Q3

Alligator Bioscience AB (publ)
Interim report January–September 2021

ALLIGATOR bioscience

First Patient Dosed in Optimize-1 Phase II

"We continued to make great strides in the third quarter of 2021. The first patient was dosed in OPTIMIZE-1, our clinical Phase II study, that will assess the effect of mitazalimab in first line pancreatic cancer. We entered a collaboration with Finnish based Orion Corporation focusing on the discovery of novel immuno-oncology product candidates. With my first full quarter at the helm of this amazing company, I am even more confident in the potential value of our robust pipeline."

Søren Bregenholt
CEO Alligator Bioscience AB (publ)

Significant Events: July – September 2021

- On August 16, New Senior Director of Communications and Investor Relations, Julie Silber, joined the Company, bringing a unique experience from Wall Street and 20+ years of investor relations, strategic communications, counsel, and executive financial leadership.
- On August 18, the Company entered into a research collaboration and license agreement with Orion Corporation, a global pharmaceutical company based in Finland, to discover and develop new immuno-oncology product candidates.
- On September 2, the Company announced that it is exploring financing alternatives to support phase II studies for Mitazalimab, phase II preparations for ATOR-1017, as well as the development of other pipeline assets.
- On September 2, the Company announced positive results from our collaboration with Scandion Oncology (Sweden) exploring the anti-tumor efficacy of the CD40 antibody mitazalimab in chemotherapy-resistant preclinical tumor models as an addition to chemotherapy (FOLFIRINOX).
- On September 30, the Company announced first patient dosed in OPTIMIZE-1 Phase II clinical trial evaluating mitazalimab in combination with mFOLFIRINOX for the treatment of Pancreatic Cancer. OPTIMIZE-1 is an open-label, multicenter study that will enroll up to 67 patients at clinical sites in Belgium and France. The company is expecting an interim safety readout in Q1 2022 and an interim efficacy readout in Q4 2022.
- On September 30th, Shanghai Henlius Biotech Inc. (China) reported that Alligator's partner program AC101 had entered into Phase II clinical trial.

Events after the quarter:

- On October 7, the Board of Directors resolved, subject to approval by the Extraordinary General Meeting, to carry out a fully guaranteed rights issue of approximately SEK 257 million.
- On October 7, the Board of Directors called for an Extraordinary General Meeting to be held on November 8th, to seek approval of the Board of Directors' resolution on rights issue of ordinary shares.

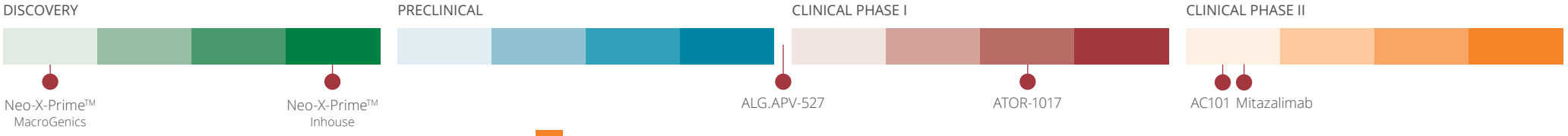
Financial summary

July-September 2021

- Net sales, SEK 3.3 million (-)
- Operating profit/loss, SEK -37.7 million (-30.6)
- Profit/loss for the period, SEK -37.2 million (-30.8)
- Earnings per share before and after dilution, SEK -0.43 (-0.43)
- Cash flow for the period, SEK -30.4 million (-32.7)
- Cash and cash equivalents, SEK 79.3 million (137.0)

January–September 2021

- Net sales, SEK 7.7 million (4.4)
- Operating profit/loss, SEK -104.7 million (-110.2)
- Profit/loss for the period, SEK -104.9 million (-108.8)
- Earnings per share before and after dilution, SEK -1.23 (-1.52)
- Cash flow for the period, SEK -24.0 million (42.6)
- Cash and cash equivalents, SEK 79.3 million (137.0)



The information was submitted for publication at 8:00 a.m. CET on October 21, 2021. For contact details, see page 13.

CEO Comments

We continued to make great strides in the third quarter of 2021 with a renewed aspiration and strategy to develop our game changing therapies through Phase II clinical proof-of-concept and beyond. We have a robust and diversified best-in-class pipeline of second-generation antagonistic antibodies for the treatment of hard-to-treat cancers and a cutting-edge technology approach with a number of value drivers. We are currently refocusing our company on executing our main assets and clinical trial execution to create value.

Thus, we remain focused on our key assets, mitazalimab and ATOR-1017, and we continue to believe that we are well positioned for future value creation and growth. Our antibodies address key immune activation pathways and are designed with key features making them complementary to existing cancer therapies. We believe this gives our antibodies a unique position as part of tomorrows combination therapy, helping patients with hard-to-treat cancers.

I have the privilege of leading an experienced and dedicated team that is committed to bring our innovative treatments to patients with cancer. During the quarter, we announced several key milestones. First, I would like to highlight that we have dosed the first patient in OPTIMIZE-1, a Phase II clinical trial evaluating mitazalimab in combination with mFOLFIRINOX in first line metastatic pancreatic cancer, a major milestone for Alligator.

OPTIMIZE-1 is an open-label, multicenter study that will enroll up to 67 patients at clinical sites in Belgium and France.

Mitazalimab has previously reported positive clinical data from Phase I studies, displaying a manageable safety profile, proof-of-mechanism as well as early signs of efficacy, thus paving the way for this Phase II study. OPTIMIZE-1 reinforces our commitment to developing tumor-directed immuno-oncology antibody drugs. The commencement of dosing in the Phase II study of mitazalimab with patients diagnosed with pancreatic cancer is an essential step forward for our best-in-class antibodies as combination therapy for the treatment of metastasized cancers.

The mechanism behind this program is quite straight forward: While the chemotherapy kills tumor cells resulting in an increased release of tumor antigens, mitazalimab activates the CD40 receptor leading to improved presentation of tumor antigens and activation of T cell-dependent anti-tumor responses which, in turn, leads to enhanced anti-tumor efficacy. The company is expecting an interim safety readout from OPTIMIZE-1 in Q1 2022 and an interim efficacy readout in Q4 2022.

