligator.

The table below shows the calculation of key figures, for the mandatory earnings per share according to IFRS and also for performance measures that are not defined under IFRS or where the calculation is not shown in another table in this report.

The company's business operation is to conduct research and development which is why "R&D costs/Operating costs excluding impairment in %" is an essential indicator as a measure of efficiency, and how much of the company's costs relate to R&D.

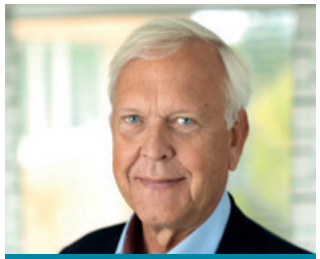
As mentioned earlier in this report, the company does not have a steady flow of revenue, with revenue generated irregularly in connection with the signing of license agreements and achievement of milestones. Therefore, the company monitors performance indicators such as equity ratio and equity per share in order to assess the company's solvency and financial stability. These are monitored along with the cash position and the various measures of cash flows shown in the consolidated statement of cash flow.

For definitions, see the section "Financial definitions" on page 25.

All amounts TSEK unless specified	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Profit/loss for the period	-59,765	-30,589	-210,112	-150,043
Average number of shares before dilution	71,388,615	71,388,615	71,388,615	71,388,615
Earnings per share before dilution, SEK	**-0.84**	**-0.43**	**-2.94**	**-2.10**
Average number of shares after dilution	71,388,615	71,388,615	71,388,615	71,388,615
Earnings per share after dilution, SEK	**-0.84**	**-0.43**	**-2.94**	**-2.10**
Operating costs	-59,735	-56,065	-219,915	-181,594
Impairment of tangible assets and intangible assets	0	0	0	0
Operating costs excluding impairments	**-59,735**	**-56,065**	**-219,915**	**-181,594**
Administrative expenses	-9,155	-10,487	-34,766	-36,199
Depreciation	-2,866	-1,503	-11,548	-5,902
Research and development costs	**-47,713**	**-44,075**	**-173,601**	**-139,493**
R&D costs / Operating costs excluding impairments %	**80%**	**79%**	**79%**	**77%**
Equity	258,498	468,310	258,498	468,310
Average number of shares before dilution	71,388,615	71,388,615	71,388,615	71,388,615
Equity per share before dilution, SEK	**3.62**	**6.56**	**3.62**	**6.56**
Average number of shares after dilution	71,388,615	71,388,615	71,388,615	71,388,615
Equity per share after dilution, SEK	**3.62**	**6.56**	**3.62**	**6.56**
Equity	258,498	468,310	258,498	468,310
Total assets	311,128	508,156	311,128	508,156
Equity ratio, %	**83%**	**92%**	**83%**	**92%**
Other investments held as fixed assets (publicly traded corporate bonds)	53,016	53,259	53,016	53,259
Other short-term financial assets (publicly traded corporate bonds)	0	20,254	0	20,254
Cash and cash equivalents	196,870	362,878	196,870	362,878
Cash and cash equivalents at end of period	**249,886**	**436,391**	**249,886**	**436,391**

The declaration of the Board of Directors and the CEO.


Peter Benson


Carl Borrebaeck


Ulrika Danielsson


Graham Dixon


Kirsten Drejer


Anders Ekblom


Kenth Petersson


Jonas Sjögren


Laura von Schantz


Per Norlén

The Board and the CEO declare that this Year-end report provides a true and fair overview of the company and the Group's operations, positions and earnings and describes the material risks and uncertainty factors faced by the Parent company and the companies within the Group.

Lund, February 12, 2020

Peter Benson
Chairman

Carl Borrebaeck
Member of the Board

Ulrika Danielsson
Member of the Board

Graham Dixon
Member of the Board

Kirsten Drejer
Member of the Board

Anders Ekblom
Member of the Board

Kenth Petersson
Member of the Board

Jonas Sjögren
Member of the Board

Laura von Schantz
Member of the Board
(Employee representative)

Per Norlén
CEO

Financial definitions.

Average number of employees
Average number of employees at the beginning and end of the period.

Average number of employees within R&D
Average number of employees within the Company's R&D departments at the beginning and end of the period.

Average number of shares before and after dilution
Average number of outstanding shares during the period. The number of shares after dilution also takes account of outstanding options where the company's share price on the reporting date is at least equal to the conversion price of the option.

Cash and Cash equivalents including securities
Cash and cash equivalents consists of bank balances, interest funds and publicly traded corporate bonds.

Cash flow for the period
Net change in cash and cash equivalents excluding the impact of unrealized foreign exchange gains and losses.

Cash flow from operating activities
Cash flow before investing and financing activities.

Earnings per share before and after dilution
Earnings divided by the weighted average number of shares during the period before and after dilution respectively. If the result is negative, the number of shares before dilution is also used for the calculation after dilution.

