Q4 Alligator Bioscience AB (publ) Year-end Report January-December 2020

ALLIGATOR bioscience

A revolution for life.

Continued focus on clinical development.

SIGNIFICANT EVENTS OCTOBER-DECEMBER

- Mitazalimab:
  - New preclinical comparative data showed that mitazalimab has highly competitive immunostimulatory characteristics.
  - IND approved for forthcoming clinical studies in the US.
  - CTA submitted for launch of the forthcoming Phase II study in pancreatic cancer.
- ATOR-1017:
  - Predicted therapeutic range dose levels reached in ongoing Phase I study.
  - Data Review Committee approved start of dosing at 200 mg, corresponding to approximately 3 mg/kg.
- ALG.APV-527:
  - Alligator Bioscience and Aptevo Therapeutics commenced preparations for start of Phase I.
- Other:
  - ALLIGATOR-FAB™ antibody library launched.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- Oversubscribed rights issue generated proceeds of SEK 86 million before transaction costs.

"Safety data has been presented from the ongoing Phase I study with ATOR-1017 in patients with metastatic cancer. The results show a promising safety profile with only minor drug-related side effects."

Per Norlén
CEO Alligator Bioscience AB (publ)

FINANCIAL SUMMARY

October-December 2020

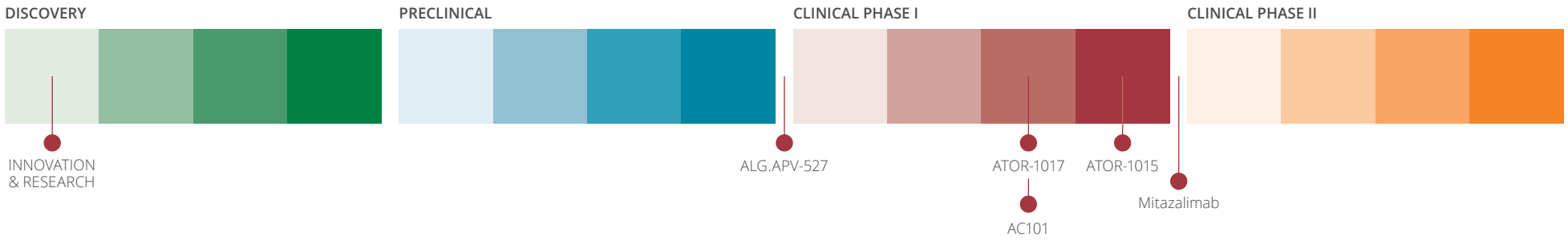
- Net sales, SEK 0.0 million (0.0).
- Operating result, SEK -34.1 million (-59.3).
- Result for the period, SEK -34.5 million (-59.8).
- Earnings per share before and after dilution, SEK -0.48 (-0.84).
- Cash flow for the period, SEK -33.2 million (8.6).
- Cash and cash equivalents, incl. interest-bearing securities, SEK 103.3 million (249.9).

January-December 2020

- Net sales, SEK 4.4 million (4.4).
- Operating result, SEK -144.3 million (-214.5).
- Result for the period, SEK -143.3 million (-210.1).
- Earnings per share before and after dilution, SEK -2.01 (-2.94).
- Cash flow for the period, SEK 9.4 million (-19.6).

During the first quarter, the holdings in corporate bonds and interest funds were divested, which had a positive effect on cash flow.

The information was submitted for publication at 8:00 a.m. CET on February 26, 2021. For contact details, see page 12.



Comments from the CEO.

In 2020, Alligator restructured its operations to increase focus on the clinical development portfolio. In parallel, a substantial savings program was launched and the organization was adapted to support the new strategy. In the clinical portfolio, a decision was taken to focus internal resources to the two proprietary drug candidates ATOR-1017 and mitazalimab and to continue development of the Company's new concept for personalized immunotherapy, Neo-X-Prime™. We are now raising the bar in 2021 through a focus on clinical and business development.

Per Norlén
CEO Alligator Bioscience AB (publ)

Focus on clinical and business development

ATOR-1017 and mitazalimab have been established as the Company's key projects in 2020. ATOR-1017 has developed rapidly in the ongoing Phase I study, showing promising safety signals, while mitazalimab was strengthened by the emerging clinical validation of CD40. Mitazalimab is also supported by new positive biomarker data, Proof of Mechanism, from the clinical Phase I study and strong preclinical data. Moreover, our partner Aptevo Therapeutics has recently presented strong clinical data for a bispecific antibody, APVO436, which increases the probability that ALG.APV-527 will succeed since both candidates are based on the same bispecific format. The new data is a signal that we have put our money on the right format with ALG.APV-527. The program is now being prepared for clinical Phase I. Meanwhile, the development program for ATOR-1015 faced challenges as several patients showed immune reactions to the drug candidate. Additional preclinical studies and a new study protocol will be required prior to the initiation of any further clinical studies. Alligator therefore focus the Company's resources on ATOR-1017 and mitazalimab, with the aim of commencing clinical efficacy studies (Phase II) in 2021.

First patient in mitazalimab Phase II in the first half of 2021

The CD40 antibody mitazalimab is Alligator's most advanced drug candidate and, under the direction of Janssen, has undergone extensive clinical studies in almost 120 cancer patients. Since regaining the exclusive, global rights to develop and commercialize the drug candidate in autumn 2019, we have obtained new positive biomarker data that confirms the mechanism of action and further strengthens our belief in mitazalimab as a potent cancer therapy. The result, which was presented at the Essential Protein Engineering Summit (PEGS) in early September, showed the upregulation of a large number of genes following treatment with mitazalimab, including PD-L1. This is very promising and supports our clinical development plan. In 2020, intensive efforts were made to prepare for OPTIMIZE-1, our planned Phase II study in patients with pancreatic cancer. A CTA, meaning an application to initiate a clinical study, was submitted in December. The Phase II study is an open-label, multicenter study to assess the clinical efficacy of mitazalimab as a first-line therapy combined with chemotherapy (mFOLFIRINOX). The study will be conducted at several European medical centers and we expect to dose the first patient before the end of June 2021.

ATOR-1017 shows promising safety profile

Our monoclonal 4-1BB-antibody ATOR-1017 is, like mitazalimab, on the front line with potential in several cancer indications with substantial medical needs and large markets. Over the past year, safety data has been presented from an ongoing Phase I study in patients with metastatic cancer. The results show a promising safety profile with only minor drug-related side effects, all of which were mild or moderate. Currently, evaluation is in progress of doses of 200 mg, or approximately 3 mg per kilo of body weight. This is deemed to be a clinically relevant dose level. In comparison, it is approximately 20 times higher than the maximum dose for the comparable product urelumab, which was associated with serious adverse effects. Data presented to date seems to support that ATOR-1017 has a more tumor selective effect than its comparative products, which is promising for the further development. We expect to present the results of the ongoing Phase I study in the first half of 2021, and thereafter begin a Phase II efficacy study in the second half of the year.

