

Q1 Alligator Bioscience AB (publ) Interim report January-March 2020

Stronger focus on clinical projects.

Financial summary

January-March

- Net sales, SEK 0.0 million (0.0).
- Operating result, SEK -44.9 million (-46.2).
- Result for the period, SEK -42.9 million (-44.4).
- Earnings per share before and after dilution, SEK -0.60 (-0.62).
- Cash flow for the period, SEK 5.4 million (-34.3).
- Cash and cash equivalents, incl. interest-bearing securities, SEK 203.2 million (249.9).

"The focusing of our operations protects the company's liquidity, but is also part of our long-term strategy with a emphasis on clinical projects and innovation."

CEO Per Norlén

This information is such 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. CEST on April 23, 2020. For contact details, see page 12.

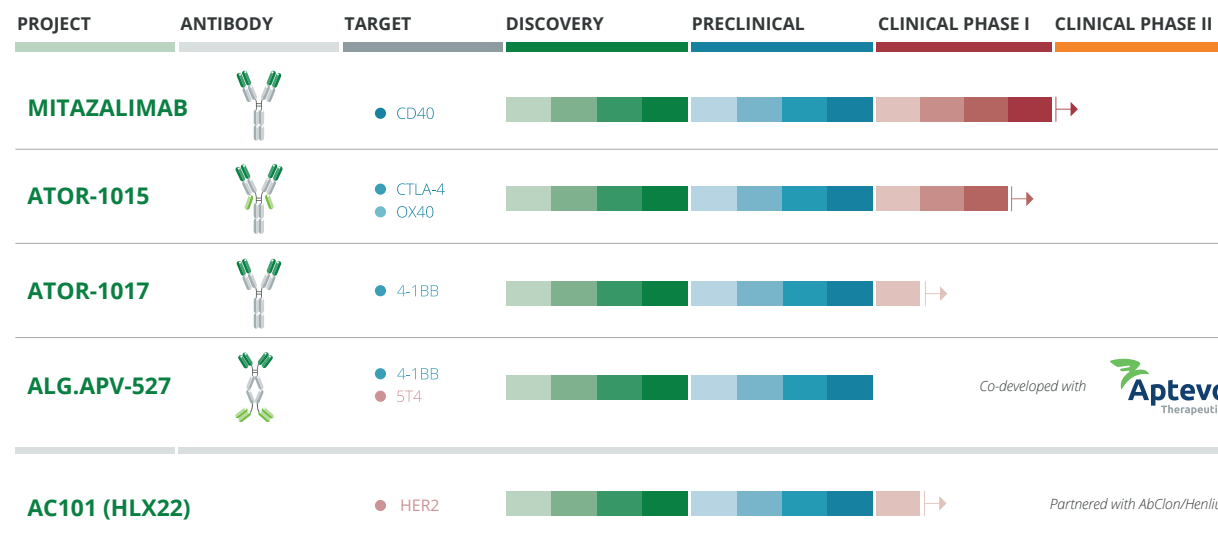
Significant events January-March

- Andreas Johannesson was appointed interim CFO.
- The COVID-19 pandemic impacts the recruitment of new patients to the company's ongoing Phase clinical I studies with the ATOR-1015 and ATOR-1017 drug candidates.

Events after the end of the period

- Decision on stronger focus on the clinical development portfolio aimed at securing the value of clinical drug candidates:

- Innovation platform as well as capacity and competence for discovery research retained to ensure the company's long-term development.
- The company gave notice of employee reductions impacting 12 positions, corresponding to slightly more than 20% of the company's workforce.
- ATOR-1015: The Phase I clinical study progressed well with ten dose levels evaluated for initial safety. Currently, evaluation is in progress of doses of 600 mg, approximately 10 mg/kg, administered every two weeks.



Comments from the CEO.

The first quarter of 2020 has changed the world. The COVID-19 pandemic has had repercussions in various ways in all parts of the world. It has impacted daily life, work and social contacts for billions of people. It has exposed the healthcare sector to severe pressure and it has claimed lives. It has affected companies large and small. Naturally, it has also had an impact on Alligator.



Vigorous measures to protect the company's liquidity

As announced on April 7, we have resolved to further strengthen our focus on the clinical development portfolio. We are focusing our activities on the clinical development of the company's drug candidates in order to reduce our cost base and adapt the operations. This means that comprehensive savings are being made in preclinical operations, both by applying the brake to early preclinical programs and by postponing production campaigns. This also involves staff cutbacks and we have given notice of employee reductions impacting 12 positions, corresponding to approximately 20% of the company's workforce. The innovation platform as well as capacity and competence for discovery research are retained to ensure the company's long-term development.