Equity per share after dilution
Equity divided by the total number of shares at the end of the period and any outstanding options where the company's share price on the reporting date is at least equal to the conversion price of the option.

Equity per share before delution
Equity divided by the number of shares at the end of the period.

Equity ratio
Equity as a percentage of Total assets.

Operating costs excluding impairments
Other external costs, personnel costs and depreciation (excluding impairments of tangible and intangible assets).

Operating profit/loss
Profit/loss before financial items and taxes.

R&D costs
The Company's direct costs for research and development. Refers to costs for personnel, materials and external services.

R&D costs as a percentage of operating costs excluding impairments
R&D costs as a percentage of operating costs excluding impairments.

Total assets
Total of the Company's assets.

Glossary.

Agonist
A compound which binds to a receptor and stimulates its activity.

Antigen
Substance which triggers a reaction in the immune system, such as a bacteria or virus.

Antibody
Proteins used by the body's immune defenses to detect and identify xenobiotic material.

Bispecific antibodies
Antibody-based products which bind to two different targets and thus have dual functions.

Cancer
A disease in which cells divide in an uncontrolled manner and invade neighboring tissue. Cancer can also spread (metastasize) to other parts of the body through the blood and the lymphatic system.

Checkpoint inhibitor
An antibody with the ability to break the immune system's tolerance to something dangerous, for example a cancer tumor. Immune-inhibiting signals can be blocked through binding to a specific receptor such as CTLA-4 or PD-1.

Clinical study
The examination of healthy volunteers or patients to study the safety and efficacy of a potential drug or treatment method.

CRO (Clinical Research Organization)
Company specialized in performing contract research and clinical studies on behalf of other pharma or biotech companies.

CTA (Clinical Trial Authorization)
Application to start clinical trials in humans which is submitted to a regulatory authority.

CTLA-4 (Cytotoxic T-lymphocyte-Associated protein-4)
An immune-inhibiting molecule expressed in and on the surface of T cells, primarily regulatory T cells.

Dendritic cell
A type of cell which detects xenobiotic substances. A key role of dendritic cells is their ability to stimulate T cells in the immune system.

Discovery
This research phase usually encompasses the development and evaluation of treatment concepts, the evaluation of potential drug candidates, and early efficacy studies.

Drug candidate
A specific compound usually designated before or during the preclinical phase. The drug candidate is the compound that is then studied in humans in clinical studies.

EMA
The European Medicines Agency.

Experimental model
A model of a disease or other injury to resemble a similar condition in humans.

FDA
The US Food and Drug Administration.

GMP (Good Manufacturing Practice)
Quality assurance methodology designed to ensure that products are manufactured in a standardized manner, such that quality requirements are satisfied.

Immuno-oncology
Field of oncology in which cancer is treated by activating the immune system.

INN (International Nonproprietary Name)
Generic name on a drug substance. The INN is selected by the World Health Organization (WHO) since 1953.

Lead
A potential drug candidate which binds to the actual target molecule/s.

Ligand
Binds to a receptor. Could be a drug, hormone or a transmitter substance.

Lymphocyte
A type of white blood cells.

Macrophages
A type of white blood cell of the immune system that engulfs and digests cellular debris and foreign materia such as bacteria.

Milestone payment
Financial consideration received in the course of a project/program when a specified objective is reached.

Mitazalimab
Generic name (INN) for ADC-1013.

Monospecific antibodies
Antibody-based product which bind only to one target, such as a receptor.

NK cells
NK cells (Natural Killer) are lymphocytes with the ability to activate several different cells in the immune system, such as macrophages.

Oncology
Term for the field of medicine concerned with the diagnosis, prevention and treatment of tumor diseases.

Patent
Exclusive rights to a discovery or invention.

Glossary, cont'd.

PD-1 (Programmed Death-1)
Immune-inhibiting receptor on the surface of certain cells, for example tumor cells.

PD-L1 (Programmed Death-Ligand-1)
The ligand that binds to PD-1, helping the cancer evade the body's immune defense.

Phase I, II and III
The various stages of studies on the efficacy of a pharmaceutical in humans. See also "clinical study." Phase I examines the safety on healthy human subjects, Phase II examines efficacy in patients with the relevant disease and Phase III is a large-scale study that verifies previously achieved results. In the development of new pharmaceuticals, different doses are trialed and safety is evaluated in patients with relevant disease. Phase II is often divided into Phase IIa and Phase IIb. In Phase IIa, which is open, different doses of the pharmaceutical are tested without comparison against placebo and focusing on safety and the pharmaceutical's metabolism in the body. Phase IIb is 'blind', and tests the efficacy of selected dose(es) against placebo.

Pharmacokinetics
The study of the turnover of substances in the body, for example how the amount of the substance is changed by absorption, distribution, metabolism and excretion.

Pharmacology
The study of how substances interact with living organisms to bring about a functional change.