We announced positive results from our collaboration with Scandion Oncology, which further supports the efficacy of mitazalimab in combination with chemotherapy. This data support the efforts to assess the efficacy of mitazalimab as a combination therapy with FOLFIRINOX in pancreatic cancer in our OPTIMIZE-1 Phase II study.

In June we reported ensuring mechanism-of-action data from the Phase 1 study of ATOR-1017, our second generation 4-1BB agonistic antibody. We continue to dose escalate and expect to report data during Q1 2022.

I would also like to mention the drug candidate ALG.APV-527, a bispecific antibody targeting the 4-1BB and 5T4 molecules, that is co-developed with our partner Aptevo Therapeutics. ALG.APV-527 is approaching clinical studies and an IND application is expected to be filed with the USA FDA during the fourth quarter of 2021.

Our ambition remains the same: to develop meaningful therapies for patients with hard-to-treat cancer and to create value for our shareholders. This requires us to focus our resources in areas where they make the most impact. In the beginning of October 2021, the Board of Directors decided to execute a fully guaranteed rights issue of shares with preferential rights for the Company's existing shareholders of approximately SEK 257 million. The funding will enable the expansion and acceleration of Phase II studies for mitazalimab, Phase II preparations for ATOR-1017, as well as the development of other pipeline candidates, such as Neo-X-Prime™, to support longer term growth.

Alligator has a solid and competitive technology platform. That is evident, not only through our proprietary programs, but also by our partnerships and research collaboration agreements. In August, we entered into a research collaboration and license agreement with Orion Corporation, a global pharmaceutical company based in Finland, to discover and develop together new bispecific antibody cancer therapeutics.

The research collaboration will focus on the discovery of novel bispecific antibodies directed towards immuno-oncology targets selected by Orion. The agreement covers an option to develop three bispecific antibodies. Under the agreement, Alligator Bioscience will employ its proprietary phage display libraries and RUBY™ bispecific platform to develop immuno-oncology product candidates based on design criteria identified by Orion. During the initial research period of the collaboration, Alligator Bioscience will receive an upfront payment and research support payments. Additionally, as part of the agreement, Alligator Bioscience is eligible for development, approval, and sales milestone payments of up to 469 million euros, in addition to royalties if Orion exercises its options to continue development and commercialization of the resulting product candidates.

I am also proud to report, that by end September Alligator was awarded the prize for the best small cap annual report 2020 by FAR, Nasdaq Stockholm, Sveriges Finansanalytikers Förening and Sveriges Kommunikatörer. This is a testimony to the diligence and professionalism of our financial team, a dedication shared by the entire team at Alligator.

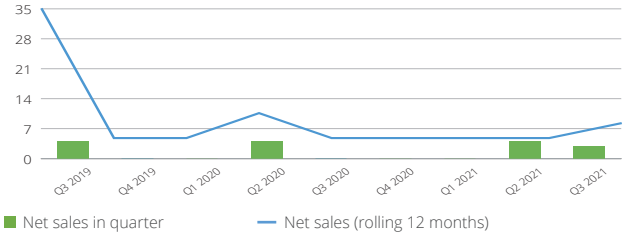
In summary, we, at Alligator, are committed to deliver on our ambition to develop meaningful therapies for patients with hard-to-treat cancer through a continued focus on the company's key clinical programs. The Alligator team is dedicated to providing true benefits for the patients, thereby creating true value for the company's shareholders. With my first full quarter at the helm of this amazing company, I continue to look forward to keeping you updated on Alligator's developments on this exciting journey.

On behalf of myself and the Board of Directors, I would like to take this opportunity to extend sincere thanks to the Alligator staff for their achievements. I also wish to thank you, valued shareholders, for your continued confidence in our company.

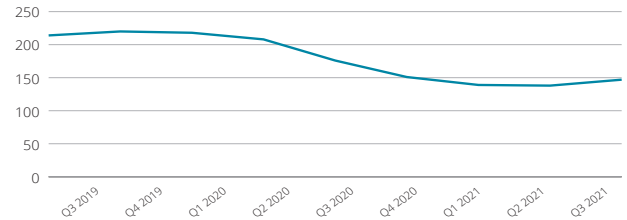
Søren Bregenholt
CEO Alligator Bioscience AB (publ)

Performance measures Group

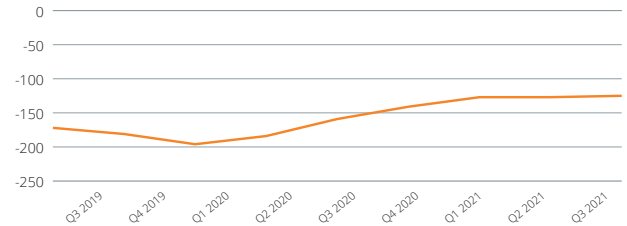
Net sales, SEK million



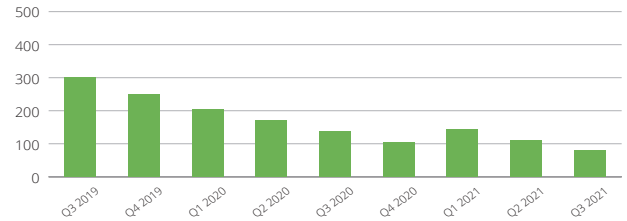
Operating costs, rolling 12 months, SEK million



Cash flow from operation activities, rolling 12 months, SEK million



Cash and cash equivalents, SEK million



	Note	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Result (KSEK)						
Net sales	5	3,300	-	7,694	4,352	4,352
Operating profit/loss		-37,679	-30,633	-104,692	-110,195	-144,298
Profit/loss for the period		-37,245	-30,848	-104,946	-108,780	-143,296
R&D costs		-21,771	-23,288	-72,056	-85,163	-110,252
R&D costs as a percentage of operating costs excl. impairments		53%	75%	64%	73%	73%
Capital (KSEK)						
Cash and cash equivalents at end of period		79,314	136,964	79,314	136,964	103,342
Cash flow from operating activities		-28,197	-31,034	-93,461	-109,675	-141,352
Cash flow for the period		-30,400	-32,660	-24,006	42,594	9,386
Equity at the end of the period		85,029	149,745	85,029	149,745	115,244
Equity ratio at the end of the period, %		65%	80%	65%	80%	76%
Info per share (SEK)						
Earnings per share before dilution		-0.43	-0.43	-1.23	-1.52	-2.01
Earnings per share after dilution*		-0.43	-0.43	-1.23	-1.52	-2.01
Equity per share before dilution		0.99	2.10	0.99	2.10	1.61
Equity per share after dilution*		0.99	2.10	0.99	2.10	1.61
Personnel						
Number of employees at end of period		44	46	44	46	43
Average number of employees		45	51	44	51	50
Average number of employees employed within R&D		35	44	38	44	43