On March 31, our cash and cash equivalents amounted to approximately SEK 200 million. When the cost reductions have been implemented, these will be sufficient to carry us through to the fourth quarter of 2021. Through the cutbacks being implemented, we expect to be able to reduce the company's costs on an annual basis from approximately SEK 230 million in 2019 to less than SEK 150 million. The operational change is expected to be fully implemented during the third quarter of 2020.

The focusing of operations and the cutbacks are powerful measures to secure the company's liquidity, but are also a part of our long-term strategy of concentrating on clinical projects and innovation. We will now focus Alligator's resources on the projects that have the prospects of most rapidly generating the greatest value, which are our clinical programs. We see that, for some time to come, business activities will be restricted and it will be more difficult to raise capital from the stock market. With the internal changes being implemented, we want to ensure that our available funds last as long as possible, while at the same time securing the clinical development.

Consequences of COVID-19

Alligator's objective is to improve the treatment of seriously ill cancer patients by developing tumor-directed immunotherapies. In terms of our clinical studies, we understand that healthcare authorities and care providers are forced to prioritize among available resources, beds and staff in the healthcare system to be able to better address the flow of COVID-19 patients. As a result of the increased pressure on the healthcare system, the scope for conducting clinical studies is expected to be limited. Accordingly, the pace of recruitment in our ongoing Phase I clinical studies with the ATOR-1015 and ATOR-1017 drug candidates will probably be impacted for a period. It is difficult to forecast how the situation will develop, but we hope and believe that it will soon be possible for our studies to advance with full vigor once again.

A main objective for Alligator's business development work is to create new beneficial partnerships, both for the clinical programs and for our innovation operations. The COVID-19 pandemic has also affected the way in which business development is conducted. Important scientific conferences and investor meetings have been canceled or changed to meetings over the

Internet. We currently conduct all external discussions by telephone and over computer screens instead of holding physical meetings. This has proven to function well and will probably continue to be a core part of our business development after the crisis.

Our projects at the clinical development phase

Alligator's clinical development portfolio comprises four different drug candidates, all for the treatment of metastasized cancer. Mitazalimab has completed Phase I studies and is ready for clinical Phase II. ATOR-1015 and ATOR-1017 are in ongoing Phase I studies and AC101, which is being run by the Chinese company Shanghai Henlius, is also in clinical Phase I.

ATOR-1015, developed as a tumor-targeted therapy of metastatic cancer, is in clinical Phase I and is a bispecific antibody that targets the CTLA-4 and OX40 target molecules. ATOR-1015 has been developed to resolve the problems of side effects in today's treatment and is being evaluated in an ongoing dose escalation study that is planned to comprise up to 53 patients. To date, the study has proceeded to plan and doses of 600 mg, corresponding to 10mg/kg, are currently being evaluated. The side-effect profile continues to look promising. The scientific conference, AACR Annual Meeting, is being held this spring as a digital conference on a smaller scale, AACR Virtual Meeting on April 27-28. We are proud and pleased that the ATOR-1015 Phase I study has been selected for presentation there.

Vibrant sector

Finally, I also want to highlight the importance of a vibrant pharmaceutical industry that can secure production and delivery of pharmaceuticals to the healthcare sector and develop new, innovative treatment possibilities. The sector as a whole has a key role to play in slowing the ongoing pandemic.

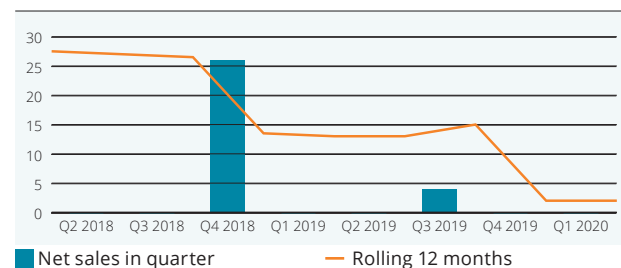
I want to take the opportunity to once again to thank our fantastic employees, partners and shareholders, who are with us and enable us to continue the work in establishing Alligator as a leading player in the development of immuno-oncology drugs.

Per Norlén

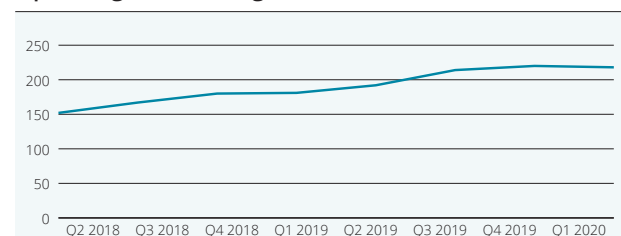
CEO Alligator Bioscience AB (publ)

Performance measures, Group.

