2022

Annual Report 2022

Alligator Bioscience AB (publ)

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Unless stated otherwise in these annual accounts, the information refers to the Group. Figures in brackets refer to the outcome for the corresponding period in the preceding year. Unless stated otherwise, all amounts are in KSEK (SEK thousand). All amounts stated are rounded correctly, which may mean that some totals do not tally exactly. Unless stated otherwise, USD refers to US dollars.

The Company's formal annual report and consolidated financial statements are included on pages 36–93 in this document.

Alligator's Tumor-Directed Treatments have the Potential to Improve Patients' Lives

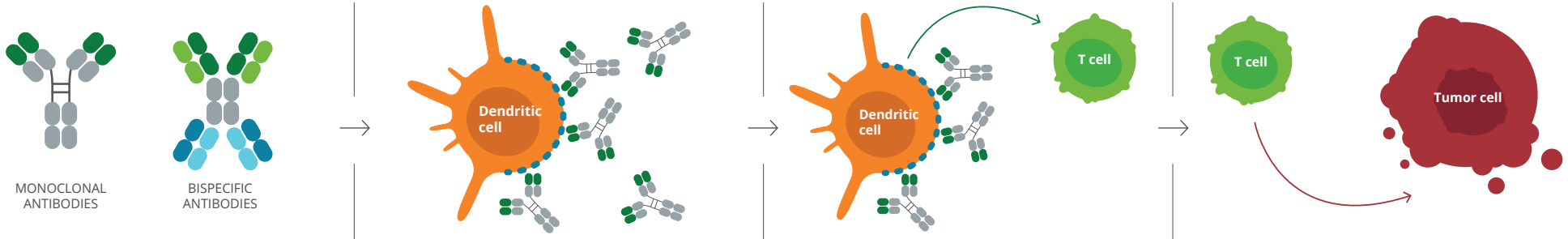
Alligator is a mid-clinical-stage biotechnology company developing best-in-class tumor-directed antibody drugs for hard-to-treat cancers. Our goal is to develop truly innovative immunotherapies that can meaningfully improve patients' lives. While the underlying principle of immunotherapy is simple, in that it aims to stimulate the immune system to identify, attack and destroy the tumor, metastatic tumors are complex and come with multiple ways of evading the immune system. Alligator Bioscience's approach is to combine immune stimulating pathways with other more classic therapeutic approaches.

While the latest immunotherapies provide impressive results in some cancer patients, too many are still not responding to these treatments. Indeed, cancer cells often activate immunosuppressive strategies to inhibit these types of attacks and alternative and more diverse therapeutic strategies are needed to target tumors on all fronts. Immunotherapies provide several different opportunities to help the immune system defend the body against cancer. Some strategies seek to educate the immune system to better identify tumor cells, while others aim to enhance the capabilities of the immune system to attack the tumor with full force.

Alligator is focused on developing antibody-based therapies to help the immune system better detect and more profoundly attack solid tumors. Our most advanced program, mitazalimab, targets a molecule called CD40. Mitazalimab is in clinical Phase 2 for the treatment of 1st line metastatic pancreatic cancer, a disease well known for its poor prognosis. Mitazalimab has demonstrated promising interim data, showing confirmed clinical responses in more than 50% of patients when used in combination with the current standard of care mFOLFIRINOX.

Expanding from mitazalimab's mechanism of action, Alligator has developed the proprietary immunotherapy technology platform Neo-X-Prime™. Using the platfrom, we are developing two additional molecules that are at the preclinical stage; one internal program, ATOR-4066, and one co-developed with U.S. company MacroGenics.

Additionally, our diversified pipeline includes two molecules in Phase 1 clinical trial, ATOR-1017, and ALG.APV-527, which was just initiated, the latter co-developed with Aptevo Therapeutics. Both these antibodies target a molecule called 4-1BB that inhibits activation-induced immune exhaustion.

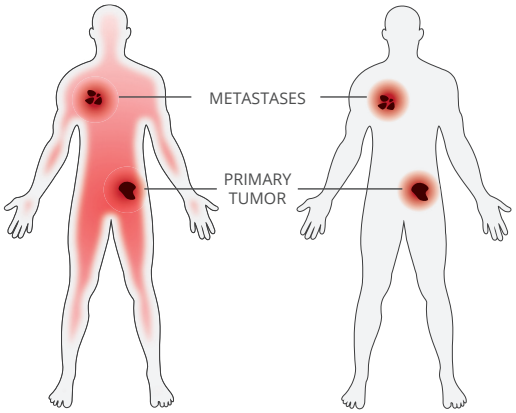


Design of highly efficient antibodies
Alligator has several patent-protected technologies that can generate novel drug candidates with high potential. In addition, the Company has an unique bispecific antibody format, RUBY™, for the development of novel dual-action antibodies.

Antibodies seek out target molecules
When the antibody enters the patient, it seeks out and binds to the target molecules that it is designed to attach to. There may be various target molecules that are present on different types of cells and every antibody is designed for a specific target molecule on a certain type of cell.

Stimulating the immune system
When the antibodies attach to their target molecules, the immune stimulation process begins either by making it easier for the immune system to discover the tumor or by releasing the brakes that normally block the immune system and the tumor can be attacked at full force.

Tumor attacked and destroyed
The tumor is now attached by the body's T cells (a special type of white blood cells) and/or NK cells (natural killer cells). As a result, the tumor cell is effectively killed. Side effects are also limited thanks to Alligator's tumor-directed technology.



General immune activation (figure to the left) may lead to severe adverse effects. Selective activation (figure to the right) of tumor-specific immune cells to result in fewer adverse effects.

Moreover, Alligator is engaged in a research collaboration and license agreement with Orion Corporation, which was recently extended and expanded.

Alligator's Differentiating Technology

Alligator's innovative assets and technologies make it possible to educate and activate the immune system to selectively attack tumors while minimally affecting the rest of the body, a core concept which we envisage will ultimately separate us from competitors in the industry. The main benefit of tumor-directed treatment is the ability to effectively attack the tumor while minimizing the adverse effects caused by stimulating the whole immune system.

The proof of concept of our technology was demonstrated by the latest interim data from our lead asset mitazalimab, demonstrating a promising rate of response combined with a good safety profile. We are confident that our molecules will provide meaningful treatment options for people with hard-to-treat-cancer, as stand-alone or combination therapies.

Combination Therapies – the Way Forward for Alligator

Alligator's priorities are shaped by the rising need for safer and more efficacious cancer drug therapies. Since our programs are designed to meet that need, as stand-alone treatments or as part of combination therapies, we are well-positioned to make a difference for patients with hard-to-treat cancers.

In 2020, 19.3 million new cancer cases were diagnosed globally, with the number expected to rise to 30.2 million by 2040.[1] With the continued rise of cancer diagnoses driven by an aging population and improved diagnoses rates, there is a clear unmet need for more effective treatments. Immuno-oncology, also known as immunotherapy, is a form of cancer treatment that utilizes the human body's immune responses to attack and potentially eliminate cancer. Fundamentally, immunotherapy educates and activates the immune system to recognize and more efficiently target and attack cancer cells—and is now recognized as the fourth pillar of cancer care alongside surgery, radiotherapy and chemotherapy[2].

Combination Drug Therapy

The concept of combination therapy for the treatment of cancer has been around since the 1960s. This treatment principle combines two or more therapeutic agents and has become a cornerstone of today's cancer therapy. The rationale behind combination drug therapy is to use drugs that act by complementary mechanisms, thereby increasing the effect of the treatment and decreasing the likelihood of the tumor developing treatment resistance. Combining drugs always comes with the potential risk of increasing side effects though, and Alligator is focused on designing drug candidates with an optimal efficacy-tolerability balance, to allow for safe and efficient combination drug therapies.

The Way Forward

Immunotherapy is a path towards more effective treatment of cancer: the introduction of a treatment that stimulates or boosts the natural defences of the immune system for it to work harder and attack cancer cells in a smarter way.

Immunotherapies activates one or more components of the immune system. One such component are the so-called dendritic cells, immune cells central to the initiation of primary immune responses when the body detects diseases, such as cancer. Dendritic cells are antigen-presenting cells capable of infiltrating the tumor, and of educating and activating T cells - the cells that will eventually attack the cancer. The dendritic cells capture antigens from cancer cells, which they process and present on their surface, leading to education and activation of tumor-specific T cells. The ability of dendritic cells to instruct T cells to attack cancer cells makes them highly relevant therapeutic targets for cancer immunotherapy. A central regulator of the activation of the dendritic cells, and in their ability to educate and activate tumor-specific T cells, is the receptor CD40, which is a molecule expressed on the surface of the dendritic cell.

The CD40-targeting agonistic antibody mitazalimab is Alligator's most advanced drug candidate, being developed for the treatment of solid tumors, initially 1st line pancreatic cancer. Mitazalimab stimulates the CD40 molecule on the surface of dendritic cells, enabling these cells to educate and activate T cells to attack and kill cancer cells more efficiently. Mitazalimab works synergistically with current chemotherapy regimens and other immunotherapeutic drugs. The OPTIMIZE-1 study evaluating mitazalimab in combination with chemotherapy (mFOLFIRINOX) recently announced strong interim efficacy results, which demonstrated an objective response rate (ORR) of 52% in 23 evaluable patients, as per the Response Evaluation Criteria in Solid Tumors (RECIST 1.1). These data demonstrate that mitazalimab combined with chemotherapy has the potential to offer significant clinical benefit for pancreatic cancer patients over standard of care alone, which only demonstrated 31.6% ORR.[3]

CD40-targeting drugs, like mitazalimab and Neo-X-Prime™, are important as they address one of the key needs in immuno-oncology. Although immunotherapies such as checkpoint inhibitors have shown remarkable effects, only 1 in 5 patients responds to the treatment with durable effects. One of the main reasons for patients not responding satisfactorily to checkpoint inhibitors is a lack of sufficient amounts of T cells within the tumor to mount an efficient immune attack. By addressing this shortfall of T cells, mitazalimab and Neo-X-Prime™ have the potential to allow for efficient treatment of more patients and in indications where other immunotherapies currently do not provide adequate benefit for the patients.

Another approach is to directly activate T cells residing in the tumor environment. Our assets ATOR-1017 and ALG.APV-527 both target the 4-1BB molecule on the surface of T cells, thereby stimulating them to attack and kill cancer cells more efficiently. ATOR-1017 has recently demonstrated its therapeutic potential in solid tumors in a Phase 1 dose escalation study in which activation of peripheral T cells and increased levels of soluble 4-1BB were observed across all dose levels. ALG.APV-527 is currently under Phase 1 evaluation in solid tumors having shown in preclinical studies the potential to activate key immune cell populations within the tumor microenvironment and a favorable safety profile.

In summary, there is an expressed need for immuno-oncology treatments with a strong safety profile to allow them to complement, and synergize with, chemotherapy and other cancer drugs. Alligator's drug candidates have the potential to fill that need.

References

1. International Agency for Research on Cancer, 1 March 2023 - Cancer Tomorrow (gco.iarc.fr)
2. Dance, A. (2017). Cancer immunotherapy comes of age. Science - Technology Feature. https://www.science.org/content/article/cancer-immunotherapy-comes-age
3. Gemcitabine vs FOLFIRINOX: N Engl J Med 2011; 364:1817-1825; DOI: 10.1056/NEJ-Moa1011923

2022 in brief

A productive year for Mitazalimab

Alligator's lead asset had a very productive year in the clinic. In March, Alligator announced the successful completion of the OPTIMIZE-1 Phase 1b dose escalation study part, confirming mitazalimab in combination with mFOLFIRINOX was safe and well tolerated at 900 µg/kg. This dose was then selected for the Phase 2 part of the study. OPTIMIZE-1 reported positive interim efficacy data in the first week of 2023 showing a response rate of more than 50%. Top-line results are expected in Q1 2024, nine months earlier than originally planned.

ATOR-1017 establishes a strong clinical foundation

Alligator's second lead drug candidate, ATOR-1017, also had a good year in the clinic, reporting positive safety data from the 900 mg dose cohort in the Phase 1 dose escalation study in patients with advanced solid malignancies. Stable disease was reported as best tumor response, confirming signs of clinical benefit. The Phase 1 study completed its enrollment and provided a strong foundation for further clinical development. Alligator will now seek a partner to support the continued clinical development of ATOR-1017.

ALG.APV-527 heads towards the clinic

In September, Alligator and Aptevo Therapeutics announced that the US Food and Drug Administration had issued a "may proceed" notification for the ALG.APV-527 investigational new drug (IND) application, and the companies had started moving towards the initiation of a multi-center Phase 1 trial in the US. In the first weeks of February 2023, the companies announced that the first patient had been dosed in the trial. An article highlighting ALG.APV-527 preclinical data was also published in the peer-reviewed journal *Molecular Cancer Therapeutics* in November.

Alligator strengthens its senior leadership

Alligator made new appointments to its executive management team and its Board of Directors in 2022 to strengthen the company's senior leadership. In February, Sumeet Ambarkhane, MD, was appointed Chief Medical Officer to provide medical leadership and direction in the development of Alligator's clinical and preclinical pipeline. In May, Alligator expanded its Board of Directors with the appointment of Staffan Encrantz, founder and Chairman of Allegro Investment Fund, and Denise Goode, CEO of QED Life Sciences Limited.

Alligator continues to expand its partnerships and collaborations

In January 2023, Alligator announced the expansion of its research collaboration and license agreement with Orion Corporation, a global pharmaceutical company based in Finland, to develop novel bispecific antibodies with potential applications in solid tumors. Alligator also received improved financial terms compared to the original 2021 agreement. During 2022, Alligator began a sponsored research collaboration to study biomarker data from the OPTIMIZE-1 study with the University of Pennsylvania's Pancreatic Cancer Research Center, a further sign of the interest being shown in mitazalimab by experts in the field.

Receiving recognition from the scientific community

Throughout 2022, Alligator participated in scientific and industry events. Our scientists gave key data presentations on our clinical assets mitazalimab, ATOR-1017, as well as our proprietary Neo-X-Prime™ platforms at prestigious conferences such as the SITC Annual Meeting, the AACR Special Conference on Pancreatic Cancer and the ASCO Annual Meeting. In recognition of our growing CD40 expertise, our senior staff were also invited to present at the World Bispecific Summit, the Annual Immuno-Oncology Summit and Immuno UK and we published a peer-reviewed paper on bispecific antibodies targeting CD40 and tumor antigens in the renowned *Journal for ImmunoTherapy of Cancer*.

Rights issue

On March 22, 2023, Alligator announced that the Board of Directors had 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 199 million, securing funds to bring mitazalimab towards clinical phase 2 proof-of-concept.

Comments from the CEO

2022 has been a very busy year as we continued to deliver on our promises to bring innovative science closer to the market. We reported positive mitazalimab Interim Phase 2 data in 1st line metastatic pancreatic cancer and extended important partnerships for the future of Alligator Bioscience. We also delivered promising preclinical data for internal and partnered programs, with highly innovative and differentiated modes of action. The operational delivery was further strengthened with our team securing faster than expected recruitment of the mitazalimab OPTIMIZE-1 Phase 2 study, leading to an expected read-out in Q1 2024, nine months earlier than initially anticipated and guided. During 2023, we expect to continue to demonstrate how differentiated and powerful the Alligator Bioscience platforms are and how we can bring truly innovative and clinically relevant therapeutic solutions to patients and physicians.

I joined Alligator in June 2021 with the strong conviction that the company had a great team and great assets with untapped potential. Refocusing and upping our game was necessary to unlock the full capacity of our platforms and this last year has provided us with a hint of what they can deliver. The last few months have also confirmed how dedicated, capable and flexible the Alligator team is and I would like to acknowledge and thank them all for their efforts. I look forward to more successes and, ultimately, the approval and launch of our first treatment to fight cancer.

Key data propels development of lead asset

We took an important step towards that goal this year with the announcement of promising interim Phase 2 safety and efficacy data from the OPTIMIZE-1 trial of our lead asset mitazalimab, a best-in-class second generation CD40 agonist antibody being evaluated in combination with standard of care chemotherapy, mFOLFIRINOX, in patients with first-line metastatic pancreatic cancer.

Our work during 2022 culminated in an efficacy analysis that showed an objective response rate (ORR) of 52.5%, initially in 23 patients. This data demonstrates that mitazalimab combined with chemotherapy has the potential to offer clinical benefit for pancreatic cancer patients over standard of care. The safety data confirmed results from the Phase 1b dose escalation phase of the trial, which showed that mitazalimab is safe and well tolerated at the recommended dose of 900 µg/kg.

We are thrilled with these results and are now planning to hold talks with US and European regulators during the second half of 2023 of a potential accelerated process and approval pathway for mitazalimab in pancreatic cancer, while continuing patient enrolment in this ongoing trial. These results, combined with the significant acceleration in patient recruitment which allowed us to bring forward the top-line read-out to Q1 2024, reinforce our commitment to developing tumor-directed immuno-oncology antibody drugs and represent a major step forward for mitazalimab as a combination therapy for the treatment of metastasized cancers.

With the transaction announced on March 22, we have now secured finances to the continued development of mitazalimab across several important inflection points, and towards phase 2 clinical proof-of-concept. Hence, we are excited to see the next steps in our mitazalimab program, look forward to updating our shareholders and stakeholders with the progress of our key candidate.

Further data supporting novel Neo-X-Prime™ approach

We also accelerated the delivery of our Neo-X-Prime™ platform, including with our preclinical development of the Neo-X-Prime™-compound, ATOR-4066, a first-in-class bispecific CD40 agonist for which there are medical opportunities in multiple cancer indications, is progressing well. We were pleased to see the publication of further data supporting our novel Neo-X-Prime™ approach in the renowned Journal for ImmunoTherapy of Cancer in November. Our joint preclinical exploration into an additional Neo-X-Prime™ molecule with the U.S company MacroGenics is also advancing well.

Clinical foundation of ATOR-1017 established

This year saw us report further clinical progress with our second asset ATOR-1017, a 4-1BB agonistic antibody being developed as stand-alone or improved combination therapy for metastatic cancers. We announced promising Phase 1 data which showed

ATOR-1017 is safe and well tolerated at doses up to 900 mg with stable disease as the best tumor response, confirming previously announced clinical benefit.

These data further differentiate ATOR-1017 from other 4-1BB antibodies, which have not achieved sufficient efficacy or have shown unacceptable side effects. ATOR-1017's mechanism-of-action was also confirmed along with its potential to be best-in-class and to address a significant unmet medical need in patients with advanced malignancies.

This Phase 1 study successfully created a strong foundation for the further clinical development of ATOR-1017, which is showing itself to be a promising candidate for immunotherapy with great potential for combination with other immunomodulatory antibodies. We believe it will be well-positioned to make a clinical difference, and we are now looking for a partner to support its continued development.

Progression and expansion in our partnerships

Throughout 2022, we have worked hard to strengthen and advance our partnerships with our scientific collaborators. In September, we received Investigational New Drug (IND) Authorization from the US Food and Drug Administration for our third drug candidate, ALG.APV-527, which we are developing together with Aptevo Therapeutics. This is an important milestone which allowed us to move rapidly towards the initiation of a multi-center Phase 1 trial in the US to evaluate ALG.APV-527 in the treatment of 5T4-expressing tumor antigens in multiple solid tumor types. Preclinical data suggest the 4-1BB and tumor-binding antibody has a wide therapeutic window with potential across a range of 5T4-expressing cancers with high unmet need, so we are excited to get clinical evaluation underway as soon as possible. During the first weeks of February 2023 we, together with Aptevo, were pleased to announce that the first patient had been dosed in the study.

Our research collaboration and license agreement to discover and develop new bispecific antibody cancer therapeutics with Orion Corporation, a global pharmaceutical company based in Finland, was expanded when Orion executed its option to include the development of a second bispecific antibody. This demonstrates the strength of our partnership and the advantages that both our scientific teams continue to see in the use of bispecific antibodies in the treatment of cancer over current immuno-oncology treatments.

At the start of the year, we announced a sponsored research collaboration to study biomarker data from our OPTIMIZE-1 trial with the University of Pennsylvania's Pancreatic Cancer Research Center. The study, which is being overseen by Dr. Gregory Beatty and who we were very pleased to welcome to Alligator as a scientific advisor, is a further sign of the interest being shown in mitazalimab's potential by experts in the field.

In November, Shanghai Henlius Biotech received IND approval from China's medical regulator for its second Phase 2 clinical trial of AC101 (HLX22), an asset we out-licensed to the South Korean company AbClon in 2016. AbClon then sub-licensed it to Henlius for clinical and commercial development in China and our retention of an ownership interest entitles us to 35% of AbClon's income from its agreement with Henlius. This second Phase 2 trial in gastric cancer by Henlius is a further boost to the potential of our AC101 (HLX22) asset, and it is great to see the company making such progress in its clinical development.

Showcasing our science to a wider audience

Throughout the year, Alligator executives and scientists participated across a range of industry conferences, including ASCO, SITC, AACR Special Conference on Pancreatic Cancer, and the annual Immuno-oncology summit. In a testament to Alligator's CD40 expertise, senior staff from the company were invited to present at a number of prestigious scientific and medical events, including the World Bispecific Summit in Boston and Immuno UK in London. We also had our research published in several peer-reviewed journals. These presentations and publications are all instrumental in raising the profile of the company among the wider scientific community and in bringing further validation to the work we are doing.