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

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

Operations

Alligator Bioscience is a clinical stage biotech company developing best-in-class antibodies for hard-to-treat cancers. Alligator's most advanced program, mitazalimab, now in clinical Phase II, is a potential game changer in the treatment of solid tumors. Our pipeline also includes one asset in Phase I clinical trials, ATOR-1017, a 4-1BB agonist, as well as a Phase I ready asset, ALG.APV-527, that we are co-developing with Aptevo Therapeutics Inc. Alligator's proprietary immunotherapy technology platform, Neo-X-Prime™ shows promise as a future value driver. We are developing two molecules in Discovery, of which one is in co-development with US based MacroGenics. Alligator is also engaged in an immune-oncology research collaboration and license agreement with Orion Corporation.

We are developing drug candidates that selectively stimulate the immune system in the tumor, rather than the whole body. There is a major unmet medical need for novel and improved therapies that enhance the efficacy in a safe manner of cancer treatments, and we aim to fill that need.

In Q3 2021, the Company focused it operations on the continued development of our robust pipeline as well as seeking and engaging in strategic collaborations with partners that intend to share the cost and the risk associated with drug development. Our clinical studies are carried out in collaboration with leading specialist physicians and CROs with expertise in clinical development.

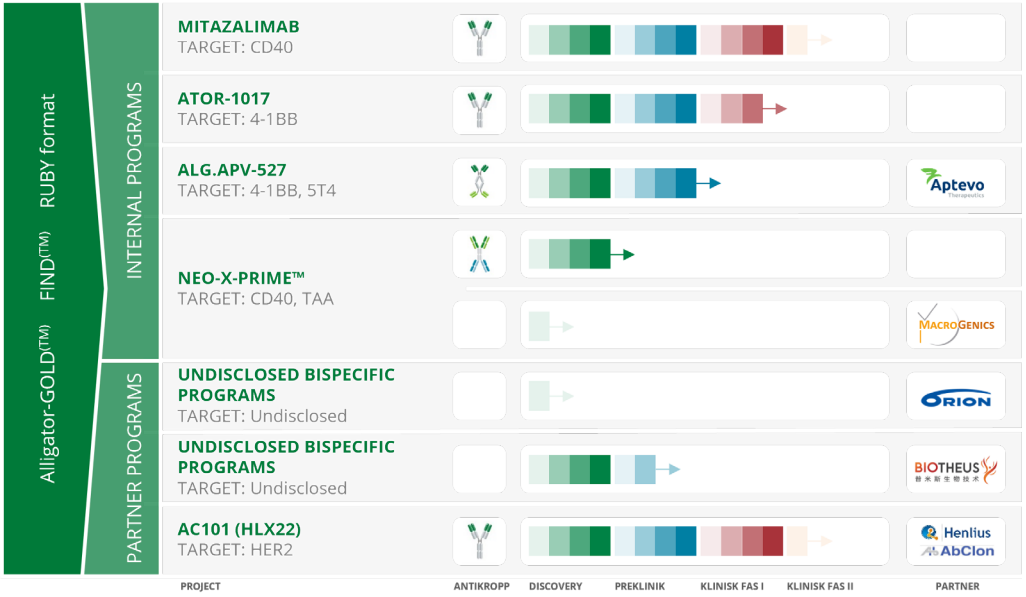
Several Patented Technologies and Concepts

Alligator's technology platforms – FIND® (protein optimization technology), ALLIGATOR-FABTM 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 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. The concept can be described as a personalized vaccination aimed at curing cancer. Research is highly promising and shows that Neo-X-Prime™ has the potential to create a very potent anti-tumor effect, superior to current therapeutic options. These technologies combined give Alligator a strong base for the development of bispecific, tumor directed drug candidates alone and in collaboration with partners.

Competitive Project Portfolio with Clinical Focus

Alligator's pipeline consist of two proprietary clinical programs, as well several co-developed and partnered programs.



Internal Programs

Alligator has two internal clinical programs, including our lead asset mitazalimab. Mitazalimab has entered Phase II and dosed its first patient at the end of Q3 2021. The study is designed to further assess mitazalimab's efficacy and safety in combination with standard-of-care chemotherapy, mFOLFIRINOX, for the treatment of metastatic pancreatic cancer. Alligator's second most advanced program, ATOR-1017, is in the final stages of Phase I and has presented novel proof-of-mechanism data at the 2021 ASCO Annual Meeting. The bispecific antibody ALG.APV-527, which is being developed in partnership with Aptevo Therapeutics Inc., has completed all preclinical studies. The Company is expecting to submit an Investigational New Drug (IND) application to the US FDA for the initiation of a Phase I clinical study in 2021.

In addition to these projects, Alligator develops the Neo-X-Prime™ drug concept for more personalized immunotherapy. The concept was launched by Alligator in 2020. Alligator is developing a proprietary molecule in late-stage discovery and a second Neo-X-Prime™ candidate is being developed in partnership with MacroGenics, Inc.

Partner Programs

AC101, which is being developed by Shanghai Henlius Biotech Inc. in China and in which Alligator will share future revenues, entered phase II clinical trial in Q3 2021. Alligator's second on-going partner program is a preclinical project on undisclosed bispecific candidates with China based Biotheus. The third partner program, which was announced in Q3 2021, is an immune-oncology research and licensing agreement with the Finland based Orion Corporation.

Alligator's Organization

Alligator's research and development 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 clinical trial material 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. Alligator will continue to build and shape the organization to match and support its strategy and objectives.