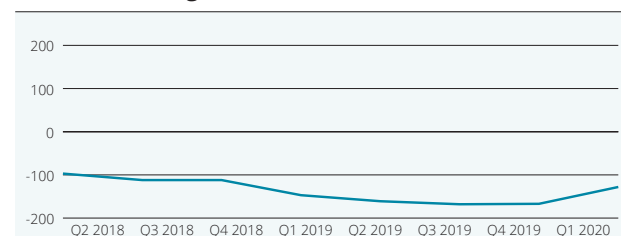
Net sales, SEK million



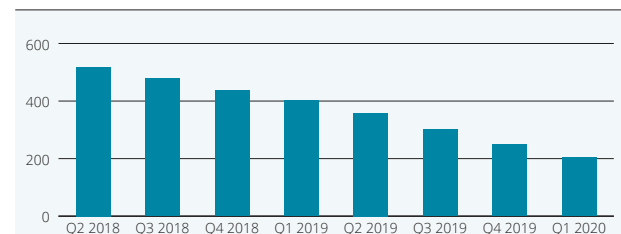
Operating costs, rolling 12 months, SEK million



Cash flow, rolling 12 months, SEK million



Cash and cash equivalents, including securities, SEK million



	Note	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec
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Result (TSEK)

Net sales	5	0	40	4,358
Operating profit/loss		-44,853	-46,238	-214,519
Profit/loss for the period		-42,880	-44,399	-210,112
R&D costs		-32,528	-34,880	-173,601
R&D costs as a percentage of operating costs excl. impairments		72%	75%	79%

Capital (TSEK)

Cash and cash equivalents at end of period	203,218	329,533	196,870
Cash, cash equivalents and bonds at end of period	203,218	402,893	249,886
Cash flow from operating activities	-46,803	-30,781	-178,963
Cash flow for the period	5,449	-34,264	-167,446
Equity at the end of the period	215,671	424,031	258,498
Equity ratio at the end of the period, %	83%	91%	83%

Info per share (SEK)

Earnings per share before dilution	-0.60	-0.62	-2.94
Earnings per share after dilution*	-0.60	-0.62	-2.94
Equity per share before dilution	3.02	5.94	3.62
Equity per share after dilution*	3.02	5.94	3.62

Personnel

Number of employees at end of period	56	56	55
Average number of employees	56	56	55
Average number of employees employed within R&D	49	48	46

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.

In April 2020, the company decided to increase the operation's focus on the clinical development portfolio with the aim of securing the value of the drug candidates in the clinical phase. The company's innovation platform and drug research is being maintained to ensure the company's long-term development. The preclinical drug development at Alligator continues to be

conducted by the company's own personnel, but on a smaller scale. All of the expertise required for running successful projects still remains. To make the development as competitive and time-efficient as possible, some of this work will also continue to be 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

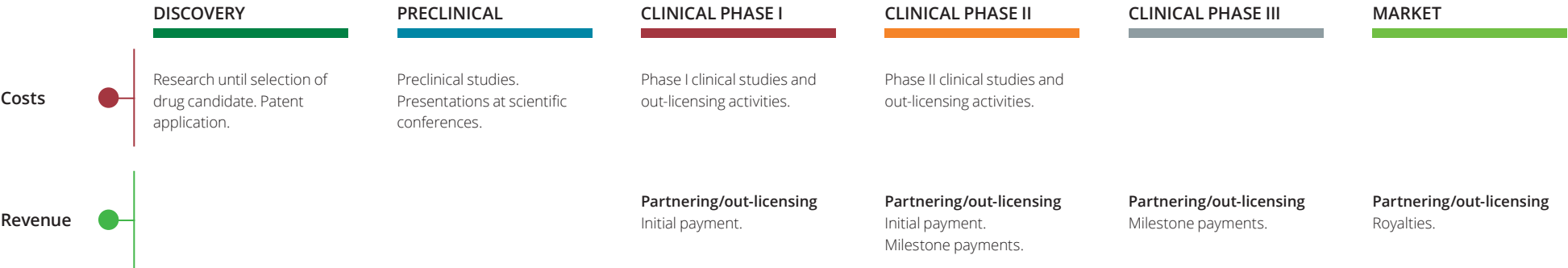
The development of novel drug candidates is based on Alligator's patented technology platforms FIND® (protein optimization technology) and ALLIGATOR-GOLD® (antibody library). These platforms enable efficient generation of novel drug candidates with high potential. In addition, the company has two unique 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 with clinical focus

Following the restructuring, Alligator's project portfolio includes the clinical drug candidates mitazalimab, ATOR-1015 and ATOR-1017. As announced earlier, ALG.APV-527 has been suspended while awaiting a partner who can take the project to clinical development. ATOR-1144 and early-stage research projects have been packaged for out-licensing. 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 can-

Alligator's business model



cer 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 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 val-

idated 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.