New concept: Neo-X-Prime™ – developed using ALLIGATOR-FAB™

In autumn 2020, we launched a new proprietary drug concept for personalized immunotherapy, called Neo-X-Prime™. The concept can be described as a personalized immunotherapy aimed at curing cancer. Research shows that Neo-X-Prime™ has the potential to create a potent antitumor effect, superior to current therapeutic options. This concept can potentially solve many of the current challenges in immuno-oncology, for example, by replacing invasive cancer biopsies with a simple blood test. Alligator's new human antibody library, ALLIGATOR-FAB™, and the bispecific format RUBY™, have been crucial tools in the development of the first Neo-X-Prime™ candidates.

Impact of Covid-19
The ongoing pandemic has also affected Alligator's operations over the past year. The enrollment of new patients to the Company's Phase I clinical studies with ATOR-1015 and ATOR-1017 was temporarily suspended in the spring and also the other wave has limited our clinical activities for a period. Nevertheless we still believe that we will be able to deliver clinical data according to current timelines.

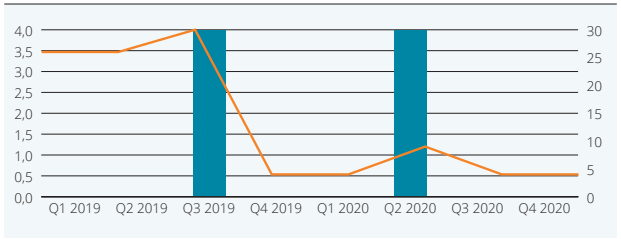
Restructuring and savings program lay groundwork
During the spring, we announced the restructuring of Alligator's operations, aimed at focusing resources on the Company's clinical development program. As part of the savings measures, 11 employees left the organization, and we freed-up resources that could be assigned to the clinical programs. In parallel, during the autumn we were able to establish a more robust clinical program and will have three clinical studies ongoing in 2021. The organization was also adapted, with the most recent appointments being Dr. Peter Ellmark as Chief Scientific Officer (CSO) and Dr. Christina Reimer as Chief Medical Officer (CMO).

Robust focus on business development
Alongside our initiatives in the clinical area, we also focus on our business development activities under the leadership of Gayle Mills as Chief Business Officer (CBO). With three clinical stage programs, the assessment is that we are well-placed to enter into partnership agreements and out-license on favorable terms, which is a highly prioritized goal for 2021.

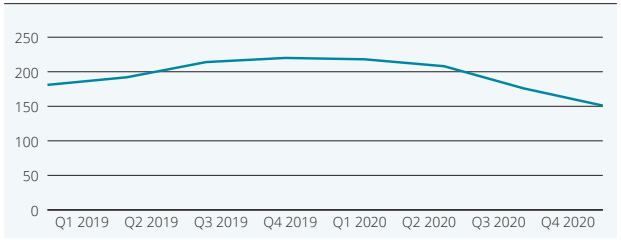
I would like to extend our gratitude to our shareholders for their support of our new share issue and for the trust they have shown in Alligator and our plans to move our clinical projects forward toward the goal of approved, effective drugs and to reach the patients who urgently need them.

Performance measures, Group.

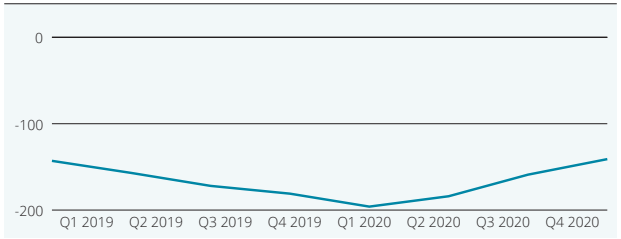
Net sales, SEK million



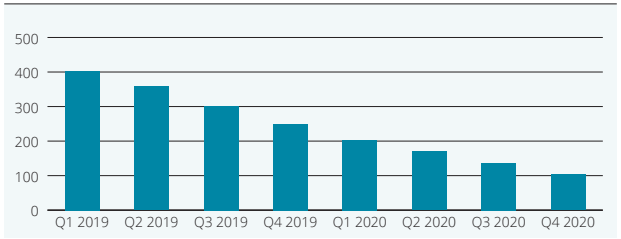
Operating costs, rolling 12 months, SEK m



Cash flow from operating activities, SEK m



Cash and cash equivalents, including securities, SEK m



		2020 Oct-Dec	2019 Oct-Dec[1)]	2020 Jan-Dec	2019 Jan-Dec[1)]
Result (TSEK)					
Net sales	5	0	0	4,352	4,358
Operating profit/loss		-34,103	-59,307	-144,298	-214,519
Profit/loss for the period		-34,516	-59,765	-143,296	-210,112
R&D costs		-25,089	-47,713	-110,252	-173,601
R&D costs as a percentage of operating costs excl. impairments		72%	80%	73%	79%
Capital (TSEK)					
Cash and cash equivalents at end of period		103,342	93,890	103,342	93,890
Cash, cash equivalents and bonds at end of period		103,342	249,886	103,342	249,886
Cash flow from operating activities		-31,676	-49,516	-141,352	-181,089
Cash flow for the period		-33,208	8,579	9,386	-19,572
Equity at the end of the period		115,244	258,498	115,244	258,498
Equity ratio at the end of the period, %		76%	83%	76%	83%
Info per share (SEK)					
Earnings per share before dilution		-0.48	-0.84	-2.01	-2.94
Earnings per share after dilution*		-0.48	-0.84	-2.01	-2.94
Equity per share before dilution		1.61	3.62	1.61	3.62
Equity per share after dilution*		1.61	3.62	1.61	3.62
Employees					
Number of employees at end of period		43	55	43	55
Average number of employees		45	56	50	55
Average number of employees employed within R&D		39	46	43	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.

1) Earlier periods have been adjusted to reflect change of classification, see Note 8.

Operations.

Alligator Bioscience AB is a public Swedish biotech Company that develops 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 for novel and improved therapies in this area.