Senior leadership strengthened

As well as the scientific and clinical progress we have made this year, we have also strengthened the leadership and management of the company. In January, we appointed Sumeet Ambarkhane, MD, as our new Chief Medical Officer. Sumeet is a seasoned professional with over 20 years of drug development experience in academia and in the biotechnology and pharmaceutical industries. He has provided expert medical leadership and direction since he joined us and has significantly boosted our efforts to advance our novel immuno-oncology pipeline.

In May, we expanded our Board of Directors with the appointment of Staffan Encrantz and Denise Goode. Staffan is a hugely experienced investor having led the growth and development of numerous companies, including start-ups and established businesses, over the last 30 years, while Denise brings with her a wealth of experience of the pharmaceutical industry as well as insight into financing, fundraising and business development.

Looking ahead to 2023

We are entering 2023 off the back of a highly productive year and we are now looking forward to meeting our upcoming milestones in the months ahead. We are making real headway towards our ambition of developing meaningful therapies for patients with hard-to-treat cancer while creating value for our stakeholders and shareholders.

Much of our success is, as always, underpinned by the hard work and dedication of the Alligator team and I'd like to take this opportunity to thank all of them on behalf of myself and the Board of Directors. I'd also like to extend our deepest gratitude to our shareholders for their support and continued confidence in our company, as we bring our technology and assets closer to benefitting patients with advanced malignancies.

I look forward to keeping you updated on Alligator's developments on this exciting journey.

Søren Bregenholt
CEO Alligator Bioscience AB (publ)

Alligator's Project Portfolio

Mitazalimab, Alligator's most advanced program, entered Phase 2 at the end of Q3 2021 and reported strong interim phase 2 data in January 2023. The study is designed to further assess mitazalimab's efficacy and safety in combination with standard-of-care chemotherapy, mFOLFIRINOX, for the treatment of first-line metastatic pancreatic cancer. An interim analysis has shown that the combination treatment of mitazalimab and chemotherapy has superior efficacy and safety compared to the standard of care. Additionally, planning and preparations for another Phase 2 study with mitazalimab in an undisclosed indication are underway. Alligator's second most advanced program, ATOR-1017, has finalized patient enrollment in a first-in-human Phase 1 study and the final clinical data readout was presented during Q4 2022.

Mitazalimab

Mitazalimab is an immunostimulatory CD40 antibody for the treatment of metastatic cancer, such as pancreatic cancer. Activation of the CD40 receptor on the immune system's dendritic cells enhances their ability to educate and activate T cells to attack and destroy cancer cells more effectively. Two Phase 1 studies with mitazalimab have generated competitive safety data and shown early signs of clinical efficacy. In 2021, mitazalimab entered the Phase 2 clinical study OPTIMIZE-1 and the first patient was dosed in the third quarter of 2021. The study aims to assess the efficacy and safety profile of mitazalimab in combination with standard-of-care chemotherapy, mFOLFIRINOX, for the treatment of first-line metastatic pancreatic cancer. OPTIMIZE-1 is an open-label, multicenter study that will enroll up to 67 patients at clinical sites in Belgium, France and Spain.

An interim safety readout was completed in Q1 2022 showing the combination treatment to be safe, and an interim efficacy readout reported in the first week of 2023 demonstrated that combining mitazalimab with chemotherapy leads to an improved objective response rate (ORR) of 52% compared to 32% ORR in standard of care. Based on these positive results, Alligator plans to initiate discussions with regulators in the US and Europe on potential accelerated development and approval pathways for mitazalimab in pancreatic cancer, while continuing patient enrollment in OPTIMIZE-1. Top-line data from this trial are expected in Q1 2024. Additionally, Alligator has begun investing in preparations for a potential Phase 3 study of mitazalimab in pancreatic cancer, including the arrangements for Chemical, Manufacturing, and Controls (CMC).

Preparations for an additional Phase 2 study for mitazalimab in a second indication are also underway, which will broaden the potential market of mitazalimab, hedge the medical risk, and maximize the long-term value of the proprietary molecule.

ATOR-4066

ATOR-4066 is a tumor-directed bispecific antibody that binds to CD40 and the carcinoembryonic antigen (CEA), a tumor-associated antigen that is preferentially expressed in certain cancer types, such as colon, stomach and pancreatic cancer. ATOR-4066 is also the lead asset in the Neo-X-Prime™ platform, which is built on Alligator's expertise in immuno-oncology and CD40 targeted therapies, together with our state-of-the-art technology platform and proprietary bispecific antibody format RUBY™. Binding bispecific antibodies simultaneously to CD40 and molecules expressed on tumor cells induces superior anti-tumor immunity.

During 2022, significant progress was made in ATOR-4066's preclinical characterization and development. A preclinical data package supporting ATOR-4066's mode of action and its potent anti-tumor effect in in vivo models was presented at several scientific meetings and a scientific article highlighting the potential of ATOR-4066 and the Neo-X-Prime™ platform in treating solid tumor cancers was published in the peer-reviewed *Journal for Immunotherapy of Cancer*.

ATOR-1017

ATOR-1017 is an immunostimulatory antibody that binds to the 4-1BB molecule on T cells, stimulating them to attack and destroy cancer cells more efficiently. The antibody is being developed as a stand-alone or combination therapy for metastatic cancer. Data from the Phase 1 clinical trial were presented at the 2022 ASCO Annual Meeting and at the 2022 SITC Annual Meeting. The primary objective of the study, to investigate the safety and tolerability of ATOR-1017 at therapeutic doses, has been successfully met, providing a strong foundation for further clinical development. One patient remains on the study benefitting from ATOR-1017 treatment. Alligator maintains a strong belief in the 4-1BB agonist field and ATOR-1017 and is looking for a partner for the project before initiating Phase 2 clinical trials with the molecule.

ALG.APV-527

Developed in partnership with Aptevo Therapeutics, Inc.

In July 2017, Aptevo Therapeutics Inc. and Alligator signed a co-development (50/50) agreement for ALG.APV-527.

ALG.APV-527 is a bispecific 4-1BB and 5T4 antibody designed for the treatment of metastatic solid tumors. The original molecules involved in the tumor-binding function and the immuno-modulatory function of ALG.APV-527 were developed using Alligator's patented ALLIGATOR-GOLD® antibody library. 4-1BB has the ability to stimulate antitumor-specific T cells, involved in tumor control, while the tumor-binding function of the antibody targets the 5T4 tumor-associated antigen, a protein expressed in multiple tumor types such as lung, breast, and ovarian cancers. As the 5T4 molecule is expressed at low levels or not at all in healthy tissue, the immunostimulatory effect of ALG.APV-527 is directed to the tumor site where 5T4 is highly abundant.

Alligator and Aptevo received a "may proceed" notification for their Investigational New Drug (IND) application during Q3 2022. After this the companies rapidly progressed towards the clinical development of ALG.APV-527 and announced in the first weeks of February 2023 that the first patient had been dosed in the phase 1 study. ALG.APV-527 preclinical data was published in November 2022 in the peer-reviewed journal *Molecular Cancer Therapeutics*. The publication highlighted the favorable efficacy and safety profile of ALG.APV-527 compared to a first generation 4-1BB antibody.

Collaborations & out-licensed projects

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 includes an option to develop up to three bispecific antibodies, employing Alligator's proprietary phage display libraries and RUBY™ bispecific platform. In January 2023, Alligator announced that Orion had exercised their option for a second research program under the 2021 agreement to generate an additional bispecific antibody.

During the initial research period of the collaboration programs, Alligator received upfront payments and reimbursements of research costs and some additional fees. As part of the agreement, Alligator is eligible for development, regulatory approval, and sales milestone payments of up to 312 million euros across all three potential programs. Additionally, Alligator will receive royalty payments if Orion exercises its option to continue development and commercialization of the resulting product candidates.

Collaboration with US-based MacroGenics

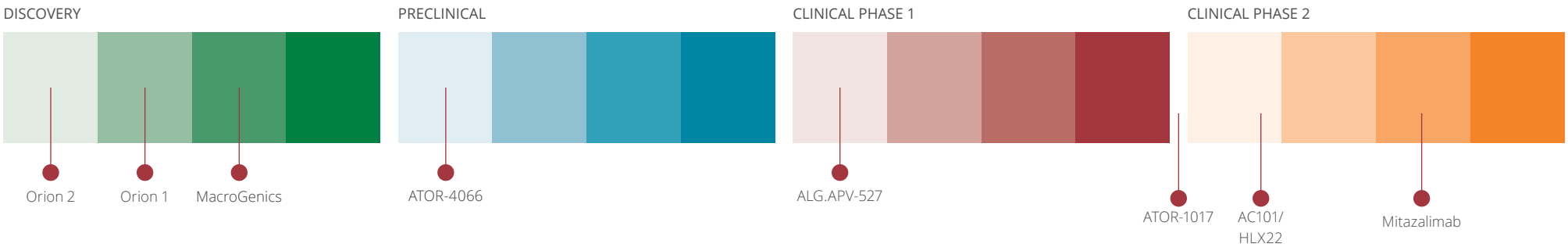
Announced in April 2021, the joint research collaboration with US-based MacroGenics, Inc., utilizes Alligator's proprietary immunotherapy Neo-X-Prime™ to explore bispecific Neo-X-Prime™ antibodies against an undisclosed target. MacroGenics is a Nasdaq-listed biopharmaceutical company focused on developing and commercializing innovative monoclonal antibody-based therapeutics for the treatment of cancer. Under the joint research collaboration agreement, which covers all steps from candidate drug generation to IND-enabling studies, each company is responsible for bearing its own costs. The parties may continue further development of the resulting bispecific molecule under a separate co-development collaboration and licensing agreement.

AC101 (HLX22)

AC101 (HLX22) is currently under development by Shanghai Henlius Biotech Inc. through its agreement with AbClon. Alligator has a stake in AC101 (HLX22) through its subsidiary Atlas Therapeutics AB, entitling Alligator to 35 percent of AbClon's revenue resulting from their agreement with Henlius. AC101 (HLX22) entered a Phase 2 clinical development in gastric cancer in Q3 2021. In September 2022, Henlius announced the completion of the Phase 1 trial evaluating AC101 (HLX22) in patients with HER2 overexpressing advanced solid tumors, demonstrating a good safety and tolerability profile. In November 2022, Henlius received IND approval in China for a Phase 2 clinical trial of AC101 (HLX22) in combination with an anti-PD-1 monoclonal antibody HANSIZHUANG (serplulimab), HANQUYOU (trastuzumab biosimilar) and chemotherapy in 1st line treatment of HER2-positive locally advanced/metastatic gastric cancer.

Technology Agreement with Biotheus

In August 2019, China-based Biotheus obtained the Chinese rights (Greater China, Hong Kong, Taiwan, and Macao) to an undisclosed antibody from the ALLIGATOR-GOLD® antibody library. The agreement gives Alligator the right to upfront, milestone and option payments of up to 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.



Financial summary

In 2022, Alligator has focused existing resources on the clinical programs with the greatest potential to develop effective therapies for cancer patients and thereby generate the greatest value for shareholders.

During the year, the costs were mainly attributable to the Company's first Phase 2 study with Mitazalimab, an efficacy study in pancreatic cancer. In addition, the result has been impacted with cost for the ongoing clinical Phase 1 study with ATOR-1017 and the work on an Investigational New Drug (IND) application and preparations for the Phase 1 study in US with the partner program ALG.APV-527. Towards the end of the year the Company entered into agreement for a second program within the previous immuno-oncology research- and license agreement with Orion Corporation, a global pharmaceutical company based in Finland, to develop new cancer therapies with an additional bispecific antibody. During the year, the Company's operating costs increased by SEK 73.2 million compared with 2021, corresponding to an increase of 47 percent.

In 2022, the Group's net sales amounted to SEK 35.7 million (12.9), which includes license revenue from the license agreement with Orion Corporation as well as revenue from the development cooperation with Orion Corporation. Alligator does not have a steady flow of income, with income generated irregularly in connection with the signing of license agreements and achievement of milestones, see further in section Value-creating business development, on page 18.

Personnel cost increased by approximately 19% during the year, from SEK 57.8 million to SEK 68.8 million. On the balance sheet date, the number of employees had increased by 7 year-on-year, which as of the last December amounted to 53 employees.

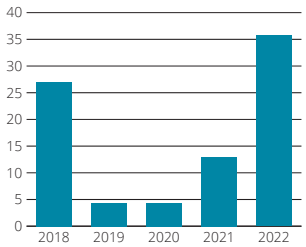
At the end of 2022, Alligator's cash amounted to SEK 97.3 million (278.1). The Company works continuously to secure the financing of the operation. This include both business development for new partnering agreements, with an upfront payment upon signing, as well as other options. At the 22th of March 2023 the Board of Directors has resolved, subject to the approval of the extraordinary general meeting on 24th of April, to carry out a rights issue of shares with preferential rights for the Company's existing shareholders of approximately SEK 199 million.

Following the rights issue, the Company's assessment is that the financial resources are sufficient for the coming 12 months.

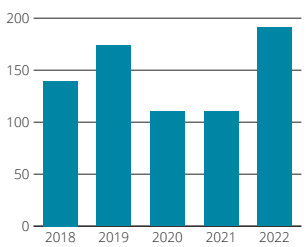
	2022	2021	2020	2019*	2018*
Net sales, KSEK	35,696	12,943	4,352	4,358	26,959
Operating profit/loss, KSEK	-192,789	-141,565	-144,298	-214,519	-153,080
Profit/loss for the year, KSEK	-193,403	-141,736	-143,296	-210,112	-150,043
Cash flow for the year, KSEK	-180,875	174,717	9,386	-19,572	-86,802
Cash and cash equivalents, KSEK	97,305	278,148	103,342	93,890	112,024
Equity ratio, %	53%	85%	76%	83%	92%
R&D costs as % of operating costs excluding impairments	81%	70%	72%	79%	77%
Earnings per share before dilution, SEK	-0.88	-0.64	-2.01	-2.94	-2.10
Earnings per share after dilution, SEK	-0.88	-0.64	-2.01	-2.94	-2.10
Average number of employees	**50**	**45**	**50**	**55**	**51**

*Earlier periods have been adjusted to reflect change of classification, see Annual report 2020 for more information.

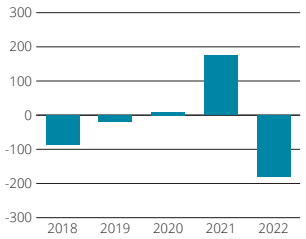
Net sales, SEK million



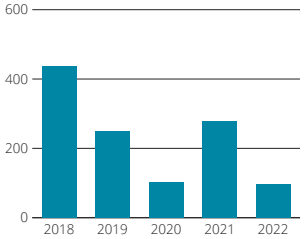
R&D costs, SEK million



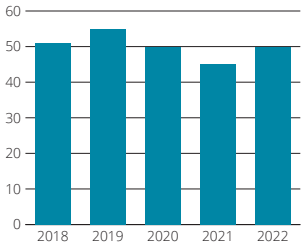
Cash flow, SEK million



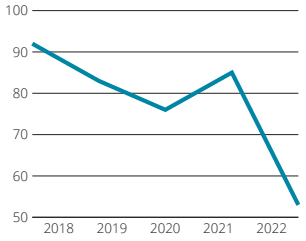
Cash and cash equivalents, including securities, SEK million



Average no. of employees



Equity ratio, %



Goals and strategies

Our goal is to become one of the worlds leading immuno-oncology companies, and with our cutting edge technologies to improve the treatment outcomes for patients with hard to treat cancers. We have a clear path to achieve this with our unique technology platform and leading researchers, we develop drug candidates with the potential to defeat cancer.

Alligator's CMO, Dr. Sumeet Ambarkhane, reflecting on his first year at the Company

Alligator's Chief Medical Officer Dr Sumeet Ambarkhane discusses the progress made to date on mitazalimab and the exciting prospects for the earlier stage programs.

You joined Alligator Bioscience a year ago. What are your reflections on being a part of Alligator; did you come across any surprises?

Joining Alligator as their Chief Medical Officer to lead the immuno-oncology drug development was a natural step for me, given my background in global oncology development and immunotherapy approvals. I could sense the great promise the CD40 space has and I felt mitazalimab was highly differentiated in this regard. The opprtunity to target CD40 to drive anti-tumor immunity has intrigued clinicians and researchers for several years now. In this regard, our highly committed team at Alligator is doing a pioneering work in identifying a patient population and a therapeutic approach, towards successful development and approval of mitazalimab, our second generation CD40 agonistic antibody with best-in-class potential. One has to acknowledge that Alligator is a growing biotech and therefore needs to prioritize its resources and activities. But what surprised me was despite being lean, we are moving very fast and generating industry-standard results and high value from our programs at Alligator. In addition to mitazalimab, which is rapidly progressing through phase 2 towards a potentially confirmatory development, we also have a follow-on bispecific molecule ATOR-4066, with more innovative programs to follow from the drug discovery organization.

How do you feel about the progress you have made with the pipeline, specifically around CD40, since you joined Alligator?

The OPTIMIZE-1 study in pancreatic cancer had just been initiated by Alligator when I joined the company a year ago. This was a big step after Alligator acquired the development rights back from Janssen Pharmaceuticals. Mitazalimab came with comprehensive Phase 1 development safety and biomarker data, and as expected, the dose-escalation part confirmed that mitazalimab could be safely combined with the modified FOLFIRINOX chemotherapy even at the higher dose, which was selected as the RP2D for the main study towards efficacy analysis.

Subsequent to this, our participating investigators in the trial demonstrated great interest in the continued trial, enabling the interim readout of the study we reported at the start of 2023. The preliminary result and clinical activity of mitazalimab appears very exciting and indicates a high synergy with chemotherapy, with a very manageable safety. The interim result shows that mitazalimab can significantly add to the activity of FOLFIRINOX as a standard of care. The study now continues to complete the remainder of patient recruitment, treatment, as well as follow-up, to better understand the survival benefit; but importantly provides a strong basis to undertake a confirmatory development. We intend to take the results from this study to regulatory authorities and discuss potential pathways for accelerated development and approval.

> In the five years to come, I expect our milestones and generation of additional data will turn into impactful partnerships and confirm the highly differentiated nature of Alligator as a company.

These results further add to our confidence in evaluating mitazalimab in additional tumor types and broaden its clinical development potential. Planning for another phase 2 study with mitazalimab as an immunotherapeutic approach in a different tumor type is currently underway.

We were also very pleased to see our progress in CD40 regonized with several presentations from our scientific team at some of the most important industry conferences during the year, along with our publication in the prestigious *Journal for Immunotherapy of Cancer* in November.

Thus, we have made great progress with the pipeline this year through the hard work and cooperation of the whole Alligator team. Mitazalimab has been generating strong data in the clinic

as well as lots of interest from the wider scientific community. Its evaluation in pancreatic cancer is also strengthening our knowledge of CD40 targeting in cancer more generally, and we are all looking forward to its continued development in multiple tumor types.

So, what do you expect from the bispecific CEA conditional CD40 agonist ATOR-4066?

While mitazalimab was already in clinical development when I joined Alligator, I was also impressed by the versatility and potential of its Neo-X-Prime™ platform. This platform generates bispecific antibodies that simultaneously target CD40 and tumor-associated antigens, and based on clinical data, I expect our Neo-X-Prime™ antibody ATOR-4066 to bring significant value to patients.

ATOR-4066 is our first-in-class bispecific CD40 agonist and represents our latest generation of tumor-targeted CD40 treatments within the Neo-X-Prime™ platform, which is currently in preclinical development. ATOR-4066 targets the tumor-associated antigen CEA in addition to CD40, and is thereby more specific, tumor-directed and safer in terms of pharmacological effect. So far we have seen signs of superior and lasting anti-tumor immunity with the potential for a wide therapeutic window. A key limitation in current immunotherapeutic approaches comes from the lack of cancer-specific T cells in the tumor microenvironment. ATOR-4066 is developed specifically to address this limitation, which is supported by our preclinical data. We have demonstrated that bispecific CD40 antibodies like ATOR-4066 can increase the quantity and quality of tumor-specific T cells, while also remodelling the tumor microenvironment through myeloid cell activation, which has the potential to allow for more efficient treatment of cancer patients. We are undertaking additional preclinical studies to improve the ATOR-4066 data package in preparation for its clinical development. All of this makes me convinced about the potential it has in terms of clinical development in multiple cancer indications.

What milestones do you see Alligator Bioscience reaching in the next 5 years?

I joined Alligator Bioscience convinced about mitazalimab's potential and I am pleased to see it deliver great and differentiated data in pancreatic cancer. We have a very busy agenda for mitazalimab for the coming years, which is moving forward along its clinical development path with the possibility to reach the market before the end of the 5-year timeframe you are asking about. ATOR-4066 will be a fast-follower, an innovative and tumor-directed bispecific antibody to start first-in-human development. Very importantly, the Alligator discovery engine is extremely powerful and productive with the potential to yield many breakthrough molecules that leverage the CD40 backbone for numerous cancer types. Looking ahead, I do expect these milestones and generation of additional data turning into impactful industry and academic partnerships, confirming the highly differentiated nature of Alligator as a company.