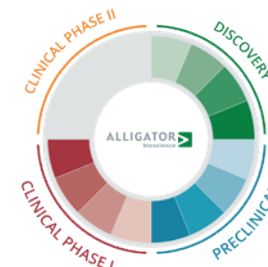
By the end of Phase II, the drug's efficacy, probable dosage and side-effects profile should have been determined.

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.

Drug candidate ready for Phase II clinical study.

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 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. The next stage of development will be to start up a Phase II combination study, which is scheduled to commence in the latter part of 2020.

Events during the first quarter

Alligator is now working on the continued clinical development plan for mitazalimab, which includes a Phase II study that is expected to commence in the latter part of 2020.

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. Further 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 2019. The results 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

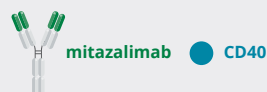
observed in one renal cancer patient, while 10 patients showed disease stability for at least six months.

2020 objectives

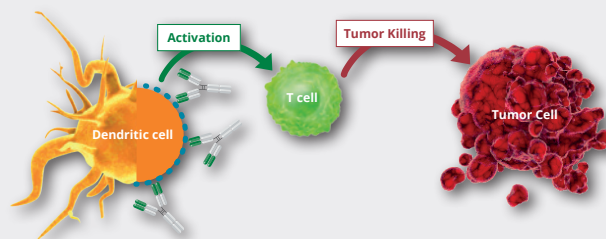
- ☐ Start (CTA submission) of Phase II clinical combination study.

Mechanism of action

#CD40

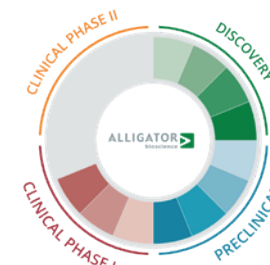


1. The dendritic cell presents the target molecule CD40 on its surface.
2. Mitazalimab binds to CD40 and triggers activation of the immune system's beneficial T cells.
3. The T cells are activated to kill tumor cells.



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 given 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. The ongoing Phase I study started in March 2019 with a titration phase using a single patient per dose level. This phase was followed in autumn 2019 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 during the first quarter

The study is progressing well and doses of 600 mg, about 10 mg/kg administered every two weeks, are currently being eval-

uated. Current dosing exceeds a level that is likely to produce both benefits and side effects.

Due to the COVID-19 pandemic, most participating clinics temporarily suspended the recruitment of new patients to the ongoing Phase I study at the end of March. Alligator maintains a close dialogue with all parties involved to ensure that patient recruitment is resumed as quickly as possible. The company is following the clinics' decisions and also evaluating appropriate measures to minimize any delays that could arise as a result of the interruption of patient recruitment. It is currently too early to assess whether the interruption of recruitment will impact the project timeline for 2020 and beyond.

The scientific conference, AACR Annual Meeting, is being held this spring as a digital conference on a smaller scale, AACR Virtual Meeting on April 27-28. The ATOR-1015 Phase I study has been selected for presentation there.

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>

The clinical development plan moving forward includes the start of a Phase Ib monotherapy study within the framework of the ongoing Phase I study. Interpretation of the results of this study is scheduled for the second half of the 2021. The Phase II clinical combination study is scheduled to commence during the first quarter of 2021.

2020 objectives

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

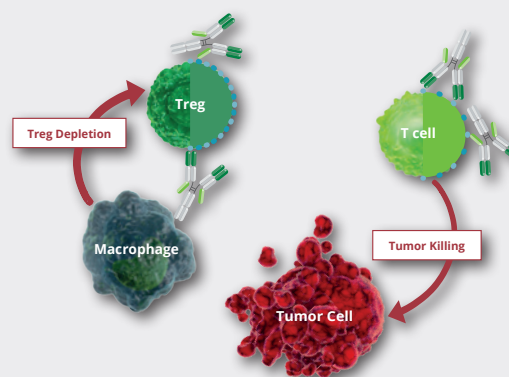
Mechanism of action

#CTLA-4

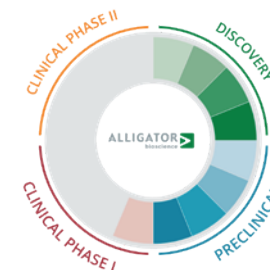
#OX40



- ATOR-1015 binds to CTLA-4 and OX40 on the regulatory T cells, the cells which restrain the immune system.
- The macrophages are activated to kill Tregs, removing the inhibitory effect of Tregs on the beneficial T cells.
- 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 to 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 stimulates 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 metastasized cancer. 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 in 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.

Events during the first quarter

Due to the COVID-19 pandemic, most participating clinics temporarily suspended the recruitment of new patients to the ongoing Phase I study at the end of March. Alligator maintains a close dialogue with all parties involved to ensure that patient recruitment is resumed as quickly as possible. The company is following up on the clinics' decisions and also evaluating appropriate measures to minimize any delays that could arise as a result of the interruption of patient recruitment. It is currently too early to assess whether the interruption of recruitment will impact the project timeline for 2020 and beyond.