In 2020, the Company focused it operations on the clinical development portfolio with the aim of securing the value of clinical drug candidates. The Company's innovation platform and drug research are being retained to ensure the Company's long-term development. The preclinical drug development at Alligator is being conducted by the Company's own personnel, but on a smaller scale. The Company has all the expertise required for running successful projects. To make the development as competitive and time-efficient as possible, some of this work is 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. In summary, the Company has all the necessary expertise to pursue successful projects from concept to clinical phase.

Several patented technologies and concepts

Alligator's technology platforms – FIND® (protein optimization technology), ALLIGATOR-FAB™ and ALLIGATOR-GOLD® (antibody libraries) – are used for the discovery and development of novel drug candidates. These platforms enable efficient generation of novel drug candidates with high potential. In addition, the Company has bispecific antibody formats for the development of new dual-action antibodies. With the most recent antibody format, RUBY™, Alligator can easily generate bispecific molecules from any two antibodies, with excellent properties in terms of stability and yield. The format eliminates the need for further optimization, enabling Alligator to move drug candidates from preclinical research to clinical phase faster. One such example is the new Neo-X-Prime™ drug concept that was launched in September 2020. These technologies combined give Alligator a strong base for the development of bispecific, tumor-directed drug candidates.

Competitive project portfolio with clinical focus

Alligator has four drug candidates in clinical study phases. Mitazalimab has completed Phase I and will enter Phase II in spring 2021, while ATOR-1017 is in Phase I with the aim of entering Phase II in autumn 2021. ATOR-1015 has undergone Phase I dose escalation studies, and the plan is to continue testing together with a partner. AC101, which is being developed by Shanghai Henlius Biotech Inc. in China and in which Alligator will share future revenues, is in Phase I. In addition to these projects, the bispecific antibody ALG.APV-527, which is being developed in partnership with Aptevo Therapueutics Inc., has completed all preclinical studies. The Company is planning to submit a Clinical Trial Application (CTA) for a Phase I clinical study in the first half of 2021.

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** Upfront payment.	**Partnering/out-licensing** Upfront payment. Milestone payments.	**Partnering/out-licensing** Milestone payments.	**Partnering/out-licensing** Royalties.

Alligator's organization

Alligator's research organization is divided into four units: Discovery, CMC (Chemistry, Manufacturing & Control), Non-Clinical Development and Clinical Development. The Discovery unit is responsible for early-stage research projects up until a drug candidate has been identified. This normally includes the development and evaluation of treatment concepts, the evaluation of potential drug candidates and early-stage efficacy screening. The CMC unit develops manufacturing processes and is responsible for CTM manufacturing. The Non-Clinical Development unit supports the clinical projects and is responsible for preparation of the data packages required for clinical trial applications. The Clinical Development unit is responsible for designing and implementing all of the clinical studies required to show that Alligator's products are safe and effective, up until a successful out-licensing.

Business model that creates value across the development chain

The Company's business model is based on proprietary drug development – from drug discovery and preclinical studies to the phase of clinical development when the treatment concept is tested in patients. The plan is to then to out-license the drug candidate for further development and market launch. This business model enables the Company to generate revenue before the drug reaches the market, such as upfront payments when agreements are signed and milestone payments during the development process.

Phases of drug development at Alligator

DISCOVERY

In the Discovery phase, Alligator generates new mono and bispecific antibodies with its ALLIGATOR-GOLD®, ALLIGATOR-FAB™, FIND® and RUBY™ technology platforms.

The phase also includes development and evaluation of treatment concepts, evaluation of potential drug candidates and early-stage efficacy studies.

The antibodies are optimized to achieve 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, the safety and efficacy of the drug candidate are assessed as well as its clinical potential. These studies are conducted both internally at Alligator and together with external partners.

Alongside of preclinical activities, research continues to acquire a better understanding of the candidate's biological function. This phase also includes the manufacturing of material for upcoming clinical studies.

CLINICAL PHASE I

The first human studies are performed with a small number of subjects, normally 20–80 patients with metastatic cancer. The primary endpoint of these studies is to show that the compound is safe.

How the drug is absorbed, distributed and metabolized is also studied.

CLINICAL PHASE II

The endpoint of Phase II studies is to confirm the desired efficacy of the compound, and to determine the optimal dose. Normally, 100–300 patients are tested.

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

CLINICAL PHASE III

In Phase III, the compound is tested on a larger group of subjects, normally 1,000–3,000 patients.

The primary endpoint of Phase III studies is to confirm that the new compound is at least as good or better than standard therapies.

By the end of Phase III, there is convincing evidence of the performance and common side effects of the drug, and the documentation required to register the drug has been compiled.

Mitazalimab.
Ready for clinical Phase II in pancreatic cancer.

Mitazalimab is Alligator's most advanced drug candidate for immunotherapy and is designed for the treatment of metastatic cancers, primarily pancreatic cancer. Mitazalimab stimulates the CD40 receptor on the surface of dendritic cells, enabling the immune system to attack tumors selectively.

The continued clinical development plan presented in autumn 2020 contained a more detailed description of the upcoming Phase II OPTIMIZE-1 clinical study. The study is an open-label, multicenter study to assess the clinical efficacy of mitazalimab combined with chemotherapy (mFOLFIRINOX) in patients with metastatic pancreatic cancer. The OPTIMIZE-1 study will be conducted at several European medical centers and inclusion of the first patient is planned for the first half of 2021.

Events during the fourth quarter

An application to initiate a Phase II clinical study (CTA) was submitted in December 2020. In December 2020, Alligator also announced that the Company's Investigational New Drug (IND) application for mitazalimab had been approved, which is a prerequisite for initiating clinical studies in the US. In November, comparative data was presented at the World Immunotherapy Congress 2020 showing that mitazalimab has highly competitive characteristics in the CD40 field. The new preclinical data presented contains analyses of mitazalimab compared with analogs of CD40 antibodies from key competitors. The comparison demonstrates mitazalimab's potent anti-tumor effects and immunostimulatory properties.

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 trial with mitazalimab in cancer patients was presented by Janssen Biotech, Inc. at the American Society of Clinical Oncology's (ASCO) Annual Meeting in 2019. The results showed that the adverse events were mild and mostly transient. The study comprised a total of 95 patients. Doses of up to 1,200 µg/kg i.v. with no premedication, and up to 2,000 µg/kg with premedication, were shown to be safe and tolerable. The results also gave indications of clinical activity. One renal cancer patient showed partial response (PR), while ten patients maintained stable disease (SD) for at least six months.