Preclinical and Clinical Development Strategy

Our strategy is to improve cancer treatments by developing drug candidates that help the immune system to fight tumors. Alligator's drug candidates are designed to activate the immune system cells exclusively in the tumor area and help them penetrate the tumor's immune defense. This mode of controlled activation in the region of the tumor is expected to be more efficacious in destroying cancer cells, while also reducing treatment-associated side effects and adverse events.

At Alligator, we have all the knowledge and talent required to generate successful drug candidates and advance them from R&D to preclinical and clinical development. Our preclinical pipeline is fed by Alligator's in-house validated source of drug candidates – our proprietary novel mono- and bispecific antibody technology platforms. Before entering clinical evaluation in human subjects, drug candidates undergo preclinical studies that include evaluation in animal models for safety, estimated potential efficacy, and validation of the mechanism of action in translational models. Currently, our drug candidate ATOR-4066 is being evaluated in preclinical studies.

The next step for our drug candidates is to enter clinical development. This process lasts minimally a few years and is conducted in hospitals in collaboration with hospital clinicians and Clinical Research Organizations (CROs). A Phase 1 study in human subjects to assess the safety of Alligator's drug candidates is, as with other oncology drugs, not performed in healthy subjects but rather in patients with an advanced solid tumor disease and can therefore already provide hints on potential efficacy. Ideally, the optimal dose for future phases is also determined during Phase 1. Our drug candidate ALG.APV-527 is currently being evaluated in a Phase 1 study.

Moving to Phase 2, the patient population in the study grows and more patients are treated with the drug candidate. The aim in this study is to confirm the efficacy and create an adverse effect profile. Mid-way through a Phase 2 study there is typically an intermediate evaluation point called a futility analysis. The futility analysis includes an assessment of the efficacy and safety to determine if the study can continue or should be stopped. Alligator's drug candidate mitazalimab has recently successfully passed a futility analysis and the Phase 2 study continues as planned. Planning for a second phase 2 study with mitazalimab is currently underway.

As a last step before applying for regulatory approval, a drug candidate will be evaluated in a larger Phase 3 clinical study to compare it to the standard of care. At the successful conclusion of this study, a submission is made to the relevant medical regulators in each region for authorization to commercialize the drug, making it available to patients and healthcare professionals.

A key strategic element in our preclinical and clinical development program is the protection of our intellectual property rights. Alligator maximizes protection for all its innovations by obtaining patent protection with multiple patent families in key global markets that are important for commercial launch, safeguarding our assets for many years to come. Our patent portfolio can be found on page 100.

Preclinical

In the preclinical phase, the safety and efficacy of the drug candidate is 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 1

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 2

The endpoint of Phase 2 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 2, the drug's efficacy, probable dosage and adverse effect profile should have been determined.

Clinical Phase 3

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

The primary endpoint of Phase 3 studies is to confirm that the new compound is at least as good or better than standard therapies.

By the end of Phase 3, 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.

Value-Creating Business Development

Business development is an important part of Alligator's strategy to maximize the value generated from our unique antibody discovery platforms and pipeline. This approach is emphasized by our engagement in several collaborations and out-licensing agreements, with partners from different geographies. A key business approach is the out-licensing of antibodies in the discovery phase and drug candidates in the clinical phase. Furthermore, we engage with strategic collaboration partners to co-develop drug candidates. In doing this, we maximize the number of indications we can target within our pipeline, extend our patient reach as far as possible, and secure long-term financial benefits for the company and our shareholders.

Business Development: Steady and Continual Process

A key area of focus for Alligator is establishing new global partnerships and collaborations, while maintaining and nurturing our existing ones. Over the years, we have established a strategic network of international pharmaceutical companies with common goals and values of bringing innovative, safe and efficacious immunotherapies to patients with hard-to-treat cancers. Currently, our business development is focused on building partnerships around our proprietary technologies and preclinical assets as well as partnering for mid-stage and advanced clinical development.

Out-Licensing of Drug Candidates

Our in-house propriety platforms are able to generate promising drug candidates, all requiring resources to undergo the necessary drug development steps and studies. A strategic way to develop these drug candidates is by out-licensing, which is one aspect of our business strategy focus, where we aim to out-license drug candidates to relevant partners at key inflection points, such as validation in Phase 1 clinical studies or after Phase 2 Proof-of-Concept has been established. Out-licensing will provide short- to medium-term income for Alligator and maximize the clinical utility and value of the asset in the long-term for the benefit of patients, Alligator, and our shareholders.

Strategic Collaboration in Innovation

We leverage Alligator's significant scientific expertise and innovative drug discovery engines in partnerships with pharmaceutical companies to jointly discover and develop new cancer therapeutics. We utilize Alligator's proprietary technology platforms to develop immuno-oncology product candidates based on design criteria identified by our partners, taking the product candidates from the concept stage up to Investigational New Drug (IND) applications. Under these agreements, Alligator remain eligible for development, approval and sales milestones in addition to royalties if the partner continues the development and commercialization of the product candidates. These partnerships provide an external validation of Alligator's technology platforms and de-risk the development of product candidates through the sharing of knowledge and resources. They can also provide significant revenue streams for the company with the potential to develop into distinct business ventures of their own.

We are developing our business to make a difference for as many patients as possible, maximize the value of our assets, and secure long-term financial benefits for our company and our shareholders.

Market Overview

With the continued rise of cancer diagnoses around the world, the need for more effective treatments also grows. Cancer touches all our lives, either directly or through its effect on family and loved ones. There is a great need for therapies that can safely combine immunotherapies and other forms of cancer treatments, to treat, or possibly even cure, cancers.

During the year, we renewed our aspiration and strategy to focus on developing our game-changing therapies mitazalimab, ATOR-4066, ATOR-1017, and pipeline programs through Phase 2 and beyond to bring innovative and effective cancer treatments and create value for all our stakeholders. Alligator is positioned as a leader in the immuno-oncology industry, either developing first-in-class or best-in-class antibodies targeting highly relevant immune activation pathways. We are convinced of the safety and efficacy benefits of combination treatments and our antibodies are designed with features that make them complementary to existing cancer therapies. This gives our antibodies a unique position of potentially being a part of tomorrow's combination therapies for the treatment of cancer.

The Oncology Market

In 2022, the oncology market accounted for approximately 32 percent of the total drug market and is expected to reach 40 percent by 2028.[1] The high societal costs of cancer care are a direct result of an increase in cancer cases. One reason for the growth in cancer rates is demographics and increased longevity, which increase the likelihood of developing cancer. Another is improved awareness, screening, and diagnostic accuracy. This means that more cancers are being detected, more often, and at an earlier stage, which improves the probability of treatment success.

In 2022, sales of oncology drugs amounted to USD 265 billion, an increase of more than USD 100 billion from 5 years earlier.[1] The oncology drug market is expected to more than double by 2028 to USD 542 billion.[1] A surge of new and innovative treatment methods is expected to emerge in the marketplace, and Alligator believes that immunotherapies will play a central role in these treatment options for cancer.

The Immuno-Oncology Market

Immuno-oncology is a form of cancer therapy that aims to stimulate the immune system to attack tumors. 64 of the antibody-based drugs approved in Europe and/or the United States are in oncology, including several major immuno-oncology brands such as Keytruda® (Merck), Opdivo® (BMS), Tecentriq® (Roche) and Yervoy® (BMS).[1]

There have been major advances in immuno-oncology in recent years and the immunotherapy drug market is expected to grow rapidly in the years ahead.[1] The average cost of treatment with existing immunotherapies is high. For example, the list price of Keytruda® is about USD 15,000 per patient, per month in the US.[2] Although the cost of immunotherapies is high, the loss of patent exclusivity of earlier generation drugs helps keep costs under control and allows more patients to be treated with the latest generation of products.

The Pancreatic Cancer Market

Pancreatic cancer is one of the most challenging cancers to treat and has one of the lowest five-year survival rates of any cancer. Approximately 300,000 people in the in the 16 major markets* are diagnosed with pancreatic cancer each year.[1] Although surgery is the best treatment, only 15-20% of those diagnosed can be treated by surgery, while the remaining 85% are left with very few treatment options available to them, with chemotherapy regimens being the standard of care.[1]

Today's pancreatic cancer market, dominated by chemotherapies, is approximately USD 2 billion, and is expected to increase to approximately USD 5.4 billion by 2029.[1] The pancreatic cancer market is expected to increase significantly with the approval of novel innovative immunotherapies such as mitazalimab.

Cancer Treatment Market Trends

Alligator believes that the need and demand for novel immuno-therapy drugs will increase along with the global demand for new and more effective oncology therapies. The main market trends identified by the company include:

- A global rise in annual cancer diagnosis
- A growing number of applications for immunotherapy
- An increased need for safe and effective combination therapies
- An improved access to innovative medicines
- An increased expenditure and investment in immunotherapy drug development

References

1. The information has been obtained from the database GlobalData (Pharma Intelligence Center - Drug Sales), February 2023.
2. www.keytruda.com/financial-support/ obtained February 2023

*) 16 main markets include: Australia, Brazil, Canada, France, Germany, India, Italy, Japan, Mexico, Russia, South Africa, South Korea, Spain, UK, US, Urban China

The Alligator share

Since 2016, the Alligator share has been listed on Nasdaq Stockholm under the ATORX ticker. Alligator's share capital on December 31, 2022 totaled SEK 88,613,891.2, made up of 220,584,878 ordinary shares and 949.850 C-shares with a par value of SEK 0.40. On December 31, 2022, Allegro Investment Inc., was the largest shareholder with 55,643,092 shares corresponding to 25,2 percent of the share capital and the votes. In 2022, the number of shareholders decreased to 8,531 (8,711). The proportion of foreign shareholders was 49.3 percent (47.9). The ten largest shareholders owned 54.6 percent (57.0) of the ordinary shares.

Price development and sales

Alligator shares were listed on Nasdaq Stockholm on November 23, 2016. In connection with the listing, a new issue was made at a price of SEK 32.50. The price of the Alligator share was SEK 2.61 (7.95) at the beginning of 2022, and SEK 1.55 (2.57) at year-end. The highest price paid in 2022 was SEK 2.67 (7.99) and the lowest SEK 1.30 (1.92). Alligator's market capitalization was SEK 342 million (567) at the end of 2022. A total of 47 million shares (64) were traded during the year, at a total value of SEK 91 million (263). This corresponds to a turnover of 21 percent (29) of the Company's shares. The average turnover per trading day was 188,150 shares (251,947) at a value of SEK 0.4 million (1.0). On average, 91 transactions (180) were completed on each day of trading.

Ownership, December 31, 2022

In 2022 the number of shareholders decreased by 180 to 8,531 (8,711). The proportion of foreign shareholders was 49.3 percent (47.9). The ten largest shareholders owned 54.8 percent (57.0) of the ordinary shares.

Share capital

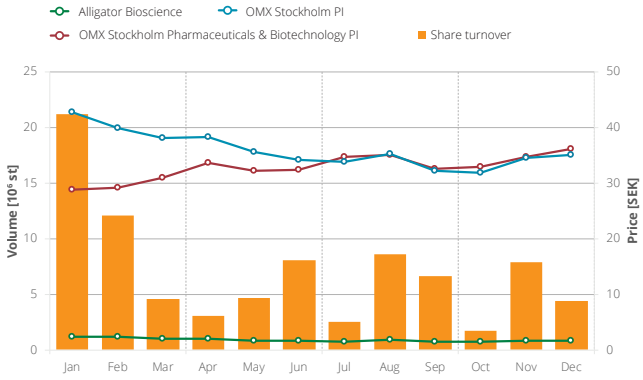
Alligator has a share saving program and two warrant programs, which is described on page 41 in the administration report. With full dilution of all incentive programs, a further 5,182,896 shares would be subscribed to, yielding a dilution of 2.3 percent. On December 31, 2022, the total number of outstanding shares was 221,534,728 of which 220,584,878 (220,584,878) are ordinary shares with one vote per share and 949,850 (0) are series C shares with one-tenth of a vote per share. The total number of votes in the company amounts to 220,679,863 votes.

Each ordinary share entitles the holder to one vote and the series C shares shall carry one-tenth of a vote per share at the Annual General Meeting. Series C shares do not entitle to dividends. Upon the dissolution of the Company, series C shares shall carry equivalent right to the Company's assets as other shares, however, not to an amount exceeding the quota value of the share.

Dividend and dividend policy

Alligator will continue to focus on developing and expanding its product portfolio. Available financial resources and reported profits will therefore be re-invested in the business to finance Alligator's long-term strategy. The Board's intention is therefore not to propose any dividend to shareholders until the Company generates sustainable long-term profitability. Any future

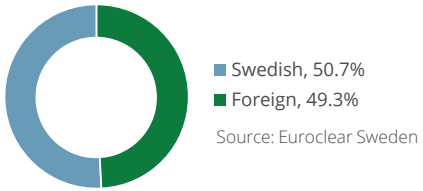
Price and volume development 2022



Brief facts about Alligator shares, Dec 31, 2022

Listed on:	Nasdaq Stockholm Small Cap
Number of shares:	221,534,728
	220,584,878 ordinary shares and 949,850 C shares
Market cap:	SEK 342 million (567)
Ticker:	ATORX
ISIN:	SE0000767188

Swedish and foreign ownership



Source: Euroclear Sweden

dividends, and the amount of these, will therefore be decided in the light of Alligator's long-term growth, financial performance and capital needs taking account of the goals and strategies in place at any given time. Where a dividend is proposed, it will take proper account of the business objectives, scope and risk.

The Board and the CEO propose that no dividend be paid for the 2022 financial year.

Distribution of financial reports

The annual report and quarterly reports are available on Alligator's website, www.alligatorbioscience.com.

The annual report is distributed on request and can be ordered from Alligator Bioscience AB, Medicon Village, SE-223 81 Lund, Sweden, by calling +46 540 82 00 or e-mailing: info@alligatorbioscience.com.

Future report dates

Interim reports will be published in 2023 on April 25, July 13 and October 26. Year-end report 2023 will be published in February, 2024.

Analysts covering Alligator

Carnegie: Erik Hultgård
DNB: Patrik Ling
Kempen: Sebastiaan van der Schoot
Redeye Securities: Richard Ramanius

Largest shareholders, Dec 31, 2022

Largest shareholders	No. of ordinary shares	%
Allegro Investment, Inc.	55,643,092	25.1
Roxette Photo NV	18,413,950	8.3
Lars Spånberg	9,641,572	4.4
Magnus Petersson	6,455,297	2.9
Fjärde AP-fonden	6,408,628	2.9
Sunstone Capital	5,758,485	2.6
Avanza Pension	5,390,643	2.4
Nordnet Pensionsförsäkring	5,128,382	2.3
Mikael Lönn	4,326,547	2.0
Öhman Fonder	3,786,791	1.7
Other shareholders	99,631,491	45.4
Total	**220,584,878**	**100**

Source: Shareholder data is based on a report from Monitor as of December 31, 2022.

Shareholder data, Dec 31, 2022

Size of holding in ordinary shares	No, of shareholders	No, of share-holders, %	No, of shares, %
1-500	3,641	42.70%	0,30%
500-1,000	1,026	12.00%	0,40%
1,001-5,000	2,166	25.40%	2,50%
5,001-10,000	716	8.40%	2,40%
10,001-15,000	420	4.90%	2,80%
15,001- 20,000	562	6.60%	82,00%
20,001-	0	0.00%	9,60%
Total	**8,531**	**100.00%**	**100,00%**

Our business

Alligator Bioscience is a clinical stage biotech company developing best-in-class antibodies for hard-to-treat cancers. We work together towards delivering best-in-class treatments to better the lives of those diagnosed with cancer while also creating value for all stakeholders.

Important milestones in Alligator's history

2001 **FIND®**
Alligator Bioscience AB started.

2008 **Immuno-oncology**
Strategic focus on immuno-oncology.

2012 **Bispecific antibodies**
Focus expanded to include bispecifics.

2013 **ALLIGATOR GOLD®**
Antibody library established.

2015 **Clinical development of mitazalimab**
The first Phase 1 clinical study of mitazalimab started.

License agreement with Janssen
Exclusive license agreement signed with Janssen Biotech, Inc. for the development and commercialization of mitazalimab.

2016 **Nasdaq Stockholm (ATORX)**
IPO on Nasdaq Stockholm.

2017 **Positive Phase 1 data mitazalimab**
Generally well tolerated at clinically relevant doses.

Aptevo Therapeutics
Co-development agreement for ALG.APV-527.

2018 **Milestone payment from Janssen**
USD 6 million.

ATOR-1017 clinical development
First patient dosed in Phase 1.

Positive data from second mitazalimab Phase 1
Competitive safety data from Janssen Phase 1 study.

Mitazalimab global rights regained from Janssen
Phase 2-ready clinical project in-house.

RUBY™
Novel bispecific format established.

Stronger focus on clinical projects
Mitazalimab and ATOR-1017 prioritized.

Neo-X-Prime™
New drug concept launched.

ALLIGATOR-FAB™
New antibody library established.

MacroGenics
Research collaboration to explore Neo-X-Prime™ candidates.

Orion Corporation
Research collaboration and license agreement to develop IO product candidates.

AC101/HLX22 in clinical Phase 2
First patient dosed in Shanghai Henlius study with out-licensed AC101/HLX22.

First patient dosed in mitazalimab OPTIMIZE-1 Phase 2 clinical trial
The first Phase 2 clinical study of mitazalimab started.

Positive Phase 1 data ATOR-1017
Activation of T cells observed across active dose levels of ATOR-1017.

Oversubscribed rights issues
Two rights issues in January and December generated proceeds of SEK 343 million before transaction costs.

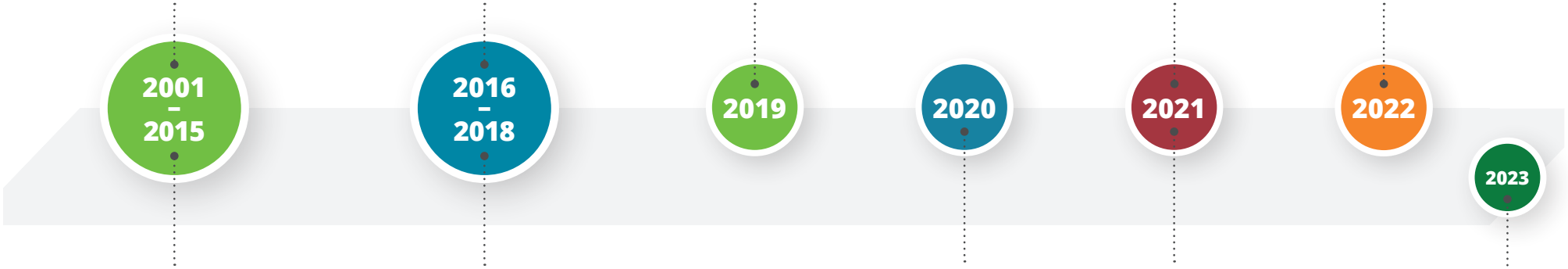
ALG.APV-527 green light for Phase 1 clinical studies
FDA issued "May Proceed" notice for IND application.

Completed Phase 1 study for ATOR-1017
Data showed positive safety data across active dose levels of ATOR-1017.

Mitazalimab Phase 1b data published
Mitazalimab safe and well tolerated in combination with mFOLFIRINOX.

Orion Collaboration
Collaboration expansion to include discovery of additional product candidate.

OPTIMIZE-1 Phase 2 interim data published
Positive results show 52% Objective Response Rate compared to 32% in standard of care.



How Alligator promotes sustainability

To Alligator's employees and other stakeholders, sustainability is a priority issue. We are convinced that a clear sustainability agenda is necessary to contribute toward the Agenda 2030 Sustainable Development Goals, and that it will allow us to strengthen our brand and position in the market.

OUR FOCUS:

Improving human health

Alligator aims to be an integrated clinical development organization, with the aspiration to help patients with hard-to-treat cancers. We therefore have a strong connection to the third Sustainable Development Goal – Good Health and Well-being. Moreover, we are active in promoting a diverse workplace and well-being, work environment and health and safety of our employees, connected to the goals number 5, Gender Equality and number 8, Decent work and Economic Growth.

With a strong Discovery unit at Alligator, we are also connected to the ninth global goal, Industry, Innovation and infrastructure. However, as a company in active clinical research, our main contribution to carbon emissions is by far our clinical studies and manufacturing of clinical supply.[1] We are in dialogue with our supplier and keep ensure that we operate in the most sustainable way. Examples include designing upcoming clinical study protocols, as well as our development of a phase 3 and commercial manufacturing process, to be as compact and efficient as possible. In 2022, we have also started to follow-up internal activities that can be measured, and which we believe can make a difference, found under "ACTIVITIES 2022".