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-directed 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.

2020 objectives

☐ Phase I clinical study proceeds.

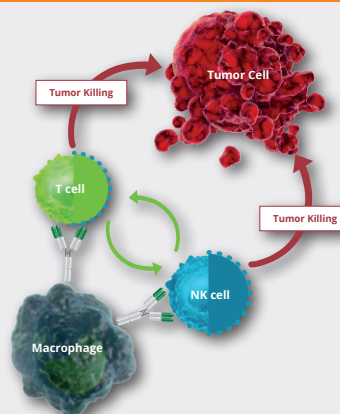
Mechanism of action

#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.

During the autumn 2019, 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.

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 USD 3.0 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.



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.

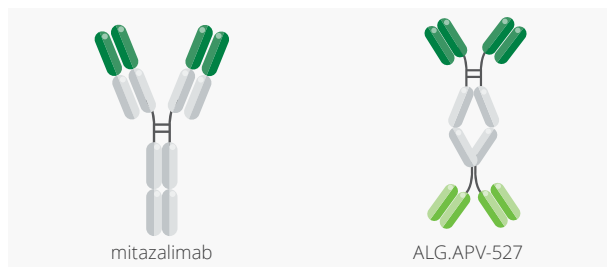
Objectives for 2025: between three and five out-licensed projects

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 projects 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 in 2019 was prepared for an initial clinical phase. 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.

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, 1,511,250 may still be vested and 195,000 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 2,733,536 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 4,703,222 shares will be issued, thereby increasing the number of shares to a maximum of 76,091,837, corresponding a to dilution by 6.2%.

The Alligator share in brief (March 31, 2020)

- Listed on: Nasdaq Stockholm Mid Cap
- Number of shares: 71,388,615
- Average turnover per day: Approximately 206,000 (preceding quarter approximately 221,000)
- Number of shareholders: Approximately 7,200 (preceding quarter approximately 7,400)
- Market capitalization: SEK 447 million (preceding quarter SEK 754 million)
- Ticker: ATORX
- ISIN: SE0000767188

Largest Shareholders	Mar 31, 2020	%
Banque Internationale à Luxembourg SA	14,256,530	20.0
Sunstone Life Science Ventures Fund	5,758,485	8.1
Lars Spånberg	3,213,858	4.5
Johnson & Johnson Innovation	2,740,919	3.8
Försäkringsbolaget Avanza pension	2,523,642	3.5
Fjärde AP-fonden	2,273,183	3.2
Öhman fonder	1,968,859	2.8
Magnus Petersson	1,616,988	2.3
Mikael Lönn	1,442,183	2.0
Stena AB	1,401,339	2.0
Remaining share holders	34,192,629	47.9

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 March 31, 2020, 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 56 (55). Of these, 13 (13) were men and 43 (42) were women.

Of the total number of employees, 49 (47) were employed within Research and Development.

After the end of the period, it was announced that the Group had placed a notice of employee reductions impacting 12 positions, corresponding to over 20 percent of the company's personnel.

Future report dates

Alligator intends to publish its financial reports according to the following:

- Q2 Interim report July 13, 2020, 1:00 pm
- Q3 Interim report October 22, 2020, 8:00 am
- Year-End report 2020 February 11, 2021

Annual General Meeting

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

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 2019.

The impact of Covid-19 on the Group's risks

The effect of Covid-19 became clear during the first quarter of 2020 and mainly affects the Group by:

- Increased risk of delays in clinical projects as recruitment of new patients will be potentially slower (ATOR-1015 and ATOR-1017).
- Reduced inflow of new funding, since investors have become more conservative in the new market situation.
- Reduced opportunities when it comes to closing new licensing agreements.

The Group has taken action to mitigate the above risks by prioritizing among current projects and gave notice of employee reductions impacting 12 positions in order to make current liquid funds last longer.

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 Interim Report, the Company's assessment is that the financial resources are sufficient for the ongoing and planned operations the coming 18 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

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, 2019. 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 Interim 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, 2019.

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

Net sales

The Company had no sales during the first quarter of the year. In the same period prior year, sales pertained primarily to payments for development work related to the agreement for mitozalimab.

Other operating income

Other operating income for the quarter 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's costs have decreased compared to the previous year, which is due to lower project costs as a result of reduced activity in ALG.APV-527 and ATOR-1144. 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.