Business Model that Creates Value Across the Development Chain

The Company's business model is based on proprietary drug development. To maximize the value of the portfolio, the company intends to bring molecules from drug discovery and preclinical studies to demonstration of proof-of-concept in human clinical phase II trials and beyond. To generate income, limit portfolio risk and maximize long term value, the company will seek strategic global and regional partnerships for certain programs.

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 drug 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

Clinical Phase II in Pancreatic Cancer with First Patient Dosed

The human CD40 agonistic antibody, mitazalimab, is Alligator's most advanced drug candidate for immunotherapy and is designed for the treatment of metastatic cancers, initially pancreatic cancer. Mitazalimab stimulates the CD40 receptor on the surface of dendritic cells, enabling the immune system to attack tumors more efficiently.

The Phase II OPTIMIZE-1 clinical study is assessing efficacy and safety of mitazalimab in combination with standard of care chemotherapy, mFOLFIRINOX, for treatment of first line metastatic pancreatic cancer. The chemotherapy cocktail mFOLFIRINOX kills tumor cells leading to increased release of tumor antigens. Activation of CD40 leads to improved presentation of tumor antigens, and the consequent activation of T cell-dependent anti-tumor responses. Mitazalimab has previously reported positive clinical data from two Phase I studies, one performed by Alligator, one performed by Janssen Biotech Inc., demonstrating signs of efficacy, proof-of-mechanisms as well as a manageable safety profile.

Project Status: Initiation of Clinical Phase II

The OPTIMIZE-1 study is a single arm, open-label, multicenter study performed at clinical sites in Belgium and France and will include up to 67 patients. It is the first Phase II study with mitazalimab assessing the efficacy and safety of the drug in combination with chemotherapy in first line metastatic pancreatic cancer patients. The first safety readout is expected in Q1 2022, with the first interim efficacy readout expected by Q4 2022.
To date, the clinical program has comprised two completed 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, while ten patients maintained stable disease for at least six months.

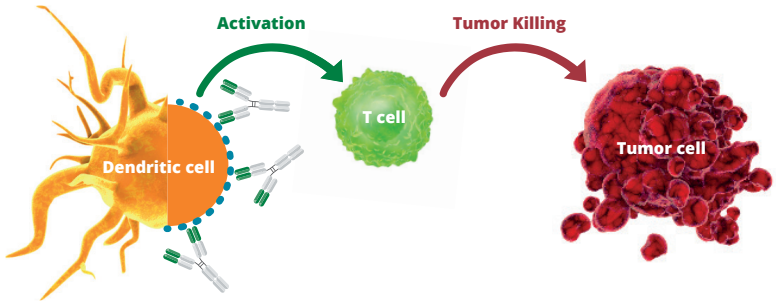
2021 objectives

☐ First cohort dosed in pancreatic cancer efficacy study OPTIMIZE-1.

Mechanism of action

mitazalimab ● 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
Positive Clinical Phase I Results

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. Novel supportive data from the ongoing Phase I clinical trial was presented at the 2021 ASCO Annual Meeting.

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.

Project status: Results from ongoing clinical Phase I study

ATOR-1017 is being evaluated in a dose escalation study in patients with advanced solid cancer. 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. The first patient was dosed in December 2019. As of data cut-off March 31, 2021, a total of 13 patients with varying advanced solid malignancies had been included. 4 patients (31 percent) remained on treatment, 3 (23 percent) of whom had confirmed stable disease for a period of 3.5-12.5 months. The results from the evaluation of doses up to and including 200 mg, presented at the 2021 ASCO Annual Meeting, demonstrate that ATOR-1017 has an encouraging safety profile as the drug related adverse events in the study have generally been mild and transient.

The results further demonstrate that ATOR-1017 exhibits a favorable pharmacokinetic profile with linear elimination and no accumulation. Activation of T cells in the circulation was observed across therapeutic dose levels of ATOR-1017 demonstrating biological activity and proof of mechanism. Previous interim data from the ongoing Phase I study, presented in the autumn of 2020, showed 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). 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.

No dose-limiting toxicity or severe immune-related adverse events have been reported in the trial, and Alligator will continue dose escalation in order to identify the recommended Phase II dose. We aim to initiate phase II clinical trial in the second half of 2022.

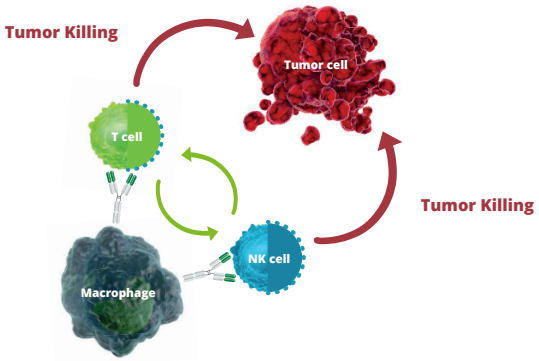
2021 objectives

☑ Results from Clinical Phase I study

Mechanism of action

ATOR-1017 ● 4-1BB

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 immuno-stimulatory 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.

Collaborations and Out-Licensing Agreements

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 are under way to submit an IND with the US FDA to be able to initiate clinical testing.

Project Status: Planning for Clinical Phase I
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 equally 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.

2021 objective
☐ Submit an IND with the US FDA for initiation of Phase I clinical trials

Neo-X-Prime™ research collaboration with MacroGenics

Neo-X-Prime™ is a drug concept for more personalized immunotherapy, launched by Alligator in 2020. The concept builds on bispecific antibodies that physically link circulating tumor material to the immune system, to allow neoantigen-specific T cell priming with potential for superior anti-tumor efficacy.

In April 2021 Alligator entered into a joint research collaboration with US-based MacroGenics, Inc. a Nasdaq listed biopharmaceutical company focused on developing and commercializing innovative monoclonal antibody-based therapeutics for the treatment of cancer. The research collaboration utilizes Alligator's proprietary patient specific immunotherapy Neo-X-Prime™ to develop bispecific antibodies against two undisclosed targets.

Under the joint research collaboration agreement, which covers activities from candidate drug generation up until IND-enabling studies, each company will be responsible for its own costs. The parties may continue further development of the resulting bispecific molecule under a separate co-development collaboration and licensing agreement.

Collaborations and Out-Licensing Agreements

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 cost for this project and 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 regional and global out-licensing of one of these products, the HER2 anti-body AC101. AC101 entered Phase II clinical development in Q3 2021.