ACTIVITIES 2022

Ecological sustainability

The Company's last five years of travels were, as for all organizations, affected by the Covid 19-pandemic, with a decrease in travels of close to 83% in 2020. 70% of national travels in 2021 and 63% in 2022 were employees with a base away from Lund, and 35% of European travels in 2022 were a result of recruitments abroad. Larger part of the remaining travels in Europe in 2022 were clinical site visits, a reflection on our focus on the OPTIMIZE-1 phase 2 study. For all travels abroad, we take an active decision on what conferences to attend, and we always make sure that all employees travel in the most efficient and sustainable manner possible.

Economic sustainability

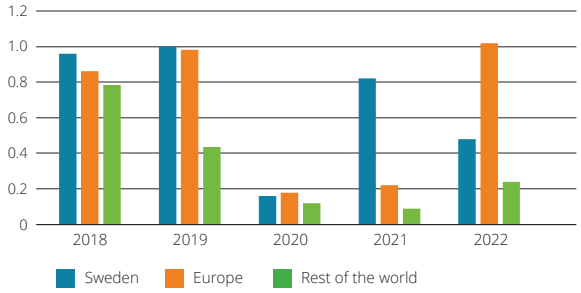
Aspiring towards the global goal number 12, Responsible consumption and production, we have an ongoing work in developing our procedures to monitor regulatory compliance, and to influence our suppliers to do the same.

Social sustainability

Alligator strives to be a flexible, inclusive and diverse employer. This is an ambition reflected in both our travel patterns for 2022, and in our gender distribution. Out of Alligators 50 (45) average number of employees, 36 (35) were women in 2022, and the gender distribution among managers at year end were 54.5% (57%) women and 45.5% (43%) men.

Sustainability - travels

Number of travels per employee



In November 2022, the Swedish non-partisan and non-profit foundation Allbright presented its 21st equality report. With the quest to create a more diverse business sector, the Allbright report monitors gender diversity in the management teams of listed companies in Sweden. Alligator was listed number 1 out of 361 companies assessed. We see this as a confirmation that our ambition and efforts to be a diverse and inclusive employer has paid off.

During the year, we have also identified employee experiences the Covid-19 pandemic and incorporated these into a flexible work environment which allows our employees to work remotely when appropriate.

1. Clinical trials (2021), Sustainable Healthcare Coaltion.
Available at: https://shcoalition.org/clinical-trials/ (Accessed: February, 2023).

Alligator's employees
are hard at work to develop the next generation of tumor-selective immunotherapies

The work environment at Alligator has always been one where dedicated and ambitious employees thrive. Since Alligator started in 2001, Alligator has been a place where leading scientists in immuno-oncology have gathered to be part of a highly purpose-driven team, working towards our common goal of delivering best-in-class treatments for patients with hard-to-treat cancers.

Alligator is a clinical-stage biotechnology company that leverages our science and technology to develop tumor-directed immuno-oncology antibody drugs for hard-to-treat cancers. Our organization and success are dependent upon the experience, expertise, commitment, and creativity of our employees. In 2022 the average number of employees in the Group was 50 (45), of whom 36 (35) were women. At the end of the year, the number of employees were 53 (46), of whom 44 (38) were in research and development. Our employees are highly qualified, with more than 96 percent of our staff having a university education.

Why Alligator is an attractive employer

Alligator successfully attracts leading expertise for several reasons. The Company encourages every individual to become an integral part of the world-class research and development conducted by the Company. We also offer everyone the freedom to achieve academic recognition by presenting their research findings in medical journals and at international congresses under their own name. The combination of wide-ranging growth opportunities, Alligator's unique position and the Company's team spirit has created a strong brand in both the academic community and the international pharmaceutical industry, making us a highly attractive employer.

When we recruit new employees, we place great importance on both expertise and personal qualities to enable us to continue to develop the Company towards our goal of providing better treatment for patients with hard-to-treat cancers. We are aware that this goal is shared by many, and for that reason we offer a flexible, inclusive, and diverse work environment, welcoming talents from all geographies.

In November 2022, the Swedish non-partisan and non-profit foundation Allbright presented its 21st equality report. With the quest to create a more diverse business sector, the Allbright report monitors gender diversity in the management teams of 361 listed companies in Sweden. Alligator was listed number 1 out of 361. Only 19 percent out of the 361 surveyed companies were green listed. Getting on the green list requires at least a 40/60 split between women and men in senior leadership positions.

A working environment that offers equal opportunities for all employees is a cornerstone of our success and a big part of what makes us an attractive employer. At Alligator, we are convinced that that diversity makes us more successful and better equipped to face and overcome future challenges.

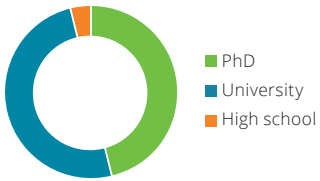
Alligator core values

Our four core values not only define our organizational culture, they also guide us in how we operate, behave and interact on a day-to-day basis to achieve our vision. We succeed through **collaboration**. We use our collective skills and knowledge to achieve our common goals. We are driven by **curiosity**. We help each other finding new ways to move forward. We build a **trustful** and inclusive workplace. We base our relationships och sincerity, honesty and transparency. We are **accountable** and dedicated. We take responsibility for our actions and commitment to each other, our patients and our partners.

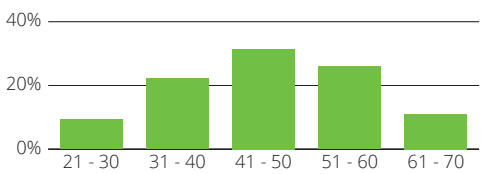
Internal career paths at Alligator

We believe it is important to offer our employees an opportunity to grow and develop within the Company and in their roles. To that end, our yearly employee reviews have a great focus on personal career development. During 2022, three employees were promoted to management positions.

Education



Age structure, as a percentage



Gender distribution, in general and managers

Why Alligator's scientists are excited about CD40 targeting

Alligator's Chief Scientific Officer Peter Ellmark, PhD, sat down with Karin Hägerbrand, PhD, Director, Discovery Biology, and Karin Enell-Smith, PhD, Director, Non-Clinical Development, to discuss the company's focus on CD40 targeting and its role in immuno-oncology.

Peter: CD40 targeting is a major part of the research we are doing at Alligator. What is its significance in immuno-oncology?

Karin H: Targeting CD40 on myeloid cells provides us with an opportunity to overcome one of the major challenges we face in immuno-oncology today. Patients with tumors containing lots of immune suppressive myeloid cells and a lack of tumor specific T cells respond poorly to established therapies. Targeting CD40 allows us to reduce the immune suppressive environment while at the same time increasing the quality and quantity of tumor specific T cells.

Karin E-S: There has been a growing interest in myeloid targeting therapies in the last few years due to their particular role in bridging the innate and adaptive immune system. In short, activation of CD40 really stands out as a unique non-redundant pathway with the potential to turn a suppressive tumor microenvironment into a tumoricidal one.

Peter: The scientific progress we have made this year has clearly established Alligator as one of the global leaders in the CD40 targeting space. What would you say has driven this?

Karin E-S: This has been driven in part by the data we have generated from our OPTIMIZE-1 Phase 2 trial evaluating our lead asset mitazalimab in combination with mFOLFIRINOX in first-line metastatic pancreatic cancer. We have shown that this second generation CD40 agonist combined with chemotherapy could offer significant clinical benefit for pancreatic cancer patients over chemotherapy alone. The recent interim efficacy results demonstrated response rates over 50%, which are particularly encouraging when compared to the rates of just over 30% seen in standard of care. The data also reconfirmed that mitazalimab is safe and well tolerated, overcoming the tolerability issues experienced by the first generation of CD40 agonists and giving mitazalimab best-in-class potential.

Karin H: Our leading position in CD40 targeting was further underlined by the publication of our article in the prestigious *Journal for ImmunoTherapy of Cancer*. This demonstrated how we used our Neo-X-Prime™ platform to generate third generation bispecific CD40 antibodies with significantly superior anti-tumor effect to the monospecific CD40 antibodies.

Peter: Yes indeed, our preclinical first-in-class bispecific CD40 agonist, ATOR-4066, provides a totally new opportunity to generate anti-tumor activity by targeting CD40 with bispecific antibodies, and the publication of the JITC article was a welcome endorsement of this new research on bispecific antibodies.

Karin H: We should mention as well how important our scientific partnerships are to our CD40 research. In particular, Dr Malin Lindstedt, a visiting professor from Lund University, is working with us at Alligator and we are collaborating with her and her team to elucidate the role of CD40 activation of different myeloid cell populations. This collaboration has been awarded several grants from Vinnova, the Swedish Foundation for Strategic Research and the Cancer Foundation.

Karin E-S: We are also working together with Dr. Gregory Beatty from the University of Pennsylvania's Pancreatic Research Center. It is a sponsored research collaboration to further understand the mechanisms of mitazalimab in pancreatic cancer patients, which will provide valuable insights into additional clinical development opportunities.

Peter: These collaborations are a good indication of the increasing interest being shown in CD40 targeting among the scientific community. Where do you see us going next with CD40 targeting?

Karin E-S: As we mentioned, our third generation bispecific CD40 agonist ATOR-4066 is continuing its preclinical development, so we are looking forward to seeing what that yields in terms of potential future clinical evaluation. And of course, our lead asset mitazalimab which continues its evaluation in OPTIMIZE-1.

Peter: So, we remain excited about CD40's potential?

Karin H: Yes, very excited. We have seen the critical role CD40 targeting plays in generating T cell immunity by activating dendritic cells and converting cold tumors to hot. With the anti-tumor activity they demonstrate, agonistic CD40 antibodies definitely have a vital role to play in immuno-oncology, and especially when combined with chemotherapy, checkpoint inhibitors and other immune modulators.

A Promising Clinical Portfolio

Mitazalimab

Clinical Phase 2 in pancreatic cancer with very positive interim results

The human CD40 agonistic antibody mitazalimab is Alligator's most advanced drug candidate and is designed for the treatment of metastatic cancers, with pancreatic cancer as first indication. Mitazalimab stimulates the CD40 receptor on the surface of dendritic cells, which in turn activate tumor-specific T cells enabling the immune system to attack tumors efficiently. Positive interim efficacy analysis from the OPTIMIZE-1 Phase 2 study evaluating mitazalimab combined with mFOLFIRINOX in pancreatic cancer demonstrated an Objective Response Rate of more than 50%.

Mitazalimab was developed using Alligator's proprietary technology platforms. In preclinical experimental models, mitazalimab has been shown to induce a potent tumor-targeted immune response, and provide long-lasting tumor immunity against multiple types of cancer. The preclinical experiments also demonstrated that mitazalimab acts synergistically with other cancer therapies such as chemotherapy, checkpoint inhibitors, and vaccines. Preclinical data demonstrated that mitazalimab is effective in chemotherapy-resistant cancer cells as well.

A Phase 1 study with mitazalimab performed by Janssen Biotech Inc., including 95 patients, showed signs of efficacy, proof-of-mechanism, as well as a manageable safety profile.

In the third quarter of 2021, we dosed the first patient in OPTIMIZE-1, a Phase 2 study designed to further assess the efficacy and safety of mitazalimab in combination with standard-of-care chemotherapy, mFOLFIRINOX, for the treatment of first-line metastatic pancreatic cancer. OPTIMIZE-1 is a single arm, open-label, multi-center study performed at clinical sites in Belgium, France and Spain which aims to include up to 67 patients. The chemotherapy cocktail mFOLFIRINOX kills tumor cells leading to increased release of tumor antigens. This, together with the activation of CD40 by mitazalimab leads to improved presentation of tumor antigens, and the consequent induction of T cell-dependent antitumor responses. During 2022, mitazalimab data were presented at leading medical conferences such as the annual meetings for AACR and SITC, the Annual Immuno-Oncology Summit, and published in the scientific journal *Investigational New Drugs*[1].

Project status: Positive interim Phase 2 readout

2022 was a very successful year for mitazalimab, with OPTIMIZE-1 Phase 1b being completed. This first safety readout showed that mitazalimab at a dose of 900 µg/kg in combination with mFOLFIRINOX is safe and well tolerated. This dose was chosen for Phase 2, which experienced a significant acceleration in recruitment. Top-line data is now due in Q1 2024, nine months earlier than originally planned.

Pre-planned interim efficacy analysis announced in January 2023 demonstrated a 52% Objective Response Rate (ORR) in 1st line metastatic pancreatic cancer patients treated with mitazalimab and mFOLFIRINOX. Disease control rate, the proportion of patients with objective response or stabilization of disease, was more than 90%. These strong data are noteworthy, especially in light of an ORR of 31.6% reported with FOLFIRINOX in a similar patient population.

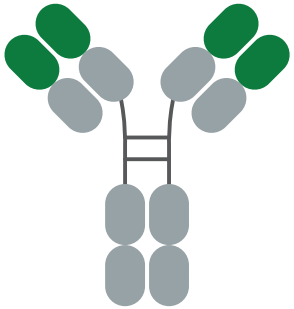
Based on these positive results, Alligator is hopeful that it will be able to to initiate discussions with regulators in the US and Europe on potential accelerated development and approval pathway for mitazalimab in pancreatic cancer, while continuing patient enrollment in OPTIMIZE-1. In parallel, Alligator will continue preparing mitazalimab for pivotal clinical studies, including development of commercial manufacturing processes.

References

1 **A phase 1 study of intravenous mitazalimab, a CD40 agonistic monoclonal antibody, in patients with advanced solid tumors**
Moreno, V., Perets, R., Peretz-Yablonski, T. *et al. Invest New Drugs* (2022). https://doi.org/10.1007/s10637-022-01319-2

Antibody

Mitazalimab is an agonistic antibody that targets CD40, a receptor on the immune system's dendritic cells, which are cells that detect enemies such as cancer cells. Mitazalimab's stimulation of CD40 enables dendritic cells to activate the immune system's T cells, to direct the immune system's attack specifically to the cancer cells. Preclinical results have shown that mitazalimab can be used to treat many different types of cancer.



Development status and clinical objectives 2023

Based on the positive interim efficacy results from OPTIMIZE-1, Alligator plans to initiate discussions with regulators in the US and Europe on potential accelerated development and approval pathway for mitazalimab in pancreatic cancer, while continuing patient enrollment. We are also considering Orphan Drug Designation which comes with several incentives, including significant fee reductions. Top-line data from this trial are expected in Q1 2024.

Alligator is planning an additional Phase 2 study for mitazalimab, OPTIMIZE-2, in a second indication to hedge the medical risk and maximize the long-term value of the molecule. Trial design will take learnings from the recent interim data readout from OPTIMIZE-1 into account.

Medical objectives

Mitazalimab is designed for the treatment of metastatic cancer, such as pancreatic cancer. Activation of the CD40 receptor on the immune system's dendritic cells enhances their ability to initiate an immune system-mediated attack on the cancer cells.

ATOR-1017

Promising tumor-directed therapy for metastatic cancer

ATOR-1017 is a monoclonal antibody designed to selectively stimulate immune responses within tumors by binding to the 4-1BB molecule on T cells and Natural Killer (NK) cells, directly stimulating these cells to attack and kill cancers cells more effectively. ATOR-1017 is being clinically developed for the treatment of metastatic cancer, either as stand-alone or in combination with standard-of-care. In 2022, we published positive results from the Phase 1 clinical trial of ATOR-1017, confirming previously announced signs of clinical benefit and establishing a strong foundation for its further clinical development.

ATOR-1017 is a second-generation 4-1BB agonist engineered using Alligator's antibody technologies. Thanks to its unique design, the antibody has the potential to activate the immune system preferably within the tumor, and not elsewhere in the body, leading to a stronger safety profile. Preclinical studies have confirmed that ATOR-1017 activates tumor-specific T cells and NK cells, leading to effective tumor eradication and long-lasting tumor-immunity, either alone or in combination with checkpoint inhibitors and chemotherapy. With an advantageous safety profile, we believe that ATOR-1017 provides opportunities for effective and tolerable immunotherapy for patients with solid tumors.

Project status: Final results from clinical Phase 1 study

The safety, tolerability, and pharmacology of ATOR-1017 was evaluated in a Phase 1, first-in-human, dose escalation study in patients with advanced and/or refractory solid cancer. The primary objective of the study was to investigate the safety and tolerability of ATOR-1017, and to determine the recommended dose for subsequent Phase 2 studies.

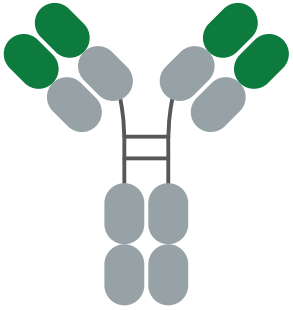
The study was conducted at three medical centers in Sweden, where one patient remains on the study benefitting from ATOR-1017 treatment.

During 2022, we have presented and discussed the ATOR-1017 data in various leading scientific and medical conferences. In November, we announced the completion of the trial and presented topline data at the SITC meeting in Boston, USA. Data confirmed the favorable safety profile of the drug candidate with no severe immune-related adverse events reported even at the 900 mg top dose. Furthermore, the data validated ATOR-1017's mechanism of action and showed that the drug candidate is pharmacologically active at doses above 100 mg. The study showed signs of clinical benefit, with ATOR-017 providing a disease control rate of above 50%, with six patients showing stable disease for more than six months. Two patients showed stable disease for more than 12 months, and two patients were still on study by 31 August 2022, the latest data cut-off date.

Alligator maintains a strong believe in the 4-1BB agonist field and ATOR-1017 and is looking for a partner for the project before initiating Phase 2 clinical trials with the molecule.

Antibody

ATOR-1017 is a monoclonal antibody that activates the costimulatory function of 4-1BB on T and NK cells in the tumor region and has been developed for the treatment of metastatic cancer. 4-1BB has the capacity to stimulate the immune cell populations required for tumor control. It has been shown that ATOR-1017 has a dose-dependent inhibitory effect on tumor growth and improves survival.



Development status and clinical objectives 2023

The primary objective of the Phase 1 dose-escalation study to investigate the safety and tolerability of ATOR-1017 at therapeutic doses has been successfully met. The positive outcome of the study will be used as the foundation to identify a partner prior to initating Phase 2 clinical development.

Medical objectives

ATOR-1017 synergizes with current immunotherapies to increase immune activation and hence the number of cancer patients responding to therapy.

ALG.APV-527

Innovative bispecific antibody with potential in solid tumors

ALG.APV-527 is a bispecific antibody which Alligator has been co-developing with our partners Aptevo Therapeutics since 2017. ALG.APV-527 contains both tumor-binding and immunomodulatory effects in one molecule. The immunomodulatory part of ALG.APV-527 recognizes and activates 4-1BB, while the tumor-binding part targets the tumor-associated antigen 5T4. Immune cell stimulation through 4-1BB is likely clinically important as 4-1BB is able to stimulate tumor-specific T cells and NK cells involved in tumor control. 5T4 is a protein expressed in multiple tumor types, including certain types of aggressive tumors, however, its expression in normal tissue is absent or low making it a compelling target molecule for cancer therapy.

Preclinical data for ALG.APV-527 has been presented at several scientific conferences and published in top-tier peer-reviewed journals, the latest of which was a publication in November 2022 in Molecular Cancer Therapeutics, a journal of the American Association for Cancer Research (AACR). These data show that ALG.APV-527 has the potential to selectively stimulate and strengthen the T cell response in tumors, without stimulating the immune system in the rest of the body. The findings support our belief that ALG.APV-527 has the potential to evoke an effective tumor-targeting immune response with fewer adverse events across a wide range of tumor types.

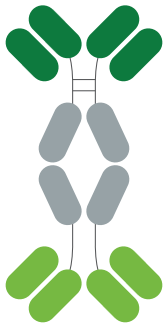
Project status: Phase 1 clinical study underway

In September 2022, we received a "may proceed" notification from the US Food and Drug Administration (FDA) for our investigational new drug (IND) application for ALG.APV-527, allowing us to initiate clinical trials. We then dosed our first patient at the start of 2023 in our Phase 1 first in human trial evaluating the safety, tolerability, and clinical activity of ALG.APV-527 in patients with solid tumors showing a high prevalence of 5T4, including, but not limited to, non-small-cell lung cancer, gastric/gastro-esophageal cancer, and head and neck cancer.

This was an important milestone in the development of ALG.APV-527 demonstrating not only the strength and effectiveness of our partnership with Aptevo, but also providing us with the opportunity to clinically assess ALG.APV-527's tumor-directed 4-1BB function, its promise of a broad therapeutic window and its highly differentiated safety and efficacy profile compared to the first generation of 4-1BB agonists. We are looking forward to announcing the preliminary results from the study, which we expect will be available later in 2023.

Antibody

ALG.APV-527 is a bispecific conditional 4-1BB agonist only active upon simultaneous binding to 4-1BB and 5T4. This has the potential to be clinically important because 4-1BB has the ability to stimulate the immune cells (antitumor-specific T cells and NK cells) involved in tumor control. 5T4 is an oncofetal tumor-associated antigen overexpressed on numerous solid tumors, including non-small-cell lung carcinoma (NSCLC), breast, head and neck, cervical, gastric, and colorectal cancer.