All amounts TSEK unless specified	Note	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec
Net sales	5	0	40	4,358
Other operating income	5	29	387	1,038
Total operating income		29	427	5,396
Operating costs				
Other external costs		-25,094	-27,932	-145,375
Personnel costs		-16,158	-14,919	-60,609
Depreciation of tangible assets and intangible assets		-2,865	-2,908	-11,548
Other operations expenses		-765	-905	-2,384
Total operating costs		-44,882	-46,664	-219,915
Operating profit/loss		-44,853	-46,238	-214,519
Result from other securities and receivables		192	310	1,218
Other interest income and similar income statement items		1,992	1,642	4,643
Interest expense and similar income statement items		-211	-113	-1,455
Net financial items		1,972	1,839	4,406
Profit/loss before tax		-42,880	-44,399	-210,112
Tax on profit for the period		0	0	0
Profit for the period attributable to Parent Company shareholders		-42,880	-44,399	-210,112
Earnings per share before dilution, SEK		-0.60	-0.62	-2.94
Earnings per share after dilution, SEK		-0.60	-0.62	-2.94

Consolidated Statement of Comprehensive Income

All amounts TSEK	Note	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec
Profit/loss for the period		-42,880	-44,399	-210,112
Other comprehensive income		0	0	0
Comprehensive income for the period		-42,880	-44,399	-210,112



Consolidated Statement of Financial Position

Cash and cash equivalents

Consolidated cash and cash equivalents, which consist of bank balances and short-term, highly liquid investments, totaled SEK 203,218 thousand (196,870). Bank balances amounted to SEK 203,218 thousand (93,890). During the quarter, the Group divested the short-term interest funds, which were recognized as cash and cash equivalents.

Cash, cash equivalents and other short-term investments, including financial assets

During the quarter, The Group divested remaining corporate bonds. 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 215,671 thousand (258,498), corresponding to an equity ratio of 83% (83).

Equity per share before and after dilution

At the end of the period, equity per outstanding share amounted to SEK 3.02 (3.62), 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 16,928 thousand (18,394) and lease liabilities amounted to SEK 15,616 thousand (17,053). Both right of use assets and lease liabilities pertain primarily to leases for offices and laboratories. As of March 31, the installment purchase amounted to SEK 679 (778) thousand. Otherwise, no loans had been raised as of 31 March 2020 and no loans have been raised since that date. The Group has no loans or loan commitments.

Accrued expenses and deferred income

At the end of the period, accrued expenses and deferred income amounted to SEK 17,830 thousand (17,420).

All amounts in TSEK

Note 2020-03-31 2019-03-31 2019-12-31

ASSETS

Fixed assets			
Intangible assets			
Participations in development projects	3	17,949	17,949
Patents		173	557
Softwares		431	437
Tangible assets			
Improvements in leased premises		1,673	2,282
Right of use assets		16,928	22,099
Equipment, machinery and computers		11,322	15,279
Construction in progress and advance payments for tangible assets		778	0
Financial assets			
Other investments held as fixed assets	6	0	53,199
Total fixed assets		49,255	111,801

Current assets

Current receivables			
Accounts receivable	6	0	40
Other receivables	6	4,062	3,446
Prepayments and accrued income		3,085	3,132
Other short-term financial assets	6	0	20,161
Cash and cash equivalents	6	203,218	329,533
Total current assets		210,365	356,313
TOTAL ASSETS		259,620	468,114

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		-475,498	-267,139
Equity attributable to Parent Company shareholders		215,671	424,031

Non-current provisions and liabilities

Lease Liabilities	6	9,793	15,129
Other longterm liabilities	6	350	0
Total non-current provisions and liabilities		10,143	15,129

Current liabilities

Accounts payable	6	8,818	7,270
Other liabilities		1,335	873
Lease Liabilities	6	5,823	5,545
Accrued expenses and deferred income	6	17,830	15,267
Total current liabilities		33,806	28,954
TOTAL EQUITY AND LIABILITIES		259,620	468,114

Consolidated Statement of Changes in Equity

All amounts in TSEK	2020	2019	2019
	Jan-Mar	Jan-Mar	Jan-Dec
Opening balance	258,498	468,310	468,310
Effect of share-based payments	53	119	301
Profit/loss for the period	-42,880	-44,399	-210,112
Other comprehensive income in the period	0	0	0
Closing balance	215,671	424,031	258,498

Consolidated Statement of Cash Flows

Investments

No investments were made during the first quarter, SEK 0 thousand (633). During the first quarter last year, the Group invested in laboratory equipment totaling SEK (633) thousand.

Cash flow for the period

Cash flow for the first quarter totaled SEK 5,449 thousand (-34,264). During the quarter, the Group divested the remaining corporate bonds of SEK 53,828 thousand which had a positive effect on cash flow. During the first quarter last year, 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.