Technology Agree-ment with Biotheus

In August 2019, an agreement was concluded with Chinese company Biotheus. Biotheus obtained the Chinese rights (Greater 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.

Collaboration and License Agreement with Orion Corporation

In August 2021, Alligator entered into a research collaboration and license agreement with Orion Corporation, a global pharmaceutical company based in Finland, to discover new bispecific antibody cancer therapeutics against immuno-oncology targets selected by Orion. The agreement covers an option to develop three bispecific antibodies. Under the agreement, Alligator will employ its proprietary phage display libraries and RUBY™ bispecific platform. During the initial research period of the collaboration, Alligator will receive an upfront payment and reimbursement of research cost and other fees. Additionally, as part of the agreement, Alligator is eligible for development, approval, and sales milestone payments of up to 469 million euros, in addition to royalties if Orion exercises its options to continue development and commercialization of the resulting product candidates.

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 85,666,338 (71,388,615).

Employee option program 2018
At the 2018 AGM, it was decided to set up an employee option program whereby 2,275,000 employee options were allotted free of charge to participants. The employee options have vested in installments up to May 1, 2021. Vesting was subject to the participant remaining in the Company's employment and not having resigned on a given qualifying date. Of the allotted employee options, 1,767,500 have been vested and 507,500 have lapsed since the individuals to whom they were allotted left the Company prior to the qualifying date. 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 2,322,849 warrants can be exercised in the program. Each warrant in the program entitles the holder to acquire 1.03 new shares at an exercise price of SEK 73.01. The warrants are 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 2,392,534 shares will be issued, thereby increasing the number of shares to a maximum of 88,058,872, corresponding a to dilution by 2.7 percent.

Share saving program LTI 2021
At the 2021 AGM, it was decided to implement a long-term incentive program in the form of a performance-based share saving program (the "LTI 2021") for employees in the Company. Following a predefined time period, the participants will, free of charge, have the right to receive additional shares in the Company matching Shares. In addition, conditional upon fulfilment of a goal related to the development of the share price, the participants will further, free of charge, have the right to receive additional shares in the Company, performance shares. The investment in saving shares shall be made through acquisition of ordinary shares on the stock market on 30 November 2021 at the latest.

The total number of matching shares will not exceed 175,500 and the total number of performance shares will not exceed 702,000, meaning that the total number of shares that can be issued to the participants in connection with LTI 2021 will not exceed 877,500. The maximum number of shares that can be issued in relation to LTI 2021 is 1,153,211, where of 877,500 for delivery of matching shares and performance shares to the participants and in the aggregate 275,711 related to hedging of cash flow for social security contributions, which corresponds to a dilution of approximately 1.3 percent of the Company's share capital and votes after full dilution, calculated on the number of shares that will be added upon full issuance of shares in connection with LTI 2021.

In case both the existing employee option program and the proposed LTI 2021 are exercised in full, a total of 3,545,745 new shares will be issued, which corresponds to a total dilution of approximately 4.0 percent of the Company's share capital and votes, calculated on the number of shares that will be added upon full exercise of the outstanding employee options as well as the share saving program.

The Alligator share in brief, September 30, 2021

Listed on:	Nasdaq Stockholm Small Cap
Number of shares:	85,666,338
Average turnover per day:	Approximately 218,000 (preceding quarter: approx. 154,000)
Number of shareholders:	8,300 (preceding quarter: approx. 8,100)
Market capitalization:	SEK 302 million (preceding quarter: approx SEK 471 million)
Ticker:	ATORX
ISIN:	SE0000767188

Largest Shareholders, Sep 30, 2021	**Number of shares**	**%**
Union Bancaire Privee, UBP SA	10,695,162	12.5
Sunstone Life Science Ventures Fund II K/S	5,758,485	6.7
Lars Spånberg	3,856,629	4.5
Försäkringsbolaget Avanza pension	3,734,124	4.4
Banque Internationale à Luxembourg SA	3,250,101	3.8
Johnson & Johnson Innovation	2,740,919	3.2
Fjärde AP-fonden	2,727,819	3.2
Magnus Petersson	2,215,328	2.6
Nordnet pensionsförsäkring	2,042,562	2.4
Mikael Lönn	1,730,619	2.0
Other shareholders	46,914,590	54.8
Total number of shares	**85,666,338**	**100.0**

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 September 30, 2021, where certain foreign accounts have been identified by the Company.

Other information

Review
This report has been reviewed by the Company's auditor.

Employees
The number of employees in the Group at the end of the quarter was 44 (43). Of these, 10 (8) were men and 34 (35) were women. Of the total number of employees at the end of the quarter 38 (38) were employed within research and development.

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

- Year-end report 2021: February 11, 2022
- Annual Report: March, 2021
- Q1 Interim Report: April 27, 2021

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 finan- cial risks are described in detail in the Annual report for 2020.

The impact of Covid-19 on the Group's risks
The ongoing Covid-19 pandemic affected Alligator's operations during the year, with temporary holds in patient enrollment for the company's clinical studies. Despite this, we see that we have good opportunities to keep our planned timelines in terms of study read-outs.

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. In beginning of October 2021 the Board of Directors has resolved, subject to the approval of the extraordinary general meeting, to carry out a rights issue of shares with preferential rights for the Company's existing shareholders of approximately SEK 257 million. The Company has received subscription commitments from a selection of the Company's larger existing shareholders, including the AP4, Roxette Photo NV and Omentum S.A., amounting to approximately SEK 43 million, corresponding to approximately 17 percent of the rights issue. Furthermore, the Company has entered into agreements on guarantee commitments of approximately SEK 214 million, which secures the rights issue up to 100 percent. In addition, Öhman Fonder and all members of the Company's board and management with shareholdings in the Company have expressed their intention to subscribe for their respective pro rata share in the rights issue. The rights issue is subject to approval by the Extraordinary General Meeting on 8 November 2021. Following the Company´s savings program during the first half of the year, together with the rights issue, the Company's assessment is that the financial resources are sufficient for 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, 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, 2020. 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 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, 2020. Unless stated otherwise, all amounts are in SEK thousand (KSEK). All amounts stated are rounded, which may mean that some totals do not tally exactly.