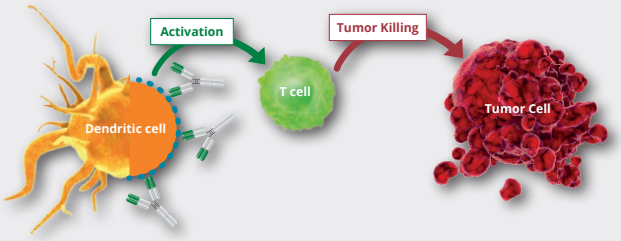
2020 objectives

☑ 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 on the immune system's dendritic cells, which are cells that recognize cancer cells in the body. Mitazalimab's stimulation of CD40 enables the dendritic cells to activate the immune system's weapons more effectively – in this case T cells – and to direct the immune system's attack specifically to the cancer cells. Mitazalimab has been optimized using Alligator's unique FIND® technology to achieve an effect even at very low doses. In preclinical models, mitazalimab has been shown to induce a potent tumor-targeted immune response and provide long-lasting tumor immunity. Preclinical results have also shown that mitazalimab can be used to treat many different types of cancer.

ATOR-1017.
Encouraging interim data in clinical Phase I.

ATOR-1017 is a monoclonal antibody that stimulates the 4-1BB receptor on T cells and NK cells in the tumor region and has been developed for the treatment of metastatic cancer. 4-1BB has an ability to stimulate the immune cells that are key for tumor control. ATOR-1017 is being developed to improve combination therapy for metastatic cancer.

In autumn 2020, interim data from the ongoing Phase I study in patients with metastatic cancer was presented for the first time. The results to date show a promising safety profile for ATOR-1017 with only a few drug-related side effects, all of which were mild or moderate (grade 1 or 2).

Events during the fourth quarter

The Data Review Committee that is protecting patient safety in the Phase I study with ATOR-1017 approved a dose level of 100 mg and approved a continued assessment of the higher dose level of 200 mg, corresponding to approximately 3 mg/kg. 100 mg is considered a therapeutically relevant dose, which means a dose that is expected to produce a therapeutic effect.

Project status: Clinical Phase I

A Phase I dose-ranging study in patients with metastatic cancer is ongoing and planned to include up to 50 patients. The study is taking place at three medical centers in Sweden, and the primary endpoint is to assess the safety and tolerability of ATOR-1017 and determine a recommended dose for subsequent Phase II studies.

ATOR-1017 activates 4-1BB receptors, which increases the immune system's ability to discover and kill tumor cells. This makes 4-1BB a highly interesting target for cancer immunotherapy. ATOR-1017 has a unique profile, including boosting the immunostimulatory effect in environments with high levels 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 respond specifically to tumor cells that are 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 targeting 4-1BB therefore strengthen the ability of both NK and T cells to attack tumor cells.

2020 objectives

☑ Phase I clinical study is proceeding with the aim of presenting results in 2021.

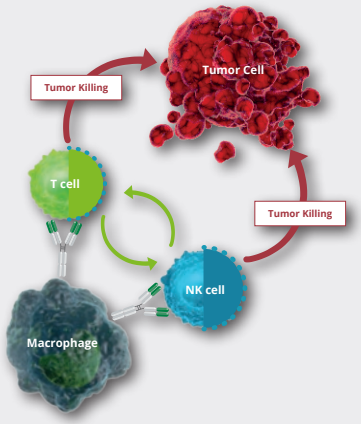
Mechanism of action

#4-1BB

#Fc-gamma receptor

ATOR-1017 **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 differs 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 on immune cells. This localizes the immunostimulation to the tumor region where both 4-1BB and Fc-gamma receptors are expressed at high levels, which is entirely in line with the treatment strategy for Alligator's drug candidates. The aim is to achieve an effective tumor-directed immune response with minimum side effects.

ALG.APV-527.

ALG.APV-527 is a bispecific antibody that targets the 4-1BB and 5T4 molecules, designed for the treatment of metastatic cancer.

The drug candidate has been co-developed with Aptevo Therapeutics Inc. since 2017, and preparations and under way to submit a CTA to initiate clinical testing.

Project status: Preclinical development completed
In November 2020, preclinical data for ALG.APV-527 were presented at the Society for Immunotherapy of Cancer's (SITC) Annual Meeting. Data shows that ALG.APV-527 has a positive safety profile, with no signs of systemic immunostimulation or liver toxicity. ALG.APV-527 also increases the anti-tumor response and induces a tumor-specific immunologic memory in experimental disease models.

It has already been shown 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. Overall, the results support the potential of ALG.APV-527 to induce effective tumor-targeted immunostimulation with fewer adverse events.

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

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

ATOR-1015.

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

ATOR-1015 is a bispecific antibody that is being developed as a tumor-directed therapy for metastatic cancer. One part of the antibody blocks CTLA-4, a target molecule with validated clinical efficacy. The other part binds to OX40, which localizes the antibody to the tumor region and enables both increased effect and improved safety.

ATOR-1015 binds to two different immunomodulatory receptors: the CTLA-4 checkpoint receptor, and the OX40 stimulatory receptor. Combining both of these immunotherapies in the same molecule creates a new biology. In preclinical studies, this has been shown to cause a significant increase in the immunostimulatory effect and is mainly expected to be achieved in environments where both of the target molecules are expressed at high levels, such as a tumor.

The ATOR-1015 antibody has been assembled and optimized using Alligator's unique ALLIGATOR-GOLD® and FIND® technologies and a bispecific fusion format.

Data from the Phase I study has shown that ATOR-1015 causes infusion-related events, which is considered related to the development of anti-drug-antibodies. This entails a need for careful assessment of clinical data. Preclinical research and a new study protocol will be required, as well as contact with regulatory authorities, prior to the initiation of any further clinical studies. Alligator intends to seek a partner for the continued clinical development process.

Project status: Clinical Phase I
The Phase I study comprises patients with metastatic cancer. The principal investigator is Dr Jeffrey Yachnin from the Department of Oncology at the Karolinska University Hospital in Stockholm. The primary endpoint of the study is to study the safety and tolerability of ATOR-1015.

Out-licensed projects.

AC101 agreement with AbClon
Through its subsidiary Atlas Therapeutics AB, Alligator holds a participating interest in the clinical Biosynergy (AC101/HLX22) project, run by the listed Korean Company AbClon. The drug candidate is now being further developed by the Chinese Company Shanghai Henlius, which increased its rights to encompass a global license for development and commercialization in 2018. Alligator incurs no overheads for this project, but is entitled to 35 percent of AbClon's revenue from out-licensing to Shanghai Henlius. In previous financial years, Alligator received two milestone payments totaling USD 3 million in conjunction with a regional out-licensing of one of these products, the HER2 antibody AC101. AC101 is since 2019 undergoing testing in Phase I.