All amounts in TSEK	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec
Operating activities			
Operating profit/loss	-44,853	-46,238	-214,519
Adjustments for items not generating cash flow			
Depreciation and impairments	2,865	2,908	11,548
Effect from warrant program	53	119	301
Other items, no impact on cash flow	180	714	2,126
Interest received	218	472	1,759
Interest paid	-96	-113	-419
Tax paid	0	0	0
Cash flow from operating activities before changes in working capital	-41,634	-42,137	-199,205
Changes in working capital			
Change in operating receivables	1,975	27,794	25,291
Change in operating liabilities	-7,144	-16,437	-5,049
Cash flow from operating activities	-46,803	-30,781	-178,963
Investing activities			
Acquisition of intangible assets	0	0	-116
Acquisition of tangible assets	0	-633	-2,069
Divestment of securities	53,828	0	20,000
Cash flow from investing activities	53,828	-633	17,815
Financing activities			
Amortization of leasing liabilities	-1,437	-2,850	-7,077
Installment purchase	0	0	778
Amortization of installment purchase	-138	0	0
Cash flow from financing activities	-1,576	-2,850	-6,298
Cash flow for the period	5,449	-34,264	-167,446
Cash and cash equivalents at beginning of period	196,870	362,878	362,878
Exchange rate differences in cash and cash equivalents	898	919	1,438
Cash and cash equivalents at end of period*	203,218	329,533	196,870

* Inclusive other short-term liquid assets investments in interest funds amounting to SEK 0 millions (103) that can easily be converted into cash and are subject to an insignificant risk of value changes. Bonds, SEK 0 millions (53), that can easily be converted into cash, are not included in cash and cash equivalents.

Parent Company Income Statement

All amounts in TSEK	Note	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec
Net sales		0	40	4,358
Other operating income		29	65	717
Total operating income		29	106	5,075
<i>Operating costs</i>				
Other external costs		-26,616	-29,411	-151,338
Personnel costs		-16,158	-14,919	-60,609
Depreciation and impairment of tangible assets and intangible assets		-1,399	-1,483	-5,812
Other operating expenses		-765	-905	-2,384
Total operating costs		-44,938	-46,719	-220,142
Operating profit/loss		-44,909	-46,614	-215,068
<i>Results from financial items</i>				
Result from other securities and receivables		192	310	1,218
Other interest income and similar income statement items		3,003	1,294	2,781
Interest expense and similar income statement items		-124	-0	-381
Net financial items		3,071	1,604	3,618
Profit/loss after financial items		-41,838	-45,010	-211,450
<i>Appropriations</i>				
Group contribution received		0	0	487
Total appropriations		0	0	487
Result before tax		-41,838	-45,010	-210,963
Tax on profit for the year		0	0	0
Profit/loss for the period		-41,838	-45,010	-210,963

Parent Company Statement of Comprehensive Income

All amounts in TSEK	Note	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec
Profit/loss for the period		-41,838	-45,010	-210,963
Other comprehensive income		0	0	0
Profit/loss for the year		-41,838	-45,010	-210,963



Parent Company Balance Sheet

ASSETS

All amounts in TSEK	Note	2020-03-31	2019-03-31	2019-12-31
ASSETS				
Fixed assets				
<i>Intangible assets</i>				
Patents		173	557	232
Software		431	437	464
Total intangible assets		604	994	696
<i>Tangible assets</i>				
Improvements in leased premises		1,673	2,282	1,825
Equipment, machinery and computers		11,322	15,279	12,131
Construction in progress and advance payments for tangible assets		778	0	1,125
Total tangible assets		13,774	17,560	15,081
<i>Financial assets</i>				
Participations in Group companies	3	20,294	20,294	20,294
Other investments held as fixed assets		0	53,199	53,016
Total financial assets		20,294	73,493	73,310
Total fixed assets		34,672	92,047	89,087
Current assets				
<i>Current receivables</i>				
Accounts receivables		0	40	0
Receivables from Group companies		487	14,677	487
Other receivables		4,062	3,446	4,896
Prepayments and accrued income		4,610	4,614	5,750
Total current receivables		9,158	22,777	11,133
Other short-term investments		0	171,069	101,530
Cash and bank deposits		189,361	149,932	80,470
Total current assets		198,519	343,778	193,133
TOTAL ASSETS		233,191	435,824	282,219

Parent Company Balance Sheet

EQUITY AND LIABILITIES

All amounts in TSEK	Note	2020-03-31	2019-03-31	2019-12-31
EQUITY AND LIABILITIES				
Equity				
<i>Restricted equity</i>				
Share capital		28,555	28,555	28,555
Total restricted equity		28,555	28,555	28,555
<i>Non-restricted equity</i>				
Share premium reserve		662,741	662,741	662,741
Retained earnings		-444,600	-233,872	-233,691
Profit/loss for the period		-41,838	-45,010	-210,963
Total non-restricted equity		176,303	383,859	218,088
Total equity		204,858	412,415	246,643
Non-current provisions and liabilities				
Other longterm liabilities		679	0	426
Total non-current provisions and liabilities		679	0	426
Current liabilities				
Accounts payable		8,818	7,270	15,674
Other liabilities		1,006	873	2,055
Accrued expenses and deferred income		17,830	15,267	17,420
Total current liabilities		27,654	23,410	35,150
TOTAL EQUITY AND LIABILITIES		233,191	435,824	282,219



Notes.