Consolidated
Income Statement

Net Sales
Sales for the period pertain primarily to the collaboration and licence agreement with Orion Corporation and and to the Joint Research Agreement with BioArctic AB. Company had no sales in the same period prior year.

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 are higher compared to the same period previous year, and pertain mainly to costs related to the clinical projects mitazalimab and ATOR-1017 but also one-time cost for financial advisors approx. SEK 4,000 thousand. The personnel costs in the third quarter is higher than last year due to changes in the organization.

Total Financial Items
Pertains to unrealized exchange gains and losses as a result of significant liquidity positions in USD, EUR and GBP.

All amounts KSEK unless specified	Note	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Net sales	5	3,300	-	7,694	4,352	4,352
Other operating income	5	50	521	367	1,800	2,315
Total operating income		**3,350**	**521**	**8,061**	**6,151**	**6,666**
Operating costs						
Other external costs		-24,539	-17,383	-62,171	-62,634	-82,320
Personnel costs		-13,414	-10,599	-41,705	-43,700	-55,710
Depreciation of tangible assets and intangible assets		-2,941	-2,888	-8,549	-8,653	-11,522
Other operatings expenses		-134	-282	-328	-1,358	-1,413
Total operating costs		**-41,029**	**-31,154**	**-112,753**	**-116,346**	**-150,964**
Operating profit/loss		**-37,679**	**-30,633**	**-104,692**	**-110,195**	**-144,298**
Financial items						
Result from other securities and receivables		-	-	-	192	192
Other interest income and similar income statement items		-	16	-9	2,008	2,001
Interest expense and similar income statement items		434	-232	-245	-786	-1,191
Net financial items		**434**	**-216**	**-253**	**1,414**	**1,002**
Profit/loss before tax		**-37,245**	**-30,848**	**-104,946**	**-108,780**	**-143,296**
Tax on profit for the period		-	-	-	-	-
Profit for the period attributable to Parent Company shareholders		**-37,245**	**-30,848**	**-104,946**	**-108,780**	**-143,296**
Earnings per share						
Earnings per share before dilution, SEK		-0.43	-0.43	-1.23	-1.52	-2.01
Earnings per share after dilution, SEK		-0.43	-0.43	-1.23	-1.52	-2.01

Consolidated
Statement of Comprehensive Income

All amounts KSEK	Note	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Profit/loss for the period		-37,245	-30,848	-104,946	-108,780	-143,296
Other comprehensive income		-	-	-	-	-
Comprehensive income for the period		**-37,245**	**-30,848**	**-104,946**	**-108,780**	**-143,296**

Consolidated

Statement of Financial Position

ASSETS

Participations in development projects
The Group's intangible fixed asset refers to cooperation with the South Korean company AbClon Inc. for the Biosynergy project. Biosynergy is now outlicensed to the Chinese company Shanghai Henlius, which is now further developing the drug candidate. At the end of the period, participations in development projects amounted to SEK 17,949 thousand (17,949).

Right of use assets
At the end of the period, right of use assets amounted to SEK 13,096 thousand (13,423). Right of use assets pertain to leases for offices and laboratories, machines and vehicles.

Cash and cash equivalents
Consolidated cash and cash equivalents, which consist of bank balances, totaled SEK 79,314 thousand (103,342).

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.

All amounts in KSEK	Note	2021-09-30	2020-09-30	2020-12-31
ASSETS				
Fixed assets				
Intangible assets				
Participations in development projects	3	17,949	17,949	17,949
Patents		27	94	72
Softwares		234	365	332
Tangible assets				
Improvements in leased premises		761	1,369	1,217
Right of use assets		13,096	13,996	13,423
Equipment, machinery and computers		5,378	9,795	8,600
Total fixed assets		**37,445**	**43,568**	**41,593**
Current assets				
Current receivables				
Other receivables	6	8,991	4,980	4,924
Prepayments and accrued income		6,073	2,078	2,079
Cash and cash equivalents	6	79,314	136,964	103,342
Total current assets		**94,377**	**144,022**	**110,345**
TOTAL ASSETS		**131,822**	**187,590**	**151,938**

Consolidated

Statement of Financial Position

EQUITY AND LIABILITIES

Equity

Equity at the end of the period amounted to SEK 85,029 thousand (115,244), corresponding to an equity ratio of 65% (76).

Equity per share before and after dilution

At the end of the period, equity per outstanding share amounted to SEK 0.99 (1.61), 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").

Lease liabilities and loans

At the end of the period lease liabilities amounted to SEK 11,516 thousand (12,073). Lease liabilities pertain to leases for offices and laboratories, machines and vehicles. No loans had been raised as of September 30, 2021 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 27,096 thousand (16,070). Expenses pertains to accrued expenses for clinical activities, personnel and other expenses.

KSEK	Note	2021-09-30	2020-09-30	2020-12-31
EQUITY AND LIABILITIES				
Equity				
Share capital		34,267	28,555	28,555
Other capital contributions		731,765	662,614	662,614
Retained earnings and profit/loss for the period		-681,003	-541,424	-575,926
Equity attributable to Parent Company shareholders		**85,029**	**149,745**	**115,244**
Non-current provisions and liabilities				
Lease Liabilities	6	4,222	6,812	5,841
Other longterm liabilities	6	-	205	135
Total non-current provisions and liabilities		**4,222**	**7,017**	**5,975**
Current liabilities				
Accounts payable	6	7,078	4,639	6,538
Other liabilities		1,103	1,155	1,879
Lease Liabilities	6	7,295	5,907	6,232
Accrued expenses and deferred income	6	27,096	19,127	16,070
Total current liabilities		**42,571**	**30,828**	**30,719**
TOTAL EQUITY AND LIABILITIES		**131,823**	**187,590**	**151,938**

Consolidated

Statement of Changes in Equity, in summary

All amounts in KSEK		2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Opening balance		122,275	180,581	115,244	258,498	258,498
New capital issue		-	-	85,666	-	-
Underwriting expenses		-	-	-10,931	-	-
Other comprehensive income in the period		-	-	-	-	-
Profit/loss for the period		-37,245	-30,848	-104,946	-108,780	-143,296

Transactions with the Group's owner						
Effect of share-based payments		-	13	-8	27	42
Closing balance		**85,029**	**149,745**	**85,029**	**149,745**	**115,244**

Consolidated
Statement of Cash Flows

Investments
Investments for the third quarter amounted to SEK 45 thousand (102) and pertains to laboratory equipment.