Technology agreement with Biotheus
In August 2019, an agreement was concluded with Chinese Company Biotheus. 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. To date, Alligator has received upfront payments of about SEK 10 million, for events such as positive results after an initial evaluation period.

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. In biotech companies, the financing risk is always present due to the long development timelines.

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
Confidence in immuno-oncology as an effective form of therapy is now established as an area with substantial potential. 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.

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 upfront payments and milestone payments. The objective is to have several out-licensed projects, which may generate significant income in the form of upfront payments and milestone payments.

For a more detailed review of how Alligator mitigates risks, see page 35 of the 2019 Annual Report.

GREAT MEDICAL NEED 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.

GLOBAL MARKET WORTH USD 140 BILLION
The global cancer therapy market is valued at USD 140 billion (2019). 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 from USD 29 billion in 2019 to close to USD 120 billion in 2026. As an example, sales of Merck's drug Keytruda® alone amounted to USD 11.1 billion in 2019 (USD 7.1 billion in 2018). Source: GlobalData, 2020.

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 is being prepared for 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.

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).

In January 2021, the Company carried out a rights issue of approximately SEK 86 million. Through the rights issue, the number of shares in the Company increases by 14,277,723 shares, from 71,388,615 shares to 85,666,338 shares. The rights issue entails a dilution of approximately 16.67 per cent for shareholders who are not participating in the rights issue.

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, 1,072,500 have been vested, 755,000 may still be vested and 447,500 have lapsed since the individuals to whom they were allotted have 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. As a result of lapsed warrants, a total of maximum 2,401,701 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 2,401,701 shares will be issued, thereby increasing the number of shares to a maximum of 73,790,316, corresponding a to dilution by 3.25 percent.

The Alligator share in brief (December 30, 2020)
- Listed on: Nasdaq Stockholm Small Cap
- Number of shares: 71,388,615
- Average turnover per day: Approximately 128,000 (preceding quarter: approx. 103,000)
- Number of shareholders: 7,900 (preceding quarter: approx. 8,000)
- Market capitalization: SEK 544 million (preceding quarter: approx SEK 633 million)
- Ticker: ATORX
- ISIN: SE0000767188

Largest shareholders	Dec 30, 2020	%
Union Bancaire Privee, UBP SA	6,842,981	9.6
Banque Internationale à Luxembourg SA	6,819,845	9.6
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
Försäkringsbolaget Avanza pension	2,487,740	3.5
Fjärde AP-fonden	2,273,183	3.2
Magnus Petersson	1,631,988	2.3
Öhman fonder	1,558,631	2.2
Mikael Lönn	1,442,183	2.0
Other shareholders	36,618,802	51.3

Union Bancaire Privee, (UBP) and Banque Internationale à Luxembourg SA (BIL) is a group of mainly Swedish investors with their shares managed by UBP or 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, 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 43 (55). Of these, 8 (13) were men and 35 (42) were women.

Of the total number of employees at the end of the quarter 38 (47) were employed within Research and Development.

During the second quarter, the Group reduced the number of employees with 11 positions, corresponding to 20 percent of the Company's personnel.

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

- Annual report 2020: March 2021
- Q1 interim report: April 27, 2021
- Q2 interim report: July 13, 2021
- Q3 interim report: October 21, 2021

Significant events after the end of the period
Alligator Bioscience has January 27, 2021 completed the share issue with pre-emption rights for the Company's shareholders, which was resolved upon by the board of directors on December 15, 2020. Through the rights issue, Alligator receives approximately SEK 86 million before deduction of issue costs, of approximately MSEK 10. Through the rights issue, the number of shares in the Company increases by 14,277,723 shares, from 71,388,615 shares to 85,666,338 shares. The Company's share capital increases by SEK 5,711,089.20, from SEK 28,555,446 to SEK 34,266,535.20. The rights issue entails a dilution of approximately 16.67 per cent for shareholders who are not participating in the rights issue.

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 on the Group's risks is limited. Initially, there was an increased risk of delays in clinical projects as recruitment of new patients occurred at a slower pace (ATOR-1015 and ATOR-1017) but the recruitment fully resumed during May for the ongoing clinical studies. Towards the end of the year, the recruitment of patients slowed down one more time due to the second wave of the Covid-19 pandemic. At the beginning of the second quarter, the opportunities to sign new license agreements were limited. However, this was a transitional phase, and the Company assess that the market is back to normal business conditions.

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. Following the Company´s savings program during the first half of the year, together with the now completed rights issue, the Company's assessment is that the financial resources are sufficient for the ongoing and planned operations the coming 12 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 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, 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

All amounts TSEK unless specified	Note	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Net sales	5	0	0	4,352	4,358
Other operating income	5	515	427	2,315	1,038
Total operating income		**515**	**427**	**6,666**	**5,396**
Operating costs					
Other external costs		-19,686	-41,303	-82,320	-145,375
Personnel costs		-12,009	-15,268	-55,710	-60,609
Depreciation of tangible assets and intangible assets		-2,869	-2,866	-11,522	-11,548
Other operatings expenses		-54	-297	-1,413	-2,384
Total operating costs		**-34,619**	**-59,735**	**-150,964**	**-219,915**
Operating profit/loss		**-34,103**	**-59,307**	**-144,298**	**-214,519**
Result from other securities and receivables		0	277	192	1,218
Other interest income and similar income statement items		-8	367	2,001	4,643
Interest expense and similar income statement items		-405	-1,102	-1,191	-1,455
Net financial items		**-413**	**-457**	**1,002**	**4,406**
Profit/loss before tax		**-34,516**	**-59,765**	**-143,296**	**-210,112**
Tax on profit for the period		0	0	0	0
Profit for the period attributable to Parent Company shareholders		**-34,516**	**-59,765**	**-143,296**	**-210,112**
Earnings per share before dilution, SEK		**-0.48**	**-0.84**	**-2.01**	**-2.94**
Earnings per share after dilution, SEK		**-0.48**	**-0.84**	**-2.01**	**-2.94**

Net sales
The Company had no sales during the fourth quarter of the year. Sales for the year pertain primarily to the license agreement with Biotheus Inc. In the same periods prior year, sales pertained primarily to the license agreement with Biotheus Inc.

Other operating income
Other operating income for the quarter and year comprises primarily of exchange gains in the Company's operations and government grants regarding short term allowance. 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 completed clinical drug production in some projects. The personnel costs in the third quarter is lower than last year due to reduced number of employees by 20 percent.