Development status and clinical objectives 2023

Alligator and Aptevo are continuing the ongoing Phase 1 multi-center, multi-cohort, open label trial evaluating the safety, tolerability, and clinical activity of ALG.APV-527 in adult patients with solid tumors expressing the 5T4 antigen, with preliminary results expected later in 2023.

Medical objectives

ALG.APV-527 minimizes systemic immune activation allowing for highly efficacious tumor-specific responses. Given the unmet need for therapies in several cancer indications that express 5T4, ALG.APV-527 has the potential to meaningfully improve the response rates seen with the current standard of care in these indications.

A practical perspective on the need for novel treatments in pancreatic cancer

Helena Torsler Andersson is a registered nurse with expertise in oncology from the Swedish Cancer Society. She spoke to us about her perspective on the need for new treatments for pancreatic cancer and how best to support patients affected this devastating disease.

Alligator: What is the purpose of Cancerfonden, the Swedish Cancer Society?
Our goals are broad and diverse, from helping patients and their families find the best medical and psychological support, to funding specific research projects aimed at curing all types of cancer. Cancerfonden is part of the global community of cancer societies, which help create synergies to find therapeutic solutions. We have no financial support from local government and rely solely on donations from generous people who care about treating cancer. Interestingly, the majority of our funding comes from farmers from the southern part of Sweden, where most of the Swedish Biotechs are located, which I believe is a great testimony to the relationship between Swedish Biotechs and patients suffering from cancer.

Alligator: What is your view on the role the Biotech industry plays in oncology, particularly in pancreatic cancer, and are they important for cancer patients?
Pancreatic cancer is an especially devastating disease. It is difficult to treat and has one of the lowest survival rates of any type of cancer. At the moment, surgery is usually the best option for treating pancreatic cancer but very few of those diagnosed with it are eligible due to the late stage of diagnosis, which leaves most patients to relyi on chemotherapy. Biotechs have a pivotal role in the development of new treatments in oncology, and particularly in pancreatic cancer given the limitations of existing treatment options. It is also important for cancer patients and their families to hold out hope that new treatments are being developed that may one day benefit themselves or at least others affected by the same disease in the future.

Alligator: Where do you think the Biotech industry could get better in developing treatments?
The fundamental research is one thing, but the clinical development could be facilitated I believe. Indeed, Biotech companies often fail to communicate efficiently to make physicians and patients aware of available clinical trials and what these clinical trials could provide for them. For patients, getting enrolled in a clinical trial is very much a lottery about being at the right place at the right time and this should not be the case. If the available clinical trials were better advertised, I believe that patients, physicians, Biotechs, and also all of us would all benefit from accelerated clinical development and potentially more innovative therapeutic solutions.

Alligator: Biotech companies often consider cancer patients as either cured, in remission, or worsening, but how do you consider the patient journey?
The patient journey is often a very scary roller coaster ride. Patients usually require a great deal support from the moment of their diagnosis and all the way through the various rounds of treatment they may go through. Indeed, while the patient journey is well understood, the journey of the loved ones is not sufficiently considered, yet they are of paramount importance in the treatment paradigm, and that importance should be better recognized. Interestingly, it is very often the patient's relatives who are the most eager and hungry to find out about available treatment options, even the most complex and hidden ones. Also, while many patients affected with cancer are calm and focused when they learn about their disease, it is the relatives who are the most impacted, and often need support, both emotionally but also in the search for solutions.

The Swedish Cancer Foundation

Mitazalimab exceeds expectations in the clinic and brings new hope to patients and clinicians

Prof. Jean-Luc Van Laethem from the Hospital Universitaire de Bruxelles (HUB) and Université Libre de Bruxelles (ULD), is an internationally recognized specialist in the field of digestive cancers and the Principal Investigator of OPTIMIZE-1. We spoke to him about mitazalimab's performance in the clinic and the progress of the Phase 2 study.

You are the principal investigator of OPTIMIZE-1, a Phase 2 clinical trial that evaluates the safety and efficacy of mitazalimab in pancreatic cancer patients. Why did you decide to engage in this study? What did you find appealing about mitazalimab?

The main reasons I wanted to become part of the OPTIMIZE-1 trial were driven by the urgent need for new treatments for pancreatic cancer and the great promise that mitazalimab had already demonstrated in its early development. Pancreatic cancer is especially hard to treat due to its highly complex and aggressive nature. Those diagnosed with it usually have a very poor prognosis with only a quarter of patients surviving one-year post-diagnosis and just five percent surviving beyond five years. Treatment options are severely limited. While surgery can be effective as a curative treatment, only 15 to 20 percent of diagnosed patients can benefit from it, which leaves the majority of patients only with chemotherapy and radiotherapy which have some efficacy but are still very limited. We know that agonist CD40 antibodies show a synergistic enhancement when combined with chemotherapy in pancreatic cancer in the lab. Proof-of-Mechanism and Proof-of-Concept for mitazalimab were established in preclinical studies and Phase 1 data so the next stage was to combine it with chemotherapy. This is what we are doing with OPTIMIZE-1 and the recent positive interim results confirm that many more patients respond to treatment with the triple combination than with radiotherapy and chemotherapy alone. To me this is a strong sign of potential treatment paradigm shift.

Can you put the OPTIMIZE-1 interim results into perspective for us in terms of other treatments for pancreatic cancer?

First line treatment for pancreatic cancer today is fairly limited to chemotherapy, either with gemcitabine or with FOLFIRINOX. While FOLFIRINOX is the most efficacious of the two, only 32 percent of patients respond and the median overall survival is only of 11 months. Beyond its intrinsic efficacy limitation, it is very toxic and that is a limiting factor in its use. On the other hand, gemcitabine has a better tolerability profile and is more commonly used, despite its lower efficacy. The major significance of the OPTIMIZE-1 Phase 2 interim efficacy analysis is the demonstrated objective response rate of 52 percent, which is a considerable increase over the 32 percent reported with FOLFIRINOX in a similar patient population. The disease control rate in OPTIMIZE-1, which is the proportion of patients with objective response or stabilization of disease, was more than 90 percent, which I believe could have a significant impact on the way we treat pancreatic cancer.

> So many compounds have failed to show clinical benefit in pancreatic cancer. The 52% response rate of this interim analysis makes me optimistic.

How were these OPTIMIZE-1 interim data assessed?
This was a pre-planned interim analysis to see whether the study had a chance to read-out positively at the end of it, or whether the data were not good enough to warrant continuing the study. With an objective response rate of 52% from 23 evaluable patients using the Response Evaluation Criteria in Solid Tumors, known as RECIST 1.1, the decision committee confirmed that there was sufficient clinical evidence to believe that the Phase 2 could read-out positively once all patients have been dosed and assessed.

So how optimistic do you think we can be? What is a realistic outcome?
While so many compounds have failed to show clinical benefit in pancreatic cancer, the 52% response rate of this interim analysis makes me optimistic, and I believe there is a realistic potential for mitazalimab, in combination with mFOLFIRINOX, to be further explored in phase 3 and become a valuable therapeutic option for pancreatic cancer patients.

Usually in clinical trials, patient enrollment takes longer than anticipated. Why was enrollment in OPTIMIZE-1 completed well in advance of expectations?
Yes, that's right. We are used to seeing reports about delays in patient recruitment for clinical trials, in particular over the last couple of years with COVID-19 which created significant hurdles in patient recruitment. So it was very rewarding for us to see our enrollment happening faster than expected. This was really down to the excellent planning and great management of this clinical trial across multiple medical centers by the Alligator team and the CRO partner, as well as the desire from patients and physicians to get involved in this program. It's also another sign of the high unmet medical need in this patient population.

What is it like to work with the Alligator team? Do you find your motivation aligns with theirs?
The Alligator team is a group of highly dedicated and talented scientists and I find our collaboration very rewarding and productive. We are all one hundred percent focused on developing effective treatments for one of the most difficult and underserved types of cancer and we share a desire to put the needs of the patients first. I feel very fortunate to be working with such reliable and capable partners in what is an extremely challenging yet vital endeavor.

What is next for mitazalimab and OPTIMIZE-1?
We are continuing to treat patients in the trial as we work towards the release of top-line data expected at the beginning of 2024. We will continue our patient follow-ups in particular to characterize the progression-free and overall survival, which should provide further crucial insights into the efficacy of mitazalimab in pancreatic cancer.

Administration report

The Board and CEO of Alligator Bioscience AB (publ), based in Lund, Sweden, corporate ID no. 556597-8201, hereby present the annual accounts and consolidated accounts for the 2022 financial year for the Parent Company and the Group.

Overview of business 2022

Alligator's business

Alligator Bioscience AB is a public Swedish biotechnology 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.

Alligator's research and development work is based on the Company's technology platforms; the human antibody library ALLIGATOR-FAB™ and ALLIGATOR-GOLD®, the protein optimization technology FIND® and a bispecific antibody format, RUBY™. Neo-X-Prime™ is the Company's 3rd generation proprietary platform technology.

Focus

The Company is mainly involved in the early phases of drug development, from the formation of ideas to clinical Phase 3 studies. Alligator's strategy is to cement its position as a key player in tumor-directed immunotherapy by developing innovative immune-activating drug candidates with the potential to be 'first-in-class' or 'best-in-class'.

Employees

The average number of employees in the Group in 2022 was 50 (45), of whom 36 (35) were women. At the end of the year, the number of employees was 53 (46), of whom 44 (38) were in research and development. Salaries, remuneration and other employee-related expenses totaled SEK 68.8 million (57.8).

Significant events in 2022

Continued focus on the clinical development portfolio

During the year, the continued work of taking the clinical portfolio through clinical trials have resulted in the Company running its first Phase 2 study with mitazalimab towards the interim efficacy readout and dose escalation in the Phase 1 study with ATOR-1017 is now in the finals stages in the study. In cooperation with Aptevo Therapeutics Inc. ALG.APV-527 has received "may proceed" for the IND application for upcoming phase 1 study.

During 2022, the company has also presented a new pre-clinical program, ATOR-4066, developed using Alligator's proprietary technology platform Neo-X-Prime™

In 2021, the Company entered into a research and licensing agreement with Orion Corporation. The agreement includes an opportunity to develop three bispecific antibodies. Under the agreement, Orion Corporation in December 2022 initiated an the second program which provided Alligator Bioscience with an upfront payment of €1.25 million upon signing.

Alligator's clinical development portfolio comprises of the drug candidates below, all for the treatment of metastasized cancer:

Mitazalimab – positive interim efficacy analysis in OPTIMIZE-1

The Phase II clinical trial OPTIMIZE-1 is assessing the efficacy and safety of mitazalimab as a first-line treatment for disseminated pancreatic cancer in combination with the standard chemotherapy treatment mFOLFIRINOX. OPTIMIZE-1 is a one-armed, open multicenter study conducted in clinics in Belgium, France and Spain and are involving up to 67 patients. This is the first Phase 2 study with mitazalimab and will evaluate the efficacy and safety of the drug in combination with chemotherapy in patients with advanced pancreatic cancer.

Subsequent to the 450 µg/kg dose cohort of mitazalimab in combination with mFOLFIRINOX showing good safety, Alligator announced in the first quarter 2022 that also the dose at 900 µg/kg was safe in combination with mFOLFIRINOX. The study was progressing better than initially anticipated with the recruitment of patients in the 900 µg/kg dose level having accelerated over the summer in 2022. The interim efficacy analysis read out was ready end of the fourth quarter 2022 and showed an objective response rate (ORR) of 52.5% in the first 23 patients, as defined by the Response Evaluation Criteria in Solid Tumors (RECIST). Those data is demonstrating that mitazalimab combined with chemotherapy has the potential to offer significant clinical benefit for pancreatic cancer patients over standard of care alone, which only demonstrated 31.6% ORR.

ATOR-1017 shows good safety profile and proof-of-mechanism

ATOR-1017 is Alligator's second most advanced program and is in the final stages of a Phase 1 dose-escalation study. The study is designed to assess the safety and tolerability of ATOR-1017 in patients with advanced, solid cancers, and to establish a recommended Phase 2 dose for future studies. Clinical data generated to date have shown a favorable pharmacokinetic profile and proof-of-mechanism biomarker responses. In Q3 2022, Alligator announced the Phase 1 dose escalation study fully enrolled, and that it successfully had fulfilled it's purpose, where doses of up to 900 mg were shown safe and well tolerated, with stable disease as best tumor response.

ALG.APV-527 IND approval and initiation of a Clinical Phase I study

ALG.APV-527 is a bispecific antibody ready for clinical development that are co-developed with Aptevo Therapeutics Inc.. In September 2022, the companies received a "may proceed" notification of the ALG.APV-527 Investigational New Drug (IND) application from the US Food and Drug Administration (FDA). The first patient was dosed during the first quarter 2023. During the year the Companies have also got an article published in a peer-reviewed journal Molecular Cancer Therapeutics highlighting ALG.APV-527 preclinical data was published in Nov, 2022. The data demonstrates a favorable preclinical efficacy and safety profile of ALG.APV-527 compared to a first generation 4-1BB antibody.

ATOR-4066 a pre-clinical program
ATOR-4066 is the company's most recent molecule, a bispecific antibody created to elicit powerful, tumor-specific immune effects, developed using Alligator's technology platform, Neo-X-PrimeTM. During the year, the preclinical data package supporting the mode of action of ATOR-4066 and its potent anti-tumor effect in *in vivo* models has been presented at several scientific meetings and in November a scientific article was published in the peer-reviewed Journal for Immunotherapy of Cancer, highlighting the potential of ATOR- 4066 and the Neo-X-Prime platform. Work to further strengthen the preclinical data package supporting ATOR-4066 and preparations for clinical development are ongoing.

Neo-X-Prime™
Neo-X-Prime™ is a drug concept for patient-specific immuno-therapy launched by Alligator in 2020. The concept is based on bispecific antibodies that capture material from the patient's cancer cells and physically connect them to the immune system, to enable activation of neoantigen-specific T cells with very powerful anti-tumor effect.

In April 2021, Alligator entered a research collaboration with MacroGenics, Inc., an American biopharmaceutical company. Within this research collaboration, the companies have in 2022 continued whit activities to develop the candidate molecule and prepare for preclinical studies that enable clinical studies. Thereafter, the companies can continue the development of the resulting bispecific molecule under a separate agreement on co-development and licensing.

Covid-19 pandemic
The Covid-19 pandemic has to some extent affected our work in 2022 but has had a limited impact on Alligator's preclinical and clinical activities during the year. Internally, a large proportion of the workforce has had the opportunity to work from home when needed. With the high vaccination levels achieved in Sweden and around Europe, healthcare has been relieved, and the overall uncertainty has decreased further, and we do not see that covid-19 will significantly affect our ability to prepare and conduct clinical studies in the future.

The war in Ukraine
The situation in Ukraine is foremost a humanitarian tragedy that is causing great human suffering. The Russian invasion of Ukraine has worsened the political security situation in the rest of the world and created great uncertainty in the financial markets, which may affect the company's ability to finance clinical trials in the future.

The company has no direct business in, nor does it conduct any clinical studies in Ukraine or Russia, but sees that the company will suffer from increased raw material and energy prices, which in turn will translate into increased prices for goods and services.

Organization and management strengthened
During 2022 the company expanded its Board of Director with Staffan Encrantz and Denise Goode. Mr. Encrantz is the founder and Chairman of Allegro Investment Fund, a $750 million fund which has been investing in companies across a number of industries for 30 years and is also a major shareholder in Alligator Bioscience. Ms. Goode has more than 25 years of experience in business leadership and innovation, having held a number of senior executive and board-level positions in the pharmaceutical and life science industries, including at AstraZeneca.

In February the company appointed Sumeet Ambarkhane, MD, as its Chief Medical Officer. In this role, Sumeet is a seasoned professional with over 20 years of drug development experience in academia and in the biotechnology and pharmaceutical industries.

Significant events after the end of the period
The 2nd January, 2023, announced Alligator Bioscience Positive Interim results from Mitazalimab OPTIMIZE-1 Phase 2 Trial in Pancreatic Cancer exceeding 50% ORR (Objective Response Rate). Alligator plans to discuss these strong results with regulators to explore potential accelerated development and approval pathway.

The 2nd January, 2023, announced Alligator Bioscience and Orion Corporation the initiation of the second program of their Immuno-oncology Research Collaboration and License Agreement. This provides Alligator Bioscience with an upfront payment of €1.25 million, including the fee for its validated binders being made available, with an additional €500,000 payment being due to Alligator Bioscience when the technical feasibility of the bispecific antibody has been demonstrated in relation to the validated binders.

Initiation of ALG.APV-527 Phase 1 clinical trial
The first-in-human study evaluating ALG.APV-527 in the treatment of 5T4-expressing tumor antigens in multiple solid tumor types begins in the US, as announced by the Company on February 13, 2023.

Promotion of Laura von Schantz to CTO
In February 2023, the Company announced that Laura von Schantz, PhD, had been promoted to Chief Technology Officer, and as such joined the executive management team. Laura, who joined Alligator in 2014, was most recently VP Discovery.

Announcement of rights issue
In March, the Company announced that they will perform a rights issue, subject to approval by the Extraordinary General Meeting on 24th April 2023.

Income, expenses, and earnings
Due to the nature of the business operations, there may be significant fluctuations in income between periods. These are not seasonal or otherwise recurring in nature, but rather are primarily related to the achievement of milestones that trigger remuneration in out-licensed research projects.

Sales during the year amounted to SEK 35,696 thousand (12,943). Income for the year ware generated primarily based on the research and licensing agreement with Orion Corporation. The previous annual income was also generated from the research and licensing agreement with Orion Corporation, but also from research cooperation with BioArtic and a compensation for a supplementary agreement to the license agreement with Chinese Biotheus.

Other operating income of SEK 1,439 thousand (2,183) relates mainly to exchange gains in the Company's operations. In the year-earlier period, revenue comprised of insurance compensation, exchange gains in the Company's operations and government grants for a doctoral position.

Operating costs amounted to SEK -229 925 thousand (-156,691). The costs increased compared with the previous year and are mainly attributable to staff and external costs for two ongoing clinical studies and preparation for starting additional one clinical study.

The operating loss amounted to SEK -192 789 thousand (-141,565).

Total financial items amounted to SEK -614 thousand (-171) and pertain to exchange gains/losses as a result of liquidity positions in EUR, GBP, and USD. In the year-earlier period it also pertained to exchange rate gains in operations and government support for short-term layoffs.

The Group had no tax cost for 2022 (0). At the end of 2022, the Group's cumulative tax loss carryforwards amounted to SEK 1,250 million (1,057).

Loss before and after tax was SEK -193,403 thousand (-141,736). Loss per share before and after dilution was SEK -0.88 (-1,58).

Financial position

At year-end, equity amounted to SEK 89,168 thousand (282,273). At the end of the period, this corresponded to equity per share outstanding of SEK 0.40 (1.28) before and after dilution.

Consolidated cash comprised bank balances and totaled SEK 97,305 thousand (278,148) at the end of the period. The Company works continuously to secure the financing of the operation. This include both business development for new partnering agreements, with an upfront payment upon signing, as well as other options. At the 22nd of March 2023 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 199 million. The Company has received subscription undertakings from a selection of the Company's larger existing shareholders, including Koncentra Holding AB (part of Allegro Investment Fund) and Roxette Photo NV as well as from members of the Company's board and management, amounting to approximately SEK 68 million, corresponding to approximately 34 percent of the Rights Issue. Furthermore, the Company has entered into agreements on guarantee commitments of approximately SEK 113 million which, together with the subscription undertakings, secures the Rights Issue up to approximately 91 percent. The rights issue is subject to approval by the Extraordinary General Meeting on 24th April 2023. Following the rights issue, the Company's assessment is that the financial resources are sufficient for the coming 12 months.

The Group plans to use its liquid funds to finance its operating activities. According to the Group's Financial Policy, the Group is to have sufficient bank balances to cover its expected liquidity requirements for a minimum of 12 months. Some liquidity is invested in foreign currency accounts in USD, GBP, and EUR. In accordance with the Group's Financial Policy, inflows of foreign currencies exceeding the expected requirements for the coming 18 months are converted to SEK at the time of payment. Besides this, no further hedging has taken place.

Investments and cash flow

Investments for the full-year totaled SEK 440 thousand (45). Of these, SEK 440 thousand (45) was invested in laboratory equipment. Cash flow for the year amounted to SEK -180,875 thousand (174,717).

Future outlook

The Company's overall goal is to build a portfolio of clinical development projects within immuno-oncology which have a balanced risk profile and can produce substantial income for the Company through licensing or sales.

The Company works continuously to secure the financing of the operation. This includes both business development for new partnering agreements, with an upfront payment upon signing, as well as other financing options. In March, the Company announced that they will perform a rights issue, subject to approval by the Extraordinary General Meeting on 24th April 2023. Following the rights issue, the Company's assessment is that the financial resources are sufficient for the coming 12 months.

Environmental information

Alligator's business does not require a permit under the Swedish Environmental Code, but it is subjected to regular environmental inspections. We comply with official requirements for the management and destruction of hazardous waste and work actively to reduce our use of environmentally harmful substances and our energy consumption.