Note 1 General information

This Interim 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 Interim 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 Interim 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 2019.

Note 3 Effects of changed estimates and judgments

Significant estimates and judgments are described in Note 3 of the Annual Report for 2019. There have been no changes to the company's estimates and judgments since the Annual Report for 2019 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:

	2020	2019	2019
All amounts in TSEK	Jan-Mar	Jan-Mar	Jan-Dec
Licensing income	0	0	4,288
Reimbursement for development work	0	40	70
Milestone revenue	0	0	0
Royalty	0	0	0
Total	0	40	4,358

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

	2020	2019	2019
All amounts in TSEK	Jan-Mar	Jan-Mar	Jan-Dec
Mitazalimab	0	40	70
Biosynergy	0	0	0
Biotheus	0	0	4,288
Other	0	0	0
Total	0	40	4,358

Alligator receives revenues in USD from out-licensed projects.

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

	2020	2019	2019
All amounts in TSEK	Jan-Mar	Jan-Mar	Jan-Dec
Swedish government grants received	0	0	0
Operational exchange rate gains	29	386	1,035
Other	0	1	3
Total	29	387	1,038

Note 6 Financial instruments

Cash and cash equivalents at March 31, 2020 consisted of bank balances amounting to SEK 203,218 thousand (93,890). During the quarter, the company divested its investments in fixed income funds (102,980). 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 2019. For other financial assets and liabilities, the reported value as below is considered a reasonable approximation of fair value.

All amounts in TSEK	2020-03-31	2019-03-31	2019-12-31
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Financial assets valued at fair value through profit and loss

Liquid assets - Interest funds	0	151,568	102,980
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Financial assets valued at amortized cost

Other investments held as fixed assets	0	53,199	53,016
Other short term investments	0	20,161	0
Accounts receivable	0	40	0
Other receivables	1,014	855	856
Liquid assets - Bank accounts	203,218	177,965	93,890
Total financial assets	204,231	403,788	250,742

Financial liabilities valued at amortized cost

Long term lease liabilities	9,793	15,129	11,260
Other longterm liabilities	350	0	426
Accounts payable	8,818	7,270	15,674
Short term lease liabilities	5,823	5,545	5,794
Other shortterm liabilities	329	0	353
Accrued expenses	13,296	11,125	11,936
Total financial liabilities	38,408	39,069	45,442

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 first quarter and SEK 180 thousand (180) 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.

After the initial public offering in 2016, the Company had a surplus of liquidity. To get a rate of return, a certain proportion of the Company's liquidity was invested in listed corporate bonds. The Company uses Cash and cash equivalents including securities as a financial performance measure to monitor Company's liquid position.

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.

	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec
All amounts TSEK unless specified			
Profit/loss for the period	-42,880	-44,399	-210,112
Average number of shares before dilution	71,388,615	71,388,615	71,388,615
Earnings per share before dilution, SEK	-0.60	-0.62	-2.94
Average number of shares after dilution	71,388,615	71,388,615	71,388,615
Earnings per share after dilution, SEK	-0.60	-0.62	-2.94
Operating costs	-44,882	-46,664	-219,915
Impairment of tangible assets and intangible assets	0	0	0
Operating costs excluding impairments	-44,882	-46,664	-219,915
Administrative expenses	-9,489	-8,877	-34,766
Depreciation	-2,865	-2,908	-11,548
Research and development costs	-32,528	-34,880	-173,601
R&D costs / Operating costs excluding impairments %	72%	75%	79%
Equity	215,671	424,031	258,498
Average number of shares before dilution	71,388,615	71,388,615	71,388,615
Equity per share before dilution, SEK	3.02	5.94	3.62
Average number of shares after dilution	71,388,615	71,388,615	71,388,615
Equity per share after dilution, SEK	3.02	5.94	3.62
Equity	215,671	424,031	258,498
Total assets	259,620	468,114	311,128
Equity ratio, %	83%	91%	83%
Other investments held as fixed assets (publicly traded corporate bonds)	0	53,199	53,016
Other short-term financial assets (publicly traded corporate bonds)	0	20,161	0
Cash and cash equivalents	203,218	329,533	196,870
Cash and cash equivalents at end of period	203,218	402,893	249,886

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 Interim 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, April 23, 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.

2020