Cash flow for the period
Cash flow for the quarter totaled SEK -30,400 thousand (-32,660).

Cash flow for the first nine months amounted to SEK -24,006 thousand (42,594). In January 2021, the Company carried out a rights issue SEK 85,666 thousand. Underwriting expenses amounted to SEK 10,931 thousand. 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.

All amounts in KSEK	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Operating activities					
Operating profit/loss	-37,679	-30,633	-104,692	-110,195	-144,298
Adjustments for items not generating cash flow					
Depreciation and impairments	2,941	2,888	8,549	8,653	11,522
Effect from warrant program	-	13	-8	27	42
Other items, no impact on cash flow	27	-	-18	-	-
Interest received	-	-	-	218	218
Interest paid	-53	-80	-192	-269	-347
Tax paid	-	-	-	-	-
Cash flow from operating activities before changes in working capital	**-34,764**	**-27,812**	**-96,361**	**-101,566**	**-132,863**
Changes in working capital					
Change in operating receivables	-2,987	-1,056	-8,061	2,064	2,119
Change in operating liabilities	9,554	-2,166	10,961	-10,173	-10,608
Cash flow from operating activities	**-28,197**	**-31,034**	**-93,461**	**-109,675**	**-141,352**
Investing activities					
Acquisition of tangible assets	-45	-102	-45	-102	-102
Divestment of securities	-	-	-	53,828	53,828
Divestment of other short term investments	-	-	-	103,160	103,160
Cash flow from investing activities	**-45**	**-102**	**-45**	**156,886**	**156,886**
Financing activities					
Amortization of leasing liabilities	-2,083	-1,452	-5,010	-4,334	-5,794
Amortization of installment purchase	-75	-72	-226	-282	-354
New share issue	-	-	85,666	-	-
Underwriting expenses	-	-	-10,931	-	-
Cash flow from financing activities	**-2,159**	**-1,524**	**69,499**	**-4,616**	**-6,148**
Cash flow for the period	**-30,400**	**-32,661**	**-24,006**	**42,594**	**9,386**
Cash and cash equivalents at beginning of period	109,705	169,757	103,342	93,890	93,890
Exchange rate differences in cash and cash equivalents	9	-133	-22	480	145
Cash and cash equivalents at end of period*	**79,314**	**136,964**	**79,314**	**136,964**	**103,342**

Parent Company
Income Statement

All amounts in KSEK	Note	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Net sales		3,300	-	7,694	4,352	4,352
Other operating income		50	521	367	1,800	2,315
Total operating income		**3,350**	**521**	**8,061**	**6,151**	**6,666**
Operating costs						
Other external costs		-26,359	-18,908	-67,036	-67,205	-88,416
Personnel costs		-13,414	-10,599	-41,705	-43,700	-55,710
Depreciation and impairment of tangible assets and intangible assets		-1,190	-1,422	-3,865	-4,255	-5,658
Other operatings expenses		-134	-282	-328	-1,358	-1,413
Total operating costs		**-41,097**	**-31,212**	**-112,934**	**-116,519**	**-151,196**
Operating profit/loss		**-37,747**	**-30,691**	**-104,874**	**-110,367**	**-144,530**
Results from financial items						
Result from participation in Group companies		-	-	-	12,500	12,500
Result from other securities and receivables		-	-	-	192	192
Other interest income and similar income statement items		-	16	-9	3,019	3,012
Interest expense and similar income statement items		-34	-159	-71	-546	-881
Net financial items		**-34**	**-143**	**-80**	**15,166**	**14,822**
Profit/loss after financial items		**-37,782**	**-30,834**	**-104,954**	**-95,202**	**-129,708**
Appropriations						
Group contribution received		-	-	-	-	438
Total appropriations		-	-	-	-	438
Result before tax		**-37,782**	**-30,834**	**-104,954**	**-95,202**	**-129,270**
Tax on profit for the year		-	-	-	-	-
Profit/loss for the period		**-37,782**	**-30,834**	**-104,954**	**-95,202**	**-129,270**

Parent Company
Statement of Comprehensive Income

All amounts in KSEK	Note	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Profit/loss for the period		-37,782	-30,834	-104,954	-95,202	-129,270
Other comprehensive income		-	-	-	-	-
Profit/loss for the year		**-37,782**	**-30,834**	**-104,954**	**-95,202**	**-129,270**

Parent Company
Balance Sheet

ASSETS

All amounts in KSEK	Note	2021-09-30	2020-09-30	2020-12-31
ASSETS				
Fixed assets				
Intangible assets				
Patents		27	94	72
Software		234	365	332
Total intangible assets		**261**	**460**	**405**
Tangible assets				
Improvements in leased premises		761	1,369	1,217
Equipment, machinery and computers		5,378	9,795	8,600
Total tangible assets		**6,138**	**11,164**	**9,817**
Financial assets				
Participations in Group companies	3	20,294	20,294	20,294
Total financial assets		**20,294**	**20,294**	**20,294**
Total fixed assets		**26,694**	**31,918**	**30,515**
Current assets				
Current receivables				
Receivables from Group companies		438	-	438
Other receivables		8,991	4,980	4,923
Prepayments and accrued income		7,894	3,603	3,688
Total current receivables		**17,323**	**8,582**	**9,050**
Cash and bank deposits		78,450	136,095	102,473
Total current assets		95,773	144,677	111,523
TOTAL ASSETS		**122,467**	**176,595**	**142,038**

Parent Company
Balance Sheet

EQUITY AND LIABILITIES

KSEK	Note	2021-09-30	2020-09-30	2020-12-31
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		34,267	28,555	28,555
Total restricted equity		**34,267**	**28,555**	**28,555**
Non-restricted equity				
Share premium reserve		731,765	662,741	662,741
Retained earnings		-573,888	-444,626	-444,611
Profit/loss for the period		-104,954	-95,202	-129,270
Total non-restricted equity		**52,923**	**122,913**	**88,861**
Total equity		**87,190**	**151,468**	**117,416**
Non-current provisions and liabilities				
Other longterm liabilities		178	502	432
Total non-current provisions and liabilities		**178**	**502**	**432**
Current liabilities				
Accounts payable		7,078	4,639	6,538
Other liabilities		925	859	1,582
Accrued expenses and deferred income		27,096	19,127	16,070
Total current liabilities		**35,098**	**24,624**	**24,190**
TOTAL EQUITY AND LIABILITIES		**122,467**	**176,595**	**142,038**

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. Group's business operations are mainly 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 2020.