Guidelines for remuneration of senior executives

According to the Swedish Companies Act, the Annual General Meeting shall decide on guidelines for remuneration to the CEO and other senior executives. Guidelines were adopted at the Annual General Meeting on May 5, 2020. No deviations from these guidelines have been made. The Board of Directors proposes that unchanged principles for remuneration to the CEO and other senior executives shall apply from the Annual General Meeting 2023. These principles have the following content:

Scope and applicability of the guidelines

These guidelines comprise the persons who are part of Alligator Bioscience AB's ("Alligator") group management, currently the CEO, CFO, COO, CSO and CTO. The guidelines also encompass any remuneration to members of the board of directors, in addition to board remuneration.

These guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the Annual General Meeting 2020. These guidelines do not apply to any remuneration resolved by the general meeting, such as board remuneration and share-based incentive programs.

The guidelines' promotion of the Company's business strategy, long-term interests, and sustainability

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 2 trials and beyond. To generate income, limit portfolio risk, and maximize long-term value, the Company seeks strategic global and regional partnerships for certain programs and technologies.

A successful implementation of Alligator's business strategy and safeguarding of Alligator's long-term interests, including its sustainability, require that the Company is able to recruit and retain highly competent senior executives with a capacity to achieve set goals. To achieve this, Alligator must offer a competitive total remuneration on market terms, which these guidelines enable.

Long-term share-based incentive programs have been implemented in Alligator. For further information about these programs, see Alligator's latest annual report. The share-based incentive programs have been approved by the general meeting and are therefore not covered by these guidelines.

Types of remuneration, etc.

The remuneration shall be on market terms and be competitive and may consist of the following components: fixed salary, variable cash remuneration, pension benefits and other benefits. For the individual senior executive, the level of remuneration shall be based on factors such as work tasks, expertise, experience, position, and performance. Additionally, the general meeting may – irrespective of these guidelines – resolve on, e.g. share and share price-related remuneration. The remuneration shall not be discriminating on grounds of gender, ethnic background, national origin, age, disability, or any other irrelevant factors.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Fixed salary

The CEO and other senior executives shall be offered a fixed annual cash salary. The fixed salary shall be based on the individual's responsibility, competence, and performance. The fixed cash salary shall be determined annually on 1 April and refer to the following twelve months.

Variable cash remuneration

In addition to fixed salary, the CEO and other senior executives may, according to separate agreements receive variable cash remuneration. Variable cash remuneration covered by these guidelines is intended to promote Alligator's business strategy and long-term interests, including its sustainability.

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one or several years. Any variable cash remuneration may amount to a maximum of 30 percent of the fixed annual cash salary. Variable cash remuneration shall not qualify for pension benefits, save as required by mandatory collective bargaining agreements.

The variable cash remuneration shall be linked to one or several predetermined and measurable criteria, which can be financial, such as Alligator's revenues or achieved milestone payments, or non-financial, such as application of Clinical Trial Authorizations (CTA) for entering clinical studies. The variable cash remuneration may be entirely independent of non-financial criteria. By linking the goals in a clear and measurable way to the remuneration of the senior executives to the Company's financial and operational development, they contribute to the implementation of the Company's business strategy, long-term interests, and sustainability.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated and determined when the measurement period has ended. The Remuneration Committee is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by Alligator.

Additional variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are only made on an individual basis, either for the purpose of recruiting or retaining senior executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 30 percent of the fixed annual cash salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the board of directors based on a proposal from the Remuneration Committee.

Pension benefits

Pension benefits, including health insurance, shall be defined contribution, in so far as the senior executive is not covered by defined benefit pension under mandatory collective bargaining agreements. Pension premiums for defined contribution pensions may amount to a maximum of 30 percent of the fixed annual cash salary.

Other benefits

Other benefits may include i.a. life insurance, medical insurance, and a company car. Premiums and other costs relating to such benefits may amount to a total of not more than the lower of SEK 15.000 per month or 20 percent of the fixed annual cash salary.

Termination of employment and severance payment

Senior executives shall be employed until further notice or for a specified period of time. Upon termination of an employment, the notice period may not exceed six months. Severance pay, in addition to salary and other remuneration during the notice period, may not exceed an amount corresponding to six times the fixed monthly cash salary. Upon termination by the senior executive, the notice period may not exceed six months, without any right to severance pay. In addition to fixed cash salary during the period of notice and severance pay, additional remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed senior executive is not entitled to severance pay for the period for which the non-compete undertaking applies. The remuneration shall be based on the fixed cash salary at the time of termination of employment and amount to not more than 60 percent of the fixed cash salary

at the time of termination of employment, unless otherwise provided by mandatory collective bargaining agreements, and shall be paid during the time as the non-compete undertaking applies, however not for more than 12 months following termination of employment.

Salary and employment conditions for employees
In the preparation of the board of directors' proposal for these remuneration guidelines, salary, and employment conditions for employees of Alligator have been taken into consideration by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee's and the board of directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

Consultancy fees to the members of the board of directors
To the extent a member of the board of directors renders services for Alligator, in addition to his or her assignment as a member of the board of directors, consultancy fee on market terms may be paid to the member of the board of directors, or to a company controlled by such member of the board of directors, provided that such services contribute to the implementation of Alligator's business strategy and the safeguarding of Alligator's long-term interests, including its sustainability.

Preparation and decision-making progress
The board of directors has established a Remuneration Committee. The Remuneration Committee's duties include i.a. preparing the board of directors' resolution to propose guidelines for remuneration to senior executives. The board of directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines have been adopted by the general meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for the senior executives, the application of the guidelines for remuneration to senior executives as well as the current remuneration structures and compensation levels in the company. The members of the Remuneration Committee are independent in relation to the Company and its senior management. The CEO and other members of the senior management do not participate in the board of directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Deviation from these guidelines
The board of directors may temporarily resolve to deviate from these guidelines, in whole or in part, if in a specific case there is special cause for the deviation and a deviation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the board of directors' resolutions in remuneration-related matters, which include any resolutions to deviate from these guidelines.

Share capital and ownership
Alligator's share capital on December 31, 2022 totaled SEK 88,613,891.2, made up of 220,584,878 ordinary shares and 949.850 C-shares with a par value of SEK 0.40. Each ordinary share entitles the holder to one vote and the and series C shares shall carry one-tenth of a vote per share at the Annual General Meeting. On December 31, 2022, Allegro Investment Inc., was the largest shareholder with 55,643,092 shares corresponding to 25,2 percent of the share capital and the votes.

Share incentive programs
Share saving program LTI 2021
At the annual general meeting 2021 it was resolved to implement a long-term incentive program by way of a performance-based share saving program for employees in the company ("LTI 2021"). For each ordinary share acquired by the participant on Nasdaq Stockholm, so called saving shares, the participant has a right to receive so called matching shares. In addition, given that a requirement related to the development of the company's share price from the day of the annual general meeting 2021 up until 30 September 2024 has been achieved, the participant has a right to receive further shares in the company free of charge, so called performance shares. After recalculation due to a completed rights issue in 2021, each saving share entitles to 1.0947 matching shares. The thresholds for the receipt of one, two or four performance shares per saving share amounts to SEK 15.74 for receipt of one performance share, SEK 31.65 for receipt of two performance shares and SEK 52.89 for receipt of four performance shares.

Possible dilution from share saving program
The maximum number of ordinary shares that can be issued in relation to LTI 2021 amount to 882,896, whereby 671,812 for the deliverance of matching shares and performance shares to participants and 211,084 to hedge payments of future social security contributions, which corresponds to a dilution of approximately 0.4 per cent of the company's share capital and votes.

Warrant programs, LTI 2022 I/II
At the annual general meeting 2022 it was resolved to implement a long-term incentive program by way of a warrant program for employees in the company ("LTI 2022-I"). The annual general meeting 2022 also resolved to adopt a warrants program for certain board members of the company, (LTI 2022- II").
Each warrant in LTI 2022-I/II entitle to subscription of one ordinary share in the company. Subscription of shares by virtue of the warrants may be effected as from 1 June 2025 up to and including 30 June 2025. The subscription price per share for above warrant programs, was calculated to SEK 3,38 which corresponds to 200 per cent of the volume weighted average price during 10 trading days immediately after the annual general meeting 2022. All warrants have been transferred to the participants at fair market value.

Possible dilution from share saving program
In case all warrants issued within the warrant program LTI 2022-I are utilized for subscription of new ordinary shares, a total of 3,700,000 new ordinary shares will be issued, which corresponds to a dilution of approximately 1.65 per cent of the company's ordinary shares after full dilution.

In case all warrants issued within warrant program LTI 2022-II are utilized for subscription of new ordinary shares, a total of 600,000 new ordinary shares will be issued, which corresponds to a dilution of approximately 0.27 per cent of the company's ordinary shares after full dilution.

Possible dilution from share saving program and warrant programs
In case the existing share saving program as well as both warrant programs are exercised in full, a total of 5,182,896 new shares will be issued, which corresponds to a total dilution of approximately 2,3 percent.

Proposed appropriation of profits
The Board proposes that sums available to the shareholders' meeting:

Share premium reserve	911,487,853
Accumulated losses	-715,922,731
Loss for the year	-192,809,984
Total	2,755,139

The Board of Directors proposes that Alligator Bioscience does not pay dividends for the financial year 2022.

Carried forward to new account	**2,755,139**

Multi-year overview of the Group

Performance measures, Group	2022	2021	2020	2019*	2018*
Profit/loss (KSEK)					
Net sales	35,696	12,943	4,352	4,358	26,959
Operating profit/loss	-192,789	-141,565	-144,298	-214,519	-153,080
Profit/loss for the year	-193,403	-141,736	-143,296	-210,112	-150,043
R&D costs	-186,945	-110,123	-110,252	-173,601	-139,493
R&D costs as a percentage of operating costs excluding impairments	81%	70%	73%	79%	77%
Capital (KSEK)					
Cash and cash equivalents, including securities at end of year	97,305	278,148	103,342	249,886	436,391
Cash flow from operating activities	-172,607	-127,004	-141,352	-181,089	-104,115
Cash flow for the year	-180,875	174,746	9,386	-19,572	-86,802
Equity	89,051	282,273	115,244	258,498	468,310
Equity ratio, %	53%	85%	76%	83%	92%
Data per share (SEK)					
Earnings per share before and after dilution**	-0.88	-0.64	-2.01	-2.94	-2.10
Equity per share before and after dilution***	0.40	-1.58	1.61	3.62	6.56
Share Price, Dec 31	1.55	2.57	7.63	10.56	22.00
Staff					
Number of employees at end of year	53	46	43	55	55
Average number of employees	50	45	50	55	51
Average number of employees in Research and Development	41	38	43	46	44

*Earlier periods have been adjusted to reflect change of classification, for more info, see Annual Report 2020.
**Earlier periods have been adjusted, for details see Note 34.
***Dilution effect not included in negative result.

Calculation of performance measures

Alligator presents certain financial performance measures in this annual 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.

To the right 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 %" 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 irregular income generated in connection with the signing of licensing agreements and the 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 99.

Derivation of performance indicators	**2022**	**2021**	**2020**	**2019 ***	**2018 ***
Profit/loss for the year, KSEK	-193 403	-141 736	-143 296	-210 112	-150 043
Average number of shares before dilution**	220 584 878	89 670 050	71 388 615	71 388 615	71 388 615
Earnings per share before diluition, SEK* **	**-0.88**	**-1.58**	**-2.01**	**-2.94**	**-2.10**
Average number of shares after dilution	220 584 878	89 670 050	71 388 615	71 388 615	71 388 615
Earnings per share after diluition, SEK	**-0.88**	**-1.58**	**-2.01**	**-2.94**	**-2.10**
Operating costs, KSEK	-229 925	-156 691	-150 964	-219 915	-181 594
Operating costs excl. Impairment, KSEK	**-229 925**	**-156 691**	**-150 964**	**-219 915**	**-181 594**
Reduce of administrative expenses, KSEK	31 213	35 423	29 191	34 766	36 199
Reduce of depreciation, KSEK	11 767	11 144	11 522	11 548	5 902
Research and development costs, KSEK	**-186 945**	**-110 123**	**-110 252**	**-173 601**	**-139 493**
R&D costs / Operating Costs % excluding impairments	**81%**	**70%**	**73%**	**79%**	**77%**
Equity, KSEK	89 051	282 273	115 244	258 498	468 310
Number of shares before dilution	220 584 878	220 584 878	71 388 615	71 388 615	71 388 615
Equity per share before dilution, SEK	**0.40**	**1.28**	**1.61**	**3.62**	**6.56**
Number of shares after dilution	220 584 878	220 740 173	71 388 615	71 388 615	71 388 615
Equity per share after dilution, SEK	**0.40**	**1.28**	**1.61**	**3.62**	**6.56**
Equity, KSEK	89 051	282 273	115 244	258 498	468 310
Total assets, KSEK	169 584	333 200	151 938	311 128	508 156
Equity ratio, %	**53%**	**85%**	**76%**	**83%**	**92%**
Other investments held as fixed assets (publicly traded corporate bonds), KSEK	-	-	-	53 016	53 259
Other short-term financial assets (publicly traded corporate bonds), KSEK	-	-	-	-	20 254
Other short-term financial assets (interest funds), KSEK	-	-	-	102 980	250 854
Cash and cash equivalents, KSEK	**97 305**	**278 148**	**103 342**	**93 890**	**112 024**
Cash and cash equivalents including securities at the end of the year, KSEK	**97 305**	**278 148**	**103 342**	**249 886**	**436 391**

* Earlier periods have been adjusted to reflect change of classification, for more information see Annual report 2020.
** The dilution effect is not taken into account in the case of a negative result.
*** Earlier periods have been adjusted, se Note 34.

Risk and risk management

Alligator's results have been, and will be, affected by several factors, some of them outside the Company's control. The principal factors which Alligator considers have affected the results and can be expected to do so in the future are set out below.

Preclinical and clinical development of drug candidates
Alligator currently has three drug candidates in clinical phase studies and one drug candidate that is the subject of preclinical studies and research. All of Alligator's drug candidates must undergo comprehensive preclinical and clinical studies to demonstrate their safety and effect on humans before they can be given regulatory approval to be launched onto the market as finished products. Clinical studies are expensive and time-consuming to conduct, and their outcome is uncertain. This could affect the possibility of commercializing the Company's drug candidates.

Alligator tries to minimize the impact of this risk by working with standardized processes, an established project methodology, regular steering group meetings and regular evaluation of the different projects.

Delays in clinical studies are quite usual and may be caused by many different things. Clinical studies may be held up for many different reasons, including delays in e.g.: approval from supervisory authorities to commence a study; failure of contract suppliers to provide their services; recruitment of patients to take part in clinical studies; and the necessary provision of clinical study material.

Particularly with regard to patients, there are many factors that influence the chances of successful recruitment, such as the type of patient population, competing clinical studies and the perception among clinics and patients of the potential benefits of participating in the study.

To avert these risks, Alligator's clinical team strives constantly to establish close relationships with the clinics that are needed to run planned clinical studies effectively.

Limited project portfolio in the early development phase
Alligator has several drug candidates in clinical phase studies – mitazalimab, ATOR-1017, ALG.APV-527 and in addition the preclinical program ATOR-4066, all of which are designed for the treatment of metastatic cancer. Alligator has invested substantial sums in developing these drug candidates and further significant investment will be needed for their ongoing and continued development. Together with AbClon, the Company has licensed AC101/HLX22 to Shanghai Henlius, which is responsible for the financing and running of continued clinical development of the drug candidate. In view of the large amount of research and capital still to be invested in these drug candidates, there could be a serious negative impact on the Company if one or more of the drug candidates should suffer setbacks.

Alligator's strategy for reducing these risks is to expand the project portfolio with further drug candidates for tumor-directed immunotherapy, developed in-house, under license or through partnerships.

Dependence on partners for development and commercialization
According to the Company's current business strategy, some of the Company's potential future revenues will consist of milestone payments, meaning interim and option payments received from partners on the condition that certain agreed targets related to the Company's development project are reached, and licensing revenue from out-licensing and royalties from sales in the event of the commercialization of drug candidates. The Company and its operations are therefore largely dependent on collaboration, out-licensing and the commercialization of the Company's development projects to generate future revenue. In the short to medium term, potential revenue is mainly expected to comprise milestone payments and licensing revenue linked to development projects in clinical phase. In the long term, potential revenue may also include sales revenue or royalties following possible commercialization of one of more of the Company's drug candidates. At present, the Company's main source of income is development-based milestone payments and license payments. Alligator has entered into a partnership agreement with the US biotech Company Aptevo Therapeutics Inc. for the co-development of ALG.APV-527 through clinical Phase 1. In addition, Alligator has entered into development and licensing agreement with Orion Corporation and licensing agreement with the Chinese Company Biotheus. In the jointly owned project AC101 with AbClon, has Alligator, via the subsidiary Atlas Therapeutics AB, entered into an agreement for the licensing of AC101/HLX22 to the Chinese company Shanghai Henlius Biotech Inc.

The Company's current business strategy involves a potential sale or out-licensing of the Company's drug candidates and clinical development projects. There is a risk that the Company fails to attract buyers or licensees for the Company's drug candidates, which may mean future revenue is delayed or alternatively, partially, or entirely, foregone.

Alligator's dependence on collaboration carries a number of risks, such as: the Company cannot control the volume of resources or the time when these resources are to be dedicated to the drug candidates; the Company may be required to waive significant rights, including intellectual property rights and

marketing and distribution rights; and the ability of the Company's partners to meet their commitments under the collaboration agreement may be affected by changes in a partner's business strategy.

Alligator strives to reduce this risk by thoroughly evaluating potential partners, assigning sufficient and appropriate resources, and striving to sign agreements for more projects.

Covid-19

In the event that new variants of of Covid-19 continues unabated, or new guidelines/restrictions are issued, there is a risk that the Company's clinical studies are delayed or become more expensive that planned and results from the clinical studies are delayed.

With the high vaccination levels achieved in Sweden and around Europe, healthcare has been relieved, and the overall uncertainty has decreased further, and we do not see that Covid-19 will significantly affect our ability to prepare and conduct clinical studies in the future.

The War in Ukraine

The situation in Ukraine is foremost a humanitarian tragedy that is causing great human suffering. The Russian invasion of Ukraine has worsened the political security situation in the rest of the world and created great uncertainty in the financial markets, which may affect the company's ability to finance clinical trials in the future.

The company has no direct business in, nor does it conduct any clinical studies in Ukraine or Russia, but sees that the company will suffer from increased raw material and energy prices, which in turn will translate into increased prices for goods and services.

Alligator's ability to influence these risks is limited and is mainly done by the Company actively working with various sources for financing and continuous cost follow-up.

Market acceptance

So far none of the Company's drug candidates has been commercialized. Even if the Company's drug candidates are approved for marketing and sale by the competent authorities, doctors might not prescribe them, which could prevent the Company from generating income or achieving profitability. Market acceptance of potential future products from the Company and its partners will depend on a number of factors, including: the clinical indications for which the product has been approved; acceptance by doctors, patients, and buyers; perceived benefits compared to competing treatments; the extent to which the product has been approved for use in hospitals and 'managed care' organizations; and access to adequate reimbursement systems and price subsidies.

Alligator's ability to influence these risks is limited and mainly involves the Company considering these factors carefully when out-licensing product candidates.

Competition

The development and commercialization of novel drug candidates is highly competitive and characterized by rapid technology development. Alligator is exposed to competition in relation to its current drug candidates and will be exposed to competition in relation to all drug candidates that it may try to develop or commercialize in the future, from large pharmaceutical companies, specialized drug companies and biotech firms all over the world. Currently, there are some 20 approved pharmaceutical products on the market for immuno-oncology and a lot of

pharmaceutical and biotech companies engaged in research and development of drugs for immunotherapy of cancer, these include several large, pharmaceutical companies. Competitors, including those referred to above, may have greater financial resources than Alligator and its partners, which may offer them advantages in research and development, contacts with licensing authorities, marketing, and product launch. There is a risk that the Company's competitors successfully commercialize products before Alligator and its partners, or that competitors develop products that are more effective, have a better side effect profile and is more affordable than Alligator's drug candidates, which may mean Alligator's competitors establish a strong market position before the Company can enter the market. Such competing products may restrict Alligator's opportunities to commercialize its drug candidates and therefore generate future revenue.

Alligator strives to reduce competition by developing clearly differentiated drug candidates and through strategic partnerships that can bring other competitive advantages.

Key persons and qualified employees

Alligator has established an organization with qualified employees to create the best possible conditions for research, development, and commercialization of the Company's drug candidates. The future growth of the Company is highly dependent on sector-specific knowledge, experience and commitment possessed by the Company's senior executives and key persons. Alligator's ability to retain and recruit qualified employees is vital to the Company's future success and if the Company is unable to retain these key persons or fails to recruit new qualified employees to the extent needed, this could negatively impact Alligator's operations, leading to, for example, increased personnel costs and delays.

The Company handles these risks by working actively to make Alligator an attractive and enjoyable place to work, where employees are offered the opportunity to develop within their roles. The Company also has a wide network from which to recruit the skills that it needs.