Preclinical
The stage of drug development before the drug candidate is tested in humans. It includes the final optimization of the drug candidate, the production of materials for future clinical studies and the compilation of a data package for an application to start clinical studies.

Proof of concept studies
Studies carried out to provide support for dosages and administration paths in subsequent clinical studies.

R&D
Research & Development

Receptor
A receptor on a cell which picks up chemical signals.

Sponsor
The person, company, institution or organization responsible for initiating, organizing or financing a clinical study.

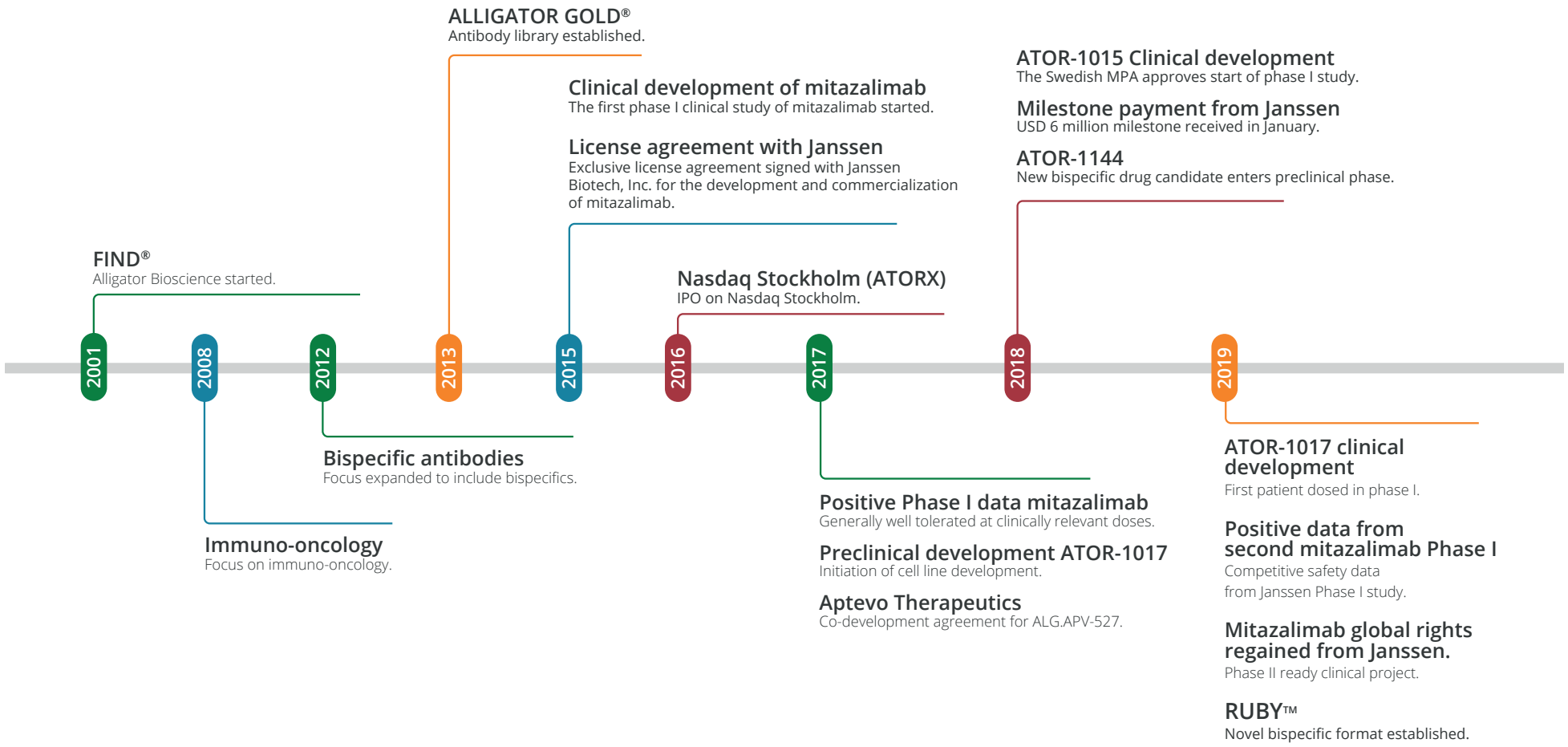
T cell
A type of white blood cell which is important to the specific immune defense.

Tumor-associated antigen (TAA)
A protein expressed to a much higher degree on the surface of tumor cells than healthy cells.

Tumor cell
A cell that divides relentlessly.

Tumor necrotic factor receptor superfamily (TNFR-SF)
A group of immune-modulating target proteins related to the tumor necrosis factor protein. The name 'tumor necrosis factor' was derived from the fact that the first function detected for the protein was its ability to kill some types of tumor cells, though it was later discovered to have an immune-regulatory function.

2001 Important milestones in Alligator's history. 2019



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