Note 3 Effects of changed estimates and judgments

Significant estimates and judgments are described in Note 3 and Note 19 of the Annual report for 2020. There have been no changes to the company's estimates and judgments since the Annual report for 2020 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 as follows:

All amounts in KSEK	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Licensing income	2,549	-	4,643	4,352	4,352
Reimbursement for development work	751	-	3,051	-	-
Total	**3,300**	**-**	**7,694**	**4,352**	**4,352**

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

All amounts in KSEK	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Swedish government grants received	6	280	6	998	1,163
Operational exchange rate gains	44	241	361	800	1,151
Other	-	-	-	1	1
Total	**50**	**521**	**367**	**1,800**	**2,315**

Note 6 Financial instruments

Cash and cash equivalents at September 30, 2021 consisted of bank balances amounting to SEK 79,314 thousand (103,342). For financial assets and liabilities, the reported value as below is considered a reasonable approximation of fair value.

All amounts in TSEK	2021-09-30	2020-09-30	2020-12-31
Financial assets valued at amortized cost			
Other receivables	924	873	832
Liquid assets - Bank accounts	79,314	136,964	103,342
Total financial assets	**80,238**	**137,837**	**104,175**
Financial liabilities valued at amortized cost			
Long term lease liabilities	4,222	6,812	5,841
Other longterm liabilities	-	205	135
Accounts payable	7,078	4,639	6,538
Short term lease liabilities	7,295	5,907	6,232
Other shortterm liabilities	178	329	297
Accrued expenses	21,457	13,662	10,081
Total financial liabilities	**40,230**	**31,553**	**29,124**

Note 7 Related party transactions

Until August 31, Alligator had a consulting agreement with former board member Carl Borrebaeck through the company Ocean Capital AB pertaining to expert assistance with the evaluation of early-phase research projects and new antibodies. These related party transactions corresponded to an expense of SEK 120 thousand (180) for the third quarter 2021 and to an expense of 480 thousand (540) for the first nine months of the year. Alligator also has a consulting agreement with Gayle Mills regarding business development services. Gayle holds the role of CBO and is a member of Alligator's management team. These related party transactions corresponded to an expense of SEK 238 thousand (-) for the third quarter 2021 and to an expense of 985 (-) for the first nine months of the year.

Financial definitions

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 dilution
Equity divided by the number of shares at the end of the period.

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.

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.

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.

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

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.

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.

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.

Equity ratio
Equity as a percentage of total assets.

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 to Alligator.

Below is shown 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 percent" is an essential indicator as a measure of efficiency, and how much of the Company's costs relate to R&D.

As mentioned earlier, the Company does not have a steady flow of income, with income 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.

All amounts TSEK unless specified	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Profit/loss for the period	-37,245	-30,848	-104,946	-108,780	-143,296
Average number of shares before dilution	85,666,338	71,388,615	85,666,338	71,388,615	71,388,615
Earnings per share before dilution, SEK	**-0.43**	**-0.43**	**-1.23**	**-1.52**	**-2.01**
Average number of shares after dilution	85,666,338	71,388,615	85,666,338	71,388,615	71,388,615
Earnings per share after dilution, SEK	**-0.43**	**-0.43**	**-1.23**	**-1.52**	**-2.01**
Operating costs	-41,029	-31,154	-112,753	-116,346	-150,964
Operating costs excluding impairments	**-41,029**	**-31,154**	**-112,753**	**-116,346**	**-150,964**
Administrative expenses	-16,316	-4,978	-32,148	-22,530	-29,191
Depreciation	-2,941	-2,888	-8,549	-8,653	-11,522
Research and development costs	**-21,771**	**-23,288**	**-72,056**	**-85,163**	**-110,252**
R&D costs / Operating costs excluding impairments %	**53%**	**75%**	**64%**	**73%**	**73%**
Equity	85,029	149,745	85,029	149,745	115,244
Average number of shares before dilution	85,666,338	71,388,615	85,666,338	71,388,615	71,388,615
Equity per share before dilution, SEK	**0.99**	**2.10**	**0.99**	**2.10**	**1.61**
Average number of shares after dilution	85,666,338	71,388,615	85,666,338	71,388,615	71,388,615
Equity per share after dilution, SEK	**0.99**	**2.10**	**0.99**	**2.10**	**1.61**
Equity	85,029	149,745	85,029	149,745	115,244
Total assets	131,822	187,590	131,822	187,590	151,938
Equity ratio, %	**65%**	**80%**	**65%**	**80%**	**76%**
Cash and cash equivalents	**79,314**	**136,964**	**79,314**	**136,964**	**103,342**

For definitions, see the section "Financial definitions" on page 24 .

The declaration of the Board of Directors and the CEO

Anders Ekblom

Hans-Peter Ostler

Eva Sjökvist Saers

Veronica Wallin

Laura von Schantz

Graham Dixon

Søren Bregenholt

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, October 21, 2021

Anders Ekblom
Chairman

Hans-Peter Ostler
Member of the Board

Eva Sjökvist Saers
Member of the Board

Graham Dixon
Member of the Board

Veronica Wallin
Member of the Board

Laura von Schantz
Member of the Board

Søren Bregenholt
CEO

THIS IS THE TRANSLATION FROM THE SWEDISH ORIGINAL

Review report

Alligator Bioscience AB (publ), corporate identity number 556597-8201

To the Board of Directors of Alligator Bioscience AB (publ)

Introduction
We have reviewed the condensed interim report for Alligator Bioscience AB (publ) as at September 30, 2021 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review
We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material aspects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Malmö, 21 October 2021
Ernst & Young AB

Ola Larsmon
Authorized Public Accountant

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.

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