Financing risk

Alligator is dependent on liquidity to be able to meet its commitments related to the Group's financial liabilities and the continuation of the Company's operations. The Company's activities in research and development work mean that parts of its available liquidity are being continuously consumed. The inflow of liquidity is very irregular and comes mainly with various events related to licensing agreements. It may also take a significant amount of time before the Company's drug candidates are commercialized and cash flow can be generated from the Company's operations. Possible delays to the Company's research and development projects may mean the generation of positive cash flow occurs later than planned.

In order to reduce this risk, the Company works continuously to evaluating various financing alternatives to ensure continued operation. It is the Company's assessment that there are good conditions to secure future financing through, for example, a new issue of shares, licensing agreements or other revenue-generating collaborations.

Currency fluctuations

Alligator is based in Lund, Sweden and reports its financial position and results in SEK. Most of the Company's costs are in SEK. Alligator's revenues currently consist substantially of reimbursements pursuant to the research collaboration and license agreement with Orion Corporation and are received in EURO. Alligator also regularly purchases services in currencies other than SEK. The currency flows from the purchase and sale of goods in currencies other than SEK means that the Company is exposed to a produce what is known as transaction exposure. If Alligator's measures to handle the effects of movements in exchange rates do not prove to be effective enough, Alligator's results may be affected positively or negatively. In its Financial Policy, Alligator has established rules for minimizing the risk of losses arising from currency fluctuations.

The Company's cash and cash equivalents are therefore held mostly in SEK. A certain amount of USD, EUR and GBP is held in currency accounts equating to the expected needs for some time to come. Expected inflows in currencies other than SEK are not hedged as it is hard to determine the date on which the inflow will come.

Corporate governance report

Alligator's corporate governance is governed by the Nasdaq Stockholm rules for issuers, the Swedish Corporate Governance Code (the "Code"), the Swedish Companies Act, good practice in the stock market and other applicable rules and recommendations, and the Company's Articles of Association and internal governing documents. The internal governing documents mainly cover the rules of procedure for the Board, the mandate to the CEO and the terms of reference for financial reporting. Alligator also has a number of policy documents and manuals containing rules and recommendations, laying down principles and providing guidance for the Company's operations and for its employees.

This corporate governance report has been drawn up in accordance with the rules in the Annual Accounts Act and in the Code. The corporate governance report has been reviewed by the Company's auditors in accordance with the provisions of the Annual Accounts Act, and the auditor's opinion is included in the auditor's report on page 94.

Legal structure

Shareholders

At the end of 2022, Alligator had 8,531 shareholders. On December 31, 2022, was 221,534,728 of which 220,584,878 (220,584,878) are ordinary shares with one vote per share and 949,850 (0) are series C shares with one-tenth of a vote per share. The total number of votes in the company amounts to 220,679,863 votes.

Each ordinary share entitles the holder to one vote and the and series C shares shall carry one-tenth of a vote per share at the Annual General Meeting. Series C shares do not entitle to dividends. Upon the dissolution of the Company, series C shares shall carry equivalent right to the Company's assets as other shares, however, not to an amount exceeding the quota value of the share.

Further details of Alligator's shareholder structure, shares etc. are presented on page 20.

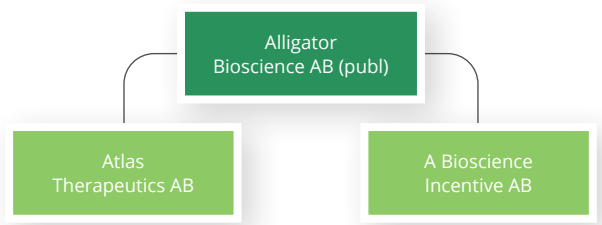
Shareholders' meeting

The shareholders' right to decide on the Company's affairs is exercised through the supreme decision-making body, the shareholders' meeting (Annual General Meeting or any extraordinary general meeting). For example, the meeting decides on changes to the Articles of Association, appoints the Board and the auditors, approves the income statement and balance sheet, releases the Board and CEO from liability, decides on the appropriation of profit/loss, and adopts principles for appointing the Nomination Committee and guidelines for remuneration of senior executives.

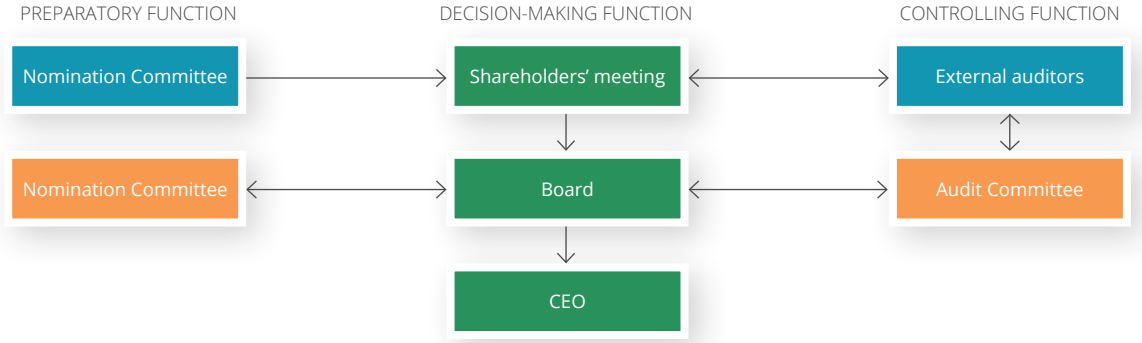
Shareholders may raise a given issue for discussion at the shareholders' meeting. Shareholders who wish to exercise this right must submit a written request to the Board of the Company. Such requests must normally reach the Board no later than seven weeks before the shareholders' meeting.

The shareholders' meeting is held in Lund, Sweden. Invitations to the Annual General Meeting and any extraordinary general meeting which is to discuss changes to the Articles of Association

Legal structure



Overview of corporate governance in the Alligator Group



must be sent out no more than six weeks and no later than four weeks before the meeting. Invitations to other extraordinary general meetings must be sent out no more than six weeks and no less than three weeks before the meeting. Invitations are published in Post- och Inrikes Tidningar (the Swedish government gazette) and on the Company's website. The issuing of invitations is also advertised in Dagens Industri.

In order to participate in the shareholders' meeting, shareholders must be entered in the register of shareholders maintained by Euroclear Sweden AB no later than six working days before the meeting, notify the Company no later than the date provided in the meeting invitation. This day may not be a Sunday, other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and may not be earlier than five working days before the shareholders' meeting.

Annual General Meeting 2022

At the Annual General Meeting held on May 5, 2022, it was decided in accordance with the Nomination Committee's proposal to re-elect Anders Ekblom, Hans-Peter Ostler, Eva Sjökvist Saers, Graham Dixon as Board members and to elect Staffan Encrantz and Denise Goode as new Board members. Furthermore, Ernst & Young AB was re-elected as auditor. The Annual General Meeting resolved on fees to the Board in accordance with what appears under the heading "Remuneration to the Board" below. Finally, the Annual General Meeting also resolved on instructions and rules of procedure for the Nomination Committee in accordance with what appears under the heading "Nomination Committee" below.

Nomination Committee

The Code stipulates that the Company should have a Nomination Committee whose duties should include preparing and producing proposals for the election of Board members, the Chairman of the Board, the chair of the shareholders' meeting and the auditors. The Nomination Committee should also propose the fees payable to Board members and auditors. At the Annual General Meeting on May 9, 2019, it was decided to adopt an instruction and rules of procedure for the Nomination Committee (valid until a decision is taken by the shareholders' meeting to change these) whereby the Nomination Committee should be made up of four members representing the three largest shareholders on the last working day of June, and the Chairman of the Board. The largest shareholders are owner-registered shareholders or other known shareholders as of the last working day in June. Before accepting the assignment, a member of the Nomination Committee should consider care-fully whether there is any conflict of interest.

If any of the three largest shareholders declines to appoint a representative, or their representative leaves or steps down before completing the assignment without the shareholder that appointed the member appointing a new one, the Chairman of the Board must invite the next-biggest shareholders in order of size down to the tenth largest (i.e. starting with the fourth-largest) to appoint a shareholder representative within one week of the request. If, despite such requests, only three members have been appointed four months before the Annual General Meeting, the Nomination Committee must be able to be constituted with three ordinary members and it must then be able to decide whether or not this procedure should be pursued to appoint the fourth member.

The members of the nomination committee should be published no later than six months before the Annual General Meeting on the Company's website. In the event of significant changes of ownership earlier than six weeks before the Annual General Meeting, a new shareholder representative should be appointed. The Chairman of the Board should then contact whichever of the three largest shareholders has no shareholder representative and invite them to appoint one. When this shareholder representative is appointed, they should join the Nomination Committee and replace the previous member who no longer represents one of the three largest shareholders.

The Nomination Committee must meet the requirements for its composition laid down in the Code. If the larger shareholders who are entitled to appoint members of the Nomination Committee wish to appoint people who cause the requirements for the composition of the Committee laid down in the Code not to be satisfied, a larger shareholder will take precedence over a smaller in its choice of member. When a new member is appointed as a result of significant changes in ownership, the shareholder who is to appoint a new member must consider the composition of the existing Nomination Committee. The Nomination Committee should appoint its own chairperson. The Chairman of the Board or other Board representative may not chair the Nomination Committee. The mandate for the appointed Nomination Committee will run until a new Nomination Committee is appointed.

Fees may be paid to the members of the Nomination Committee as decided by the shareholders' meeting.

In accordance with the adopted instructions, a nomination committee for the 2023 Annual General Meeting has been constituted consisting of Bertil Brinck representing Allegro Investment, Inc., (Chairman of the Nomination Committee), Lars Bergkvist representing Roxette Photo NV and Hans-Peter Ostler representing Lars Spånberg and Chairman of the Board, Anders Ekblom.

External audit

The Company's auditor is appointed by the Annual General Meeting for the period up to the end of the next Annual General Meeting. The auditor reviews the annual report and accounts and the administration by the Board and the CEO. After each financial year, the auditor is required to submit an audit report to the shareholders' meeting.

The Company's auditor reports his/her observations from the audit to the Board each year, along with an assessment of the Company's internal control.

At the Annual General Meeting on May 5, 2022, Ernst & Young Aktiebolag was re-elected as the Company's auditor, with certified public accountant Peter Gunnarsson as chief auditor. The Annual General Meeting also decided that fees should be paid to the auditor in accordance with the usual charging rules and approved invoices. The auditor's fee for the 2022 financial year was SEK 781 thousand.

The Board of Directors

Duties of the Board

Next to the shareholders' meeting, the Board is the Company's highest decision-making body. The Board is responsible for the organization of the Company and the management of the Company's affairs, e.g., by setting its goals and strategy, maintaining procedures and systems to monitor the specified goals, continuously assessing the Company's economic situation and evaluating its operational management. The Board is also responsible for ensuring that correct information is given to the Company's stakeholders, that the Company complies with laws and regulations and that the Company produces and implements internal policies and ethical guidelines. The Board also appoints the Company's CEO and decides on his/her salary and other remuneration based on the guidelines adopted by the shareholders' meeting.

Composition of the Board

The members of the Board appointed by the shareholders' meeting are elected each year at the Annual General Meeting for the period up to the next Annual General Meeting. According to the Company's articles of association, the Board should comprise at least three and at most eight members, without deputies.

According to the Code, the majority of the Board members elected by the shareholders' meeting should be independent of the Company and of its senior management. To decide whether or not a member is independent, an overall assessment should be made of all matters that could cast doubt on the member's independence of the Company or its senior management. According to the Code, at least two of the members who are independent of the Company and of its senior management should also be independent of major shareholders. Major shareholders are those who directly or indirectly control 10 percent or more of all shares and votes in the Company. To determine a member's independence, the extent of that member's direct and indirect relationships with the major shareholder should be taken into consideration. A Board member who is an employee or board member in a company that is a major shareholder is not considered to be independent.

The Board's assessment is that all proposed board members are considered to be independent in relation to the company and its senior management and all proposed board members except Staffan Encrantz are also considered to be independent in relation to larger shareholders. As indicated, the Board of Directors is of the opinion that the Company meets the Code's independence requirements.

Chairman of the Board

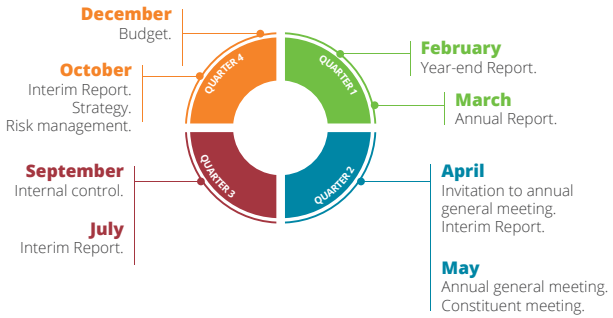
The role of the Chairman is to lead the work of the Board, and to ensure that its work is carried out effectively and that the Board can meet all its obligations.

The Chairman should meet with the CEO to monitor developments in the Company and ensure that the members of the Board are provided through the auspices of the CEO with the information needed to monitor the Company's position, financial planning, and development. The Chairman should also consult with the CEO on strategic matters and check that the decisions of the Board are implemented in an effective manner. The Chairman is responsible for contacts with shareholders on matters of ownership and for conveying the views of the shareholders to the Board. The Chairman is not involved in the day-to-day work of the Company. Nor is he a member of senior management.

Work of the Board

The Board follows written rules of procedure that are reviewed each year and adopted by the constituent Board meeting. Among other things, the rules of procedure govern the Board's working methods, tasks, decision-making within the Company, the meeting schedule for the Board, the tasks of the Chairman and the breakdown of responsibilities between the Board and

Board meetings 2022



Board and committee members 2022

Name	Position	Attendance		
		Board	Audit Committee	Remuneration Committee
Anders Ekblom	Board member, Chairman of the Board, Member of the RC*, Chair of the RC**	14/14		3/3
Graham Dixon	Board member, Member of the RC	14/14		3/3
Hans-Peter Ostler	Vice Chairman of the Board, Chair of the AC	13/14	5/5	
Eva Sjökvist Saers	Board member, Chair of the RC*, Member of the AC	14/14	5/5	2/3*
Veronica Wallin	Board member, Member of the AC	14/14	5/5	
Staffan Encrantz	Board member**	6/14**		
Denise Goode	Board member**, Member of the RC**	7/14**		1/3**
Laura von Schantz	Board member, Employee representative	14/14		

"* Up until Annual General Meeting, May 2022.
** As of Annual General Meeting, May 2022."

the CEO. The terms of reference for financial reporting and instructions to the CEO are also adopted at the constituent Board meeting.

The work of the Board is also driven by an annual presentation schedule, to meet the Board's need for information. The Chairman and the CEO, along with the members of the Board, maintain an ongoing dialog on the management of the Company. The Board meets according to a predefined annual timetable and should hold at least seven ordinary Board meetings between Annual General Meetings. Extra meetings may also be arranged to deal with matters that cannot be postponed to any of the ordinary meetings. In 2022, the Board met on a total of fourteen occasions.

The yearly evaluation of the Board has been performed by individual interviews with Board members and senior management about their view on the Board's work, composition, and areas for improvement. The feedback has been reported back to the Nomination Committee and the Board consolidated.

Remuneration of the Board

Remuneration to Board members elected by the Annual General Meeting is decided by the Annual General Meeting. Ahead of the 2023 Annual General Meeting, the Nomination Committee will submit proposals regarding the fee. At the Annual General Meeting on May 5, 2022, it was resolved that board remuneration shall be paid with SEK 650,000 to the Chairman of the board of directors (SEK 550,000 previous year), with SEK 400,000 to the Vice Chairman of the board of directors (SEK 400,000 previous year) and with SEK 300,000 to each of the other board members who are not employed by the company (SEK 300,000 previous year). Furthermore, remuneration for committee work is proposed with SEK 125,000 to be paid to the Chairman of the Audit Committee (SEK 125,000 previous year), with SEK 50,000 to each of the other members of the Audit Committee (SEK 30,000 previous year), with SEK 50,000 to the Chairman of the Remuneration Committee (SEK 25,000 previous year) and with SEK 25,000 to each of the other members of the Remuneration Committee (SEK 0 previous year). See also Note 12, Payments to senior executives.

Audit Committee

The Audit Committee monitors the Company's financial position and the effectiveness of its internal control and risk management. It keeps itself informed of the audit of the annual accounts and consolidated accounts, and reviews and monitors the impartiality and independence of the auditor. The Audit Committee should also assist the Nomination Committee with resolutions on the election of and fees payable to the auditor. Following the Annual General Meeting on May 5, 2022, the Audit Committee consists of Hans-Peter Ostler (Chairman), Eva Sjökvist Saers and Veronica Wallin.

Remuneration Committee

The Remuneration Committee chiefly addresses questions of remuneration and other conditions of employment of the CEO and senior executives. The Remuneration Committee should also follow up and evaluate ongoing variable remuneration schemes for senior management and those schemes completed during the year and follow up and assess compliance with the guidelines on remuneration of senior executives decided on by the Annual General Meeting. Following the Annual General Meeting on June 1, 2021, the Remuneration Committee consists of Anders Ekblom (Chairman), Graham Dixon and Denise Goode.

CEO and other senior executives

The CEO is subordinate to the Board and his main task is to handle the Company's day-to-day management and operations. The rules of procedure for the Board and the instruction to the CEO set out the matters to be decided by the Board of the Company and those for which the CEO is responsible.

The CEO is also responsible for producing reports and decision documents ahead of the Board meetings, and for presenting this material at Board meetings.

Alligator's Management Team consists of five persons: the CEO, the Chief Operating Officer, Chief Financial Officer, Chief Scientific Officer and Chief Technology Officer.

Remuneration of senior executives

The remuneration of senior executives may consist of basic salary, variable remuneration, pension benefits, other benefits, and severance conditions. The CEO and other senior executives were paid salaries and other remuneration for the 2022 financial year as set out in Note 12.

The notice period for the CEO is six months, whichever party serves notice. The CEO will be entitled to a severance payment equal to six months' salary in the case of termination by the Company. The notice period for other senior executives is three months, whichever party serves notice. No severance payments have been agreed for other senior executives.

See also Guidelines for remuneration to senior executives on page 84.

Internal control

The Board's responsibility for internal control is laid down in the Companies Act, the Annual Accounts Act, which contains requirements to the effect that details of the major features of Alligator's systems for internal control and risk management in relation to financial reporting must be included in the corporate governance report, and the Code. Among other things, the Board is required to ensure that Alligator has good internal control and formalized procedures to ensure that the established principles for financial reporting and internal control are adhered to and that there are suitable systems for follow-up and control of the Company's activities and the risks inherent in the Company and its operations.

The overall purpose of internal control is to provide reasonable assurance that the Company's operational strategies and goals are followed up and that the shareholders' investments are protected. The internal control should also provide reasonable assurance that external financial reporting is reliable and prepared in accordance with good auditing practice, that applicable laws and regulations are obeyed and that requirements for listed companies are complied with. Internal control essentially covers the following five components.

Control environment

The Board bears the overall responsibility for internal control over financial reporting. In order to create and maintain a functioning control environment, the Board has adopted a number of policies governing financial reporting. These mainly comprise the rules of procedure for the Board, the mandate to the CEO and the terms of reference for financial reporting. The Board has also adopted a special set of signatory rules and a Financial Policy. The Company also has a finance manual containing principles, guidelines, and process specifications for accounting and financial reporting. The Board has also set up an Audit Committee whose main task is to ensure that the approved principles for financial reporting and internal control are complied with and that regular contact with the Company's auditor is maintained. The responsibility for maintaining an effective control environment and for the day-to-day work on internal control over financial reporting rests with the CEO. The CEO reports to the Board on a regular basis in accordance with the instruction to the CEO and the terms of reference for financial reporting. The Board also receives reports from the Company's auditor.

Based on a control environment assessed as good, and the size of the Company, the Board has determined that there are no special circumstances in the business or other matters to justify setting up an internal audit function.

Risk assessment

The risk assessment involves identifying risks that could arise if the fundamental requirements for financial reporting in the Company were not met. In a separate risk assessment document, Alligator's Management Team has identified and evaluated the risks arising in the Company's operations and assessed how these risks can be handled. Within the Board, the Audit Committee bears the primary responsibility for regularly assessing the Company's risk situation, after which the Board carries out an annual review of the risk situation.

Control activities

Control activities contain identified risks and ensure correct and reliable financial reporting. The Board is responsible for internal control and monitoring by senior management. This is done via both internal and external control activities and through review and follow-up of the Company's governing documents relating to risk management.

Information and communication

The Company has information and communication paths designed to promote accuracy in financial reporting and to enable reporting and feedback from the business to the Board and management, such as by making governing documents in the form of internal policies, guidelines, and instructions available and known to the employees concerned. The Board has also adopted an information policy governing the Company's disclosure of information.

Follow-up

Compliance with and effectiveness of the internal controls are followed up on a regular basis. The CEO ensures that the Board receives regular reports on the development of the Company's operations, including the development of the Company's results and financial position and details of significant events such as research findings and major agreements. The CEO also reports on these matters at each Board meeting.