Total financial items
Pertains to 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	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Profit/loss for the period		-34,516	-59,765	-143,296	-210,112
Other comprehensive income		0	0	0	0
Comprehensive income for the period		**-34,516**	**-59,765**	**-143,296**	**-210,112**

Consolidated

Statement of Financial Position

All amounts in TSEK	Note	2020-12-31	2019-12-31[1)]
ASSETS			
Fixed assets			
Intangible assets			
Participations in development projects	3	17,949	17,949
Patents		72	232
Softwares		332	464
Tangible assets			
Improvements in leased premises		1,217	1,825
Right of use assets		13,423	18,394
Equipment, machinery and computers		8,600	12,131
Construction in progress and advance payments for tangible assets		0	1,125
Financial assets			
Other investments held as fixed assets	6	0	53,016
Total fixed assets		**41,593**	**105,136**
Current assets			
Current receivables			
Accounts receivable	6	0	0
Other receivables	6	4,924	4,896
Prepayments and accrued income		2,079	4,226
Other short-term financial assets	6	0	102,980
Cash and cash equivalents	6	103,342	93,890
Total current assets		**110,345**	**205,992**
TOTAL ASSETS		**151,938**	**311,128**
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		-575,926	-432,671
Equity attributable to Parent Company shareholders		**115,244**	**258,498**
Non-current provisions and liabilities			
Lease liabilities	6	5,841	11,260
Other long-term liabilities	6	135	426
Total non-current provisions and liabilities		**5,975**	**11,685**
Current liabilities			
Accounts payable	6	6,538	15,674
Other liabilities		1,879	2,055
Lease liabilities	6	6,232	5,794
Accrued expenses and deferred income	6	16,070	17,420
Total current liabilities		**30,719**	**40,944**
TOTAL EQUITY AND LIABILITIES		**151,938**	**311,128**

1) Earlier periods have been adjusted to reflect correction of errors, see Note 8.

Cash and cash equivalents
Consolidated cash and cash equivalents, which consist of bank balances, totaled SEK 103,342 thousand (93,890).

Cash and cash equivalents
During the first quarter, The Group divested remaining corporate bonds and the short-term interest funds. 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 115,211 thousand (258,498), corresponding to an equity ratio of 76 percent (83).

Equity per share before and after dilution
At the end of the period, equity per outstanding share amounted to SEK 1.61 (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 13,423 thousand (18,394) and lease liabilities amounted to SEK 12,073 thousand (17,053). Both right of use assets and lease liabilities pertain primarly to leases for offices and laboratories. As of December 31 the installment purchase amounted to SEK 432 thousand (778). Otherwise, no loans had been raised as of December 31 2020 and no loans have been raised since that date. The Group has no loans or loan commitments.

Accounts payable
The change in current liabilities is due to reduced expenses in the company compared with the previous year, which is due to lower project expenses and completion of production of clinical material in certain projects.

Accrued expenses and deferred income
At the end of the period, accrued expenses and deferred income amounted to SEK 16,070 thousand (17,420). Expenses pertains to accrued expenses for clinical activities, personnel and other expenses.

Consolidated

Statement of Changes in Equity

All amounts in TSEK	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Opening balance	**149,745**	**318,210**	**258,498**	**468,310**
Effect of share-based payments	15	53	42	301
Profit/loss for the period	-34,516	-59,765	-143,296	-210,112
Other comprehensive income in the period	0	0	0	0
Closing balance	**115,244**	**258,498**	**115,244**	**258,498**

Consolidated
Statement of Cash Flows

All amounts in TSEK	2020 Oct-Dec	2019[1)] Oct-Dec	2020 Jan-Dec	2019[1)] Jan-Dec
Operating activities				
Operating profit/loss	-34,103	-59,307	-144,298	-214,519
Adjustments for items not generating cash flow				
Depreciation and impairments	2,869	2,866	11,522	11,548
Effect from warrant program	15	53	42	301
Other items, no impact on cash flow	0	0	0	0
Interest received	0	351	218	1,759
Interest paid	-78	-97	-347	-419
Tax paid	0	0	0	0
Cash flow from operating activities before changes in working capital	**-31,297**	**-56,135**	**-132,863**	**-201,331**
Changes in working capital				
Change in operating receivables	55	6,802	2,119	25,291
Change in operating liabilities	-435	-183	-10,608	-5,049
Cash flow from operating activities	**-31,676**	**-49,516**	**-141,352**	**-181,089**
Investing activities				
Acquisition of intangible assets	0	0	0	-116
Acquisition of tangible assets	0	-1,253	-102	-2,069
Divestment of securities	0	10,000	53,828	20,000
Divestment of other short term investments	0	50,000	103,160	150,000
Cash flow from investing activities	**0**	**58,747**	**156,886**	**167,815**
Financing activities				
Amortization of leasing liabilities	-1,459	-1,430	-5,794	-7,077
Installment purchase	0	778	0	778
Amortization of installment purchase	-73	0	-354	0
Cash flow from financing activities	**-1,532**	**-652**	**-6,148**	**-6,298**
Cash flow for the period	**-33,208**	**8,579**	**9,386**	**-19,572**
Cash and cash equivalents at beginning of period	**136,964**	**86,602**	**93,890**	**112,024**
Exchange rate differences in cash and cash equivalents	-335	-938	145	1,438
Cash and cash equivalents at end of period	**103,342**	**93,890**	**103,342**	**93,890**

1) Earlier periods have been adjusted to reflect change of classification, see Note 8.

Investments
No investments were made during the fourth quarter SEK 0 thousand (1,253).

Investments during the year were made in laboratory equipment SEK 102 thousand (2,069). During the period, investments in software amounted to SEK 0 thousand (116).

Cash flow for the period
Cash flow for the quarter totaled SEK -33,208 thousand (8,579).

Cash flow for the year amounted to SEK 9,386 thousand (-19,572). During the first quarter 2020, the Group divested the remaining corporate bonds of SEK 53,828 thousand and short term interest funds of SEK 103,160 thousand which had a positive effect on cash flow.