Board of Directors

Anders Ekblom

Born 1954. Chairman since 2021 and Board member since 2017. Chairman of the Remuneration Committee.

Anders Ekblom is a physician, board certified in anesthesia and intensive care, dentist and Associate Professor in physiology at the Karolinska Institute. Anders Ekblom has extensive experience from the biopharmaceutical industry globally, including being EVP Global Medicines Development at AstraZeneca and CEO and president of AstraZeneca AB Sweden.

Other ongoing assignments: Chairman of Atrogi AB, Elypta AB and Xspray Pharma AB. Board member of AnaMar AB and Mereo BioPharma Group plc.

Holdings in Alligator: 93,172 shares and 100,000 warrants in program TO 2022/2025 II.

Independent in relation to the Company, its senior management and major shareholders.

Hans-Peter Ostler

Born 1971. Deputy chairman of the Board and Board member since 2021. Chairman of the Audit Committee.

Hans-Peter Ostler has university studies in economics and law at the School of Business, Economics and Law and School of Public Administration at Gothenburg University. Hans-Peter Ostler has more than 20 years of experience in investment banking and private banking, including from Danske Bank. Hans-Peter Ostler's previous experiences include assignments such as board member of IRLAD Therapeutics AB.

Other ongoing assignments: Chairman of the Board in Ectin Research AB and Improve Tec Hönö AB, board member of RGNT Electric AB, Hoodin AB, Cinda Pharma, Promore Pharma, InorbitTX, S.P. HMSO AB, Oblique Therapeutics AB and Lennart Ekerholms Stiftelse. Deputy board member in O Mgmt AB.

Holdings in Alligator: 700,000 shares and 100,000 warrants in program TO 2022/2025 II.

Independent in relation to the Company, its senior management and major shareholders.

Graham Dixon

Born 1961. Board member since 2019. Member of the Remuneration Committee.

Graham Dixon has a PhD in Biochemistry from the University of Swansea, Great Britain and is CSO/Head of R&D at Mithra Pharmaceuticals as well as member of the Scientific advisory board at InteRNA NV. Graham Dixon has extensive experience from development of new drugs, with applications for both orphan drugs and mainstream disease indications. Graham Dixon's previous experiences include, among other things, CEO of Neem Biotech, Head of R&D and CSO of Onxeo, Galapagos, Sensorion Pharma and Addex Therapeutics.

Other ongoing assignments: Chairman of Apaxen BV.

Holdings in Alligator: No holdings

Independent in relation to the Company, its senior management and major shareholders.

Eva Sjökvist Saers

Born 1962. Board member since 2021. Member of the Audit Committee.

Eva Sjökvist Saers has a Doctoral degree in pharmaceutical science from Uppsala university. Eva Sjökvist Saers has many years of experience from the pharmaceutical industry where she has worked in various leading positions within Astra/AstraZeneca, Apoteket AB and as CEO of the pharmaceutical company Apotek Produktion & Laboratorier AB for more than ten years. Eva Sjökvist Saers is also Chairman of the strategic innovation area Swelife and has previously been Chairman of Apotekarsocieteten and deputy chairman of SwedenBio.

Other ongoing assignments: Chairman of the Board in Dicot AB. Board member in Bluefish Pharmaceuticals AB (publ), Oxcia AB and Apoex AB. Deputy Board member in Brainstorm Aktiebolag.

Holdings in Alligator: 100,000 warrants in program TO 2022/2025 II.

Independent in relation to the Company, its senior management and major shareholders.

Veronica Wallin

Born 1986. Board member since 2021. Member of the Audit Committee.

Veronica Wallin has a Master of Science in Business and Economics from Stockholm University, and is the CFO at the medical technology company Episurf Medical AB since 2017. Veronica Wallin has previously, among other things, been CFO at the pharmacy company ApoEx AB.

Other ongoing assignments: Board member for a number of subsidiaries within the Episurf Group.

Holdings in Alligator: 31,250 shares and 100,000 warrants in program TO 2022/2025 II.

Independent in relation to the Company, its senior management and major shareholders.

Staffan Encrantz

Born 1951. Board member since 2022.

Staffan Encrantz has a Law degree (Summa Cum Laude) from Uppsala University, Sweden. He is the founder and president of Allegro Investment, Inc., a company based in Menlo Park, California, which manages a $750 million investment portfolio. He has actively led investments in and operation of a variety of companies for over 35 years and has led the growth and development of both early-stage companies and established businesses in a wide variety of fields. Additionally, Staffan has extensive experience in commercial real estate, primarily in Sweden and USA, and of the hedge fund industry as representing substantial investors in a number of hedge funds and as former Board member of MKM Longboat Multi Strategy Fund Ltd., Harbour Litigation Funding and Harbour Solutions Group Ltd.

Other ongoing assignments: Chairman of AnaMar AB, Sweden, a company engaged in the research and development of drugs for fibrosis, GovX Inc. San Diego, CA an e-commerce company, Koncentra Verkstads AB, Sweden, a contract manufacturing group, Nclear Inc., Atlanta GA, a company working with environmental clean-up, Oxymetal SAS, France a laser and plasma steel cutting business and Sight Sciences Inc., Menlo Park CA, a medical device eye care company developing and selling devices for surgical treatment of glaucoma and dry eye (NASDAQ:SGHT).

Holdings in Alligator: 55,642,092 shares.

Independent in relation to the Company and its senior management, but not in relation to major shareholders.

Information regarding individuals' own and related parties' shareholdings pertain to the situation on December 31, 2022.

Denise Goode

Born 1958. Board member since 2022.
Member of the Remuneration Committee.

Denise Goode has a Bachelor of Science (Honours) in zoology from the University of Manchester, UK. Fellow of the Institute of Chartered Accountants in England and Wales. Denise Goode, brings a wealth of financial, commercial, and life science industry experience, both from her extensive career as a senior pharmaceutical executive and from board and advisory roles held in life sciences since 2008. She has a deep understanding of the pharmaceuticals sector, finance and fundraising, and is highly experienced in business development. Previously, she had a 20 year career with AstraZeneca Pharmaceuticals PLC where she held global senior leadership roles within both finance and commercial activities. Denise is a PwC alumnus.

Other ongoing assignments: CEO of QED Life Sciences Limited, a consultancy company advising and supporting the strategic direction of biotech companies and providing business mentoring to CEOs and senior leaders. Board member of Abliva AB (publ) where she is chair of the remuneration committee and a member of the audit committee. VP, Business Development at AnaMar AB. Certified COVID vaccinator for the UK National Health Service.

Holdings in Alligator: 100,000 warrants in program TO 2022/2025 II.

Independent in relation to the Company, its senior management and major shareholders.

Tova Landström

Born 1968. Board member since 2023.
Employee representative.

Tova Landström has a Master in Biomedicine from Uppsala University and a PhD in Experimental Medical Science from Lund University. Tova is the Board's employee representative.

Other ongoing assignments: None

Holdings in Alligator: 1,330 shares.

Not independent in relation to the Company or its senior mangement, but independent in relation to major shareholders.

Information regarding individuals' own and related parties' shareholdings pertain to the situation on December 31, 2022, except for Tova Landström whose information pertain to the situation on March 24, 2023.

Management

Søren Bregenholt

Born 1971. CEO since 2021.

Søren Bregenholt holds a PhD in biomedical research from University of Copenhagen and did his post-doctoral training at Institute Pasteur in Paris. Søren has more than 20 years of international experience from operational and strategic leadership positions in global pharma and the biotech industry including executive roles at Novo Nordisk, Symphogen and Macrophage Pharma. He has negotiated and operationalized numerous licensing, collaboration and co-development agreements.

Other ongoing assignments: Chairman of Medicon Valley Alliance, Chairman of A Bioscience Incentive AB and Atlas Therapeutics AB.

Holdings in Alligator: 279 496 shares and 500,000 warrants in program TO 2022/2025 I.

Malin Carlsson

Born 1968. Executive Vice President & Chief Operating Officer since 2020.

Malin Carlsson is a licensed medical doctor with a board certification in clinical immunology. She holds a PhD in Clinical Immunology fromLund University. Malin Carlsson has 20 years of experience in clinical and experimental research within immunology and twelve years of experience of drug development from Astra Zeneca, Takeda and Ferring Pharmaceuticals. She has held senior leadership roles where she has been responsible for multiple clinical development programs, as well as for building organizations.

Other ongoing assignments: Deputy Board member in A Bioscience Incentive AB and Atlas Therapeutics AB.

Holdings in Alligator: 10,000 shares and 250,000 warrants in program TO 2022/2025 I.

Marie Svensson

Born 1964. Chief Financial Officer since 2020.

Marie Svensson has a BA in accounting and a Master of Business Administration/Management from Lund University. Marie Svensson has over 25 years of experience from financial positions in various high-tech companies and has, among other things, been CFO of InCoax Networks and of Sol Voltaics.

Other ongoing assignments: Board member in A Bioscience Incentive AB and Atlas Therapeutics AB. Deputy board member in Lemniscus Consulting AB.

Holdings in Alligator: 60,000 shares and 250,000 warrants in program TO 2022/2025 I.

Peter Ellmark

Born 1973. Chief Scientific Officer since 2021.

Peter Ellmark holds a PhD and an associate professorship in Immunotechnology at Lund University. Peter has over 20 years of experience of developing antibodies for immunotherapy of cancer, bringing multiple IO-drugs from idea to clinical development.

Other ongoing assignments: None

Holdings in Alligator: 40,000 shares and 250,000 warrants in program TO 2022/2025 I.

Laura von Schantz

Born 1982. Chief Technology Officer since 2022.

Laura von Schantz is a Swedish graduate engineer in biotechnical engineering and has a doctorate in immuno-technology from Lund University. Between 2016 and 2023, Laura was the Employee representative on the Alligator Board of Directors.

Other ongoing assignments: None

Holdings in Alligator: 2,626 shares and 77,000 warrants in program TO 2022/2025 I.

Information regarding individuals' own and related parties' shareholdings pertain to the situation on December 31, 2022, except for Laura von Schantz whose information pertain to the situation on March 24, 2023.

Financial statements

Consolidated income statement

KSEK	Note	2022	2021
Operating income			
Net sales	6	35,696	12,943
Other operating income	7	1,439	2,183
Total operating income		**37,135**	**15,126**
Operating costs			
Other external costs	8,9,10	-147,725	-86,982
Personnel costs	11,12	-68,836	-57,814
Depreciation and impairment of tangible and intangible assets	10,18,19,20,21,22	-11,767	-11,144
Other operating costs	13	-1,597	-751
Total operating costs		**-229,925**	**-156,691**
Operating profit/loss		**-192,789**	**-141,565**
Financial items			
Other financial income	14	32	-2
Financial costs	15	-646	-169
Net financial items		**-614**	**-171**
Profit/loss before tax		**-193,403**	**-141,736**
Tax on profit for the year	16	-	-
Profit/loss for the year attributable to Parent Company shareholders		**-193,403**	**-141,736**
Earnings per share, SEK			
Before dilution*	17	-0.88	-1.58
After dilution*	17	-0.88	-1.58

Consolidated statement of comprehensive income

KSEK	Note	2022	2021
Profit/loss for the year		-193,403	-141,736
Other comprehensive income		-	-
Comprehensive income attributable to Parent Company shareholders		**-193,403**	**-141,736**

* Previous periods have been adjusted, see Note 34 for details.

Consolidated statement of financial position

Assets

KSEK	Note	2022-12-31	2021-12-31
ASSETS			
Fixed assets			
Intangible assets			
Participations in development projects	18	17,949	17,949
Patents	19	-	17
Softwares	20	70	201
Tangible assets			
Improvements in leased premises	22	-	608
Right of use assets	10	25,550	10,456
Equipment, machinery and computers	22	1,386	4,355
Financial noncurrent assets			
Depositions	24	1,815	-
Total fixed assets		**46,770**	**33,587**
Current assets			
Accounts receivables	25	13,930	7,446
Other receivables	26	3,636	7,044
Prepayments and accrued income	27	7,942	6,975
Cash and cash equivalents	28	97,305	278,148
Total current assets		**122,814**	**299,613**
TOTAL ASSETS		**169,584**	**333,200**

Consolidated statement of financial position

Equity and liabilities

KSEK	Note	2022-12-31	2021-12-31
EQUITY AND LIABILITIES			
Equity			
Share capital (220,584,878 shares at a par value of SEK 0.40)	29	88,614	88,234
Other capital contributions	29	911,901	911,831
Retained earning		-911,463	-717,792
Equity attributable to Parent Company shareholders		**89,051**	**282,273**
Non-current provisions and liabilities			
Lease liabilities	10	16,003	3,511
Total non-current provisions and liabilities		**16,003**	**3,511**
Current liabilities			
Accounts payable		13,343	9,367
Other liabilities		3,032	2,237
Lease liabilities	10	8,499	6,225
Accrued expenses and deferred income	30	39,655	29,586
Total current liabilities		**64,529**	**47,416**
TOTAL EQUITY AND LIABILITIES		**169,584**	**333,200**

Consolidated statement of changes in equity

KSEK	Attributable to Parent Company shareholders			
	Share capital	Other Capital Contributions	Profit/loss for the year	Total Equity
Equity, January 1, 2021	**28,555**	**662,741**	**-576,052**	**115,244**
Profit/loss for the year	-	-	-141,736	-141,736
Comprehensive income for the year	**-**	**-**	**-141,736**	**-141,736**
Transactions with the Group's owner				
New share issue	59,679	299,891	-	359,570
Underwriting expenses	-	-50,801	-	-50,801
Effect of share-based payments to personnel	-	-	-3	-3
Equity, December 31, 2021	**88,234**	**911,831**	**-717,792**	**282,273**
Equity, January 1, 2022	**88,234**	**911,831**	**-717,792**	**282,273**
Profit/loss for the year	-	-	-193,403	-193,403
Comprehensive income for the year	**-**	**-**	**-193,403**	**-193,403**
Transactions with the Group's owner				
New share issue	380	-	-	380
Underwriting expenses	-	-343	-	-343
Treasury shares*	-	-	-380	-380
Warrants**	-	413	-	413
Warrants repurchase**	-	-	13	13
Effect of share-based payments to personnel	-	-	99	99
Equity, December 31, 2022	**88,614**	**911,901**	**-911,463**	**89,051**

* The item refers to the repurchase of 949,850 C shares that the Board, with the support of authorized members of the Annual General Meeting on June 1, 2021, decided on March 22, 2022.

** The item refers to cash compensation for issuing warrants. For more information on the Warrant Program, see Note 29 Equity.

Consolidated statement of cash flows

KSEK	Note	2022	2021
Cash flow from operating activities			
Operating profit/loss		-192,789	-141,565
Adjustments for items not generating cash flow			
Depreciation and impairments	10,19,20,21,22,23	11,767	11,144
Effect from warrant program for personnel		99	4
Other items, no impact on cash flow		-19	65
Interest paid		-646	-235
Tax paid		-	-
Cash flow from operating activities before changes in working capital		**-181,588**	**-130,587**
Changes in working capital			
Change in operating receivables		-5,859	-13,589
Change in operating liabilities		14, 840	17,144
Cash flow from operating activities		**-172,607**	**-127,033**
Investing activities			
Acquisition of tangible assets	21,22	-440	-45
Investing activities		**-440**	**-45**
Financing activities			
Amortization of leasing liabilities	10	-7,806	-6,672
Amortization of installment purchase		-104	-301
New share issue*		380	342,665
Transaction costs*		-343	-33,897
Option premiums received		426	-
Purchase of treasury shares		-380	-
Cash flow from financing activities		**-7,827**	**301,795**
Cash flow for the year		**-180,875**	**174,717**
Cash and cash equivalents at beginning of year		278,148	103,342
Exchange rate differences in cash and cash equivalents		32	60
Cash and cash equivalents at end of year	28	**97,305**	**278,148**

*Refers to the share issue of C shares that was carried out in Q1 2022.

Parent Company income statement

KSEK	Note	2022	2021
Operating income			
Net sales	6	35,696	12,943
Other operating income	7	1,439	2,183
Total operating income		**37,135**	**15,126**
Operating costs			
Other external costs	8,9,10	-155,785	-93,279
Personnel costs	11,12	-68,836	-57,814
Depreciation and impairment of tangible assets	19,20,21,22,23	-4,165	-5,084
Other operating costs	13	-1,597	-751
Total operating costs		**-230,383**	**-156,928**
OPERATING PROFIT/LOSS		**-193,248**	**-141,802**
Results from financial items			
Other interest income and similar income statement items	14	35	-2
Interest expense and similar income statement items	15	-4	39
Net financial items		**31**	**37**
PROFIT/LOSS AFTER FINANCIAL ITEMS		**-193,217**	**-141,765**
Appropriations			
Group contribution received		407	-
Total appropriations		**407**	**-**
Result before tax		**-192,810**	**-141,765**
Tax on profit for the year	16	-	-
PROFIT/LOSS FOR THE YEAR		**-192,810**	**-141,765**

Parent Company statement of comprehensive income

KSEK	Note	2022	2021
Profit/loss for the year		-192,810	-141,765
Other comprehensive income		-	-
Profit/loss for the year		**-192,810**	**-141,765**

Parent Company balance sheet

Assets

KSEK	Note	2022-12-31	2021-12-31
ASSETS			
Fixed assets			
Intangible assets			
Patents	19	-	17
Softwares	20	70	201
Total intangible assets		**70**	**219**
Tangible assets			
Improvements in leased premises	21	-	608
Equipment, machinery and computers	22	1,386	4,355
Total tangible assets		**1,386**	**4,963**
Financial assets			
Participations in Group companies	23	20,294	20,294
Depositions	24	1,815	-
Total financial assets		**22,109**	**20,294**
Total fixed assets		**23,565**	**25,475**
Current assets			
Current receivables			
Accounts receivable	25	20	7,446
Receivables from Group companies		845	438
Other receivables	26	3,636	7,044
Prepayments and accrued income	27	23,947	8,796
Total current receivables		**28,447**	**23,724**
Cash and bank deposits	28	96,046	277,288
Total current assets		**124,494**	**301,012**
TOTAL ASSETS		**148,059**	**326,488**

Parent Company balance sheet

Equity and liabilities

KSEK	Note	2022-12-31	2021-12-31
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital (220,584, 878 shares at a par value of SEK 0.40)	29	88,614	88,234
Total restricted equity		**88,614**	**88,234**
Non-restricted equity			
Share premium reserve		911,488	911,831
Retained earnings		-715,923	-573,877
Profit/loss for the year		-192,810	-141,765
Total non-restricted equity		**2,755**	**196,190**
Total equity		**91,369**	**284,424**
Non-current provisions and liabilities			
Other long-term liabilities		-	143
Total non-current provisions and liabilities		**-**	**143**
Current liabilities			
Accounts payable		13,343	9,367
Other liabilities		3,032	2,095
Accrued expenses and deferred income	30	40,314	30,459
Total current liabilities		**56,690**	**41,921**
TOTAL EQUITY AND LIABILITIES		**148,059**	**326,488**

Parent Company statement of changes in equity

KSEK	RESTRICTED EQUITY	NON-RESTRICTED EQUITY			
	Share capital	Share Premium reserve	Retained earnings	Profit/loss for the period	Total
Equity, Jan 1, 2021	**28,555**	**662,741**	**-444,611**	**-129,270**	117,416
Conversion of previous year's results	-	-	-129,270	129,270	-
Profit/loss for the year	-	-	-	-141,765	-141,765
Comprehensive income for the year	**-**	**-**	**-**	**-141,765**	**-141,765**
Other changes in equity					
New share issue	59,679	299,891	-	-	359,570
Transaction costs	-	-50,801	-	-	-50,801
Effect of share-based payments to personnel	-	-	5	-	5
Equity, Dec 31, 2021	**88,234**	**911,831**	**-573,877**	**-141,765**	**284,424**
Equity, Jan 1, 2022	**28,555**	**911,831**	**-573,877**	**-141,765**	**284,423**
Conversion of previous year's results	-	-	-141,765	141,765	-
Profit/loss for the year	-	-	-	-192,810	-192,810
Comprehensive income for the year	**-**	**-**	**-**	**-192,810**	**-192,810**
Other changes in equity					
New share issue	380	-	-	-	380
Transaction costs	-	-343	-	-	-343
Treasury shares*	-	-	-380	-	-380
Effect of share-based payments to personnel	-	-	99	-	99
Equity, Dec 31, 2022	**88,614**	**911,488**	**-715,923**	**-192,810**	**91,369**

*The item refers to the repurchase of 949,850 C shares that the Board, with the support of authorized members of the Annual General Meeting on June 1, 2021, decided on March 22, 2022.

Parent Company statement of cash flows

KSEK	Note	2022	2021
Cash flow from operating activities			
Operating profit/loss		-193,248	-141,802
Adjustments for items not generating cash flow			
Depreciation and impairments	19, 20,21,22,23	4,165	5,084
Effect from warrant program for personnel		99	-5
Other items, no impact on cash flow		-36	93
Interest paid		-4	-11
Cash flow from operating activities