Parent Company

Income Statement

All amounts in TSEK	Note	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Net sales		0	0	4,352	4,358
Other operating income		515	427	2,315	717
Total operating income		**515**	**427**	**6,666**	**5,075**
Operating costs					
Other external costs		-21,211	-42,804	-88,416	-151,338
Personnel costs		-12,009	-15,268	-55,710	-60,609
Depreciation and impairment of tangible assets and intangible assets		-1,403	-1,423	-5,658	-5,812
Other operatings expenses		-54	-297	-1,413	-2,384
Total operating costs		**-34,677**	**-59,793**	**-151,196**	**-220,142**
Operating profit/loss		**-34,162**	**-59,365**	**-144,530**	**-215,068**
Results from financial items					
Result from participation in Group companies		0	0	12,500	0
Result from other securities and receivables		0	277	192	1,218
Other interest income and similar income statement items		-8	688	3,012	2,781
Interest expense and similar income statement items		-336	-361	-881	-381
Net financial items		**-344**	**604**	**14,822**	**3,618**
Profit/loss after financial items		**-34,506**	**-58,761**	**-129,708**	**-211,450**
Appropriations					
Group contribution received		438	487	438	487
Total appropriations		**438**	**487**	**438**	**487**
Result before tax		**-34,068**	**-58,274**	**-129,270**	**-210,963**
Tax on profit for the year		0	0	0	0
Profit/loss for the period		**-34,068**	**-58,274**	**-129,270**	**-210,963**

Parent Company

Statement of Comprehensive Income

All amounts in TSEK	Note	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Profit/loss for the period		-34,068	-58,274	-129,270	-210,963
Other comprehensive income		0	0	0	0
Profit/loss for the year		**-34,068**	**-58,274**	**-129,270**	**-210,963**

Parent Company

Balance Sheet

ASSETS

All amounts in TSEK	Note	2020-12-31	2019-12-31
ASSETS			
Fixed assets			
Intangible assets			
Patents		72	232
Software		332	464
Total intangible assets		**405**	**696**
Tangible assets			
Improvements in leased premises		1,217	1,825
Equipment, machinery and computers		8,600	12,131
Construction in progress and advance payments for tangible assets		0	1,125
Total tangible assets		**9,817**	**15,081**
Financial assets			
Participations in Group companies	**3**	20,294	20,294
Other investments held as fixed assets		0	53,016
Total financial assets		**20,294**	**73,310**
Total fixed assets		**30,515**	**89,087**
Current assets			
Current receivables			
Accounts receivables		0	0
Receivables from Group companies		438	487
Other receivables		4,923	4,896
Prepayments and accrued income		3,688	5,750
Total current receivables		**9,050**	**11,133**
Other short-term investments		0	101,530
Cash and bank deposits		102,473	80,470
Total current assets		**111,523**	**193,133**
TOTAL ASSETS		**142,038**	**282,219**

Parent Company

Balance Sheet

EQUITY AND LIABILITIES

All amounts in TSEK	Note	2020-12-31	2019-12-31
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		-444,611	-233,691
Profit/loss for the period		-129,270	-210,963
Total non-restricted equity		**88,861**	**218,088**
Total equity		**117,416**	**246,643**
Non-current provisions and liabilities			
Other long-term liabilities		432	426
Total non-current provisions and liabilities		**432**	**426**
Current liabilities			
Accounts payable		6,538	15,674
Other liabilities		1,582	2,055
Accrued expenses and deferred income		16,070	17,420
Total current liabilities		**24,190**	**35,150**
TOTAL EQUITY AND LIABILITIES		**142,038**	**282,219**

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 2019 except as described in Note 8 in this Year-end Report.

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 except as described in Note 8 in this Year-end Report.

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	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Licensing income	0	0	4,352	4,288
Reimbursement for development work	0	0	0	70
Milestone revenue	0	0	0	0
Royalty	0	0	0	0
Total	**0**	**0**	**4,352**	**4,358**

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

All amounts in TSEK	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
ADC-1013/mitazalimab	0	0	0	70
Biosynergy	0	0	0	0
Biotheus	0	0	4,352	4,288
Other	0	0	0	0
Total	**0**	**0**	**4,352**	**4,358**

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	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Swedish government grants received	165	0	1,163	0
Operational exchange rate gains	351	425	1,151	1,035
Other	0	2	1	3
Total	**515**	**427**	**2,315**	**1,038**

Note 6 Financial instruments

Cash and cash equivalents at December 31, 2020 consisted of bank balances amounting to SEK 103,342 thousand (93,890). During the first quarter, the Company divested its investments in fixed income funds amounting to SEK 102,980 thousand. Other investments held as fixed assets and other short-term investments pertained to investments in corporate bonds which were divested during the first quarter. The accounting policies are described in Note 2 in the Annual report for 2019 and Note 8 below. For other financial assets and liabilities, the reported value as below is considered a reasonable approximation of fair value.

All amounts in TSEK	2020-12-31	2019-12-31
Financial assets valued at fair value through profit and loss		
Other short-term investments - Interest funds	0	102,980
Financial assets valued at amortized cost		
Other investments held as fixed assets	0	53,016
Other short-term investments	0	0
Accounts receivable	0	0
Other receivables	832	856
Liquid assets - Bank accounts	103,342	93,890
Total financial assets	**104,175**	**250,742**
Financial liabilities valued at amortized cost		
Long-term lease liabilities	5,841	11,260
Other long-term liabilities	135	426
Accounts payable	6,538	15,674
Short-term lease liabilities	6,232	5,794
Other short-term liabilities	297	353
Accrued expenses	10,081	11,936
Total financial liabilities	**29,124**	**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 fourth quarter and SEK 720 thousand (720) for the year to date.

Note 8 Change of classification

During the period 2017-2020, the Company had interest funds which has been recognized as cash and cash equivalents. The interest funds were divested during the first quarter of 2020. The Company has informed readers of the Annual report on the classification that the interest funds fulfils the definition of cash and cash equivalents in Note 3 Important estimates and judgements.

In October 2020 the Council for Swedish Financial Reporting Supervision has informed the Group that according to their decision, the interest funds does not meet the definition of cash and cash equivalents in IAS 7 since the investment could not be converted to a known amount of cash within one working day.

In Q3 Interim report, the Group retroactively changed the classification of the interest funds and follow the Councils decision. The effect regarding the change of classification is presented in the tables below for Consolidated statement of financial position as per 2019-12-31 and 2019-01-01 and for Consolidated statement of cash flows for the periods Jan-Dec 2019 and Oct-Dec 2019. The change of classification has no effect on the Consolidated income statement of the Group and consequently no effect on earnings per share.

Change of classification is not relevant for the Parent Company since the interest funds has previously been classified as Other short-term investments.

Consolidated statement of financial position

All amounts in TSEK	2019-12-31	Increase/ decrease	2019-12-31 Restated
ASSETS			
Total fixed assets	**105,136**	**-**	**105,136**
Current assets			
Accounts receivable	0	-	0
Other receivables	4,896	-	4,896
Prepayments and accrued income	4,226	-	4,226
Other short term financial assets	0	102,980	102,980
Cash and cash equivalents	196,870	-102,980	93,890
Total current assets	**205,992**	**-**	**205,992**
TOTAL ASSETS	**311,128**	**-**	**311,128**
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	-	-432,671
Equity attributable to Parent Company Shareholders	**258,498**	**-**	**258,498**
Total non-currents provisions and liabilities	11,685	-	11,685
Total current liabilities	40,944	-	40,944
Total liabilities	**52,629**	**-**	**52,629**
TOTAL EQUITY AND LIABILITIES	**311,128**	**-**	**311,128**

Note 8 Change of classification, cont'd: Cash flow

All amounts in TSEK	2019 Jan-Dec	Increase/ decrease	2019 Jan-Dec Restated
Operating activities			
Operating profit/loss	-214,519	0	-214,519
Adjustments for items not generating cash flow			
Depreciation and impairments	11,548	0	11,548
Effect from warrant program	301	0	301
Other items, no impact on cash flow	2,126	-2,126	0
Interest received	1,759	0	1,759
Interest paid	-419	0	-419
Tax paid	0	0	0
Cash flow from operating activities before changes in working capital	**-199,205**	**-2,126**	**-201,331**
Changes in working capital			
Change in operating receivables	25,291	0	25,291
Change in operating liabilities	-5,049	0	-5,049
Cash flow from operating activities	**-178,963**	**-2,126**	**-181,089**
Investing activities			
Acquisition of intangible assets	-116	0	-116
Acquisition of tangible assets	-2,069	0	-2,069
Divestment of securities	20,000	0	20,000
Divestment of other short term investments	0	150,000	150,000
Cash flow from investing activities	**17,815**	**150,000**	**167,815**
Financing activities			
Amortization of leasing liabilities	-7,077	0	-7,077
Installment purchase	778	0	778
Cash flow from financing activities	**-6,298**	**0**	**-6,298**
Cash flow for the period	**-167,446**	**147,874**	**-19,572**
Cash and cash equivalents at beginning of period	**362,878**	**-250,854**	**112,024**
Exchange rate differences in cash and cash equivalents	1,438	0	1,438
Cash and cash equivalents at end of period	**196,870**	**-102,980**	**93,890**

Note 8 Change of classification, cont'd: Cash flow

All amounts in TSEK	2019 Oct-Dec	Increase/ decrease	2019 Oct-Dec Restated	2019 Jan-Sep	Increase/ decrease	2019 Jan-Dec Restated
Operating activities						
Operating profit/loss	-59,307	0	-59,307	-214,519	0	-214,519
Adjustments for items not generating cash flow						
Depreciation and impairments	2,866	0	2,866	11,548	0	11,548
Effect from warrant program	53	0	53	301	0	301
Other items, no impact on cash flow	301	-301	0	2,126	-2,126	0
Interest received	351	0	351	1,759	0	1,759
Interest paid	-97	0	-97	-419	0	-419
Tax paid	0	0	0	0	0	0
Cash flow from operating activities before changes in working capital	**-55,833**	**-301**	**-56,135**	**-199,205**	**-2,126**	**-201,331**
Changes in working capital						
Change in operating receivables	6,802	0	6,802	25,291	0	25,291
Change in operating liabilities	-183	0	-183	-5,049	0	-5,049
Cash flow from operating activities	**-49,215**	**-301**	**-49,516**	**-178,963**	**-2,126**	**-181,089**
Investing activities						
Acquisition of intangible assets	0	0	0	-116	0	-116
Acquisition of tangible assets	-1,253	0	-1,253	-2,069	0	-2,069
Divestment of securities	10,000	0	10,000	20,000	0	20,000
Divestment of other short term investments	0	50,000	50,000	0	150,000	150,000
Cash flow from investing activities	**8,747**	**50,000**	**58,747**	**17,815**	**150,000**	**167,815**
Financing activities						
Amortization of leasing liabilities	-1,430	0	-1,430	-7,077	0	-7,077
Installment purchase	778	0	778	778	0	778
Cash flow from financing activities	**-652**	**0**	**-652**	**-6,298**	**0**	**-6,298**
Cash flow for the period	**-41,120**	**49,699**	**8,579**	**-167,446**	**147,874**	**-19,572**
Cash and cash equivalents at beginning of period	**239,281**	**-152,679**	**86,602**	**362,878**	**-250,854**	**112,024**
Exchange rate differences in cash and cash equivalents	-938	0	-938	1,438	0	1,438
Cash and cash equivalents at end of period	**197,222**	**-102,980**	**94,242**	**196,870**	**-102,980**	**93,890**

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.

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 than 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.

All amounts TSEK unless specified	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Profit/loss for the period	-34,516	-59,765	-143,296	-210,112
Average number of shares before dilution	71,388,615	71,388,615	71,388,615	71,388,615
Earnings per share before dilution, SEK	**-0.48**	**-0.84**	**-2.01**	**-2.94**
Average number of shares after dilution	71,388,615	71,388,615	71,388,615	71,388,615
Earnings per share after dilution, SEK	**-0.48**	**-0.84**	**-2.01**	**-2.94**
Operating costs	-34,619	-59,735	-150,964	-219,915
Impairment of tangible assets and intangible assets	0	0	0	0
Operating costs excluding impairments	**-34,619**	**-59,735**	**-150,964**	**-219,915**
Administrative expenses	-6,661	-9,155	-29,191	-34,766
Depreciation	-2,869	-2,866	-11,522	-11,548
Research and development costs	**-25,089**	**-47,713**	**-110,252**	**-173,601**
R&D costs / Operating costs excluding impairments %	**72%**	**80%**	**73%**	**79%**
Equity	115,244	258,498	115,244	258,498
Average number of shares before dilution	71,388,615	71,388,615	71,388,615	71,388,615
Equity per share before dilution, SEK	**1.61**	**3.62**	**1.61**	**3.62**
Average number of shares after dilution	71,388,615	71,388,615	71,388,615	71,388,615
Equity per share after dilution, SEK	**1.61**	**3.62**	**1.61**	**3.62**
Equity	115,244	258,498	115,244	258,498
Total assets	151,938	311,128	151,938	311,128
Equity ratio, %	**76%**	**83%**	**76%**	**83%**
Other investments held as fixed assets (publicly traded corporate bonds)	0	53,016	0	53,016
Other short-term financial assets (publicly traded corporate bonds)	0	10,012	0	10,012
Other short-term financial assets (interest funds)	0	92,968	0	92,968
Cash and cash equivalents	**103,342**	**93,890**	**103,342**	**93,890**
Cash and cash equivalents at end of period	**103,342**	**249,886**	**103,342**	**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 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 26, 2021

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

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.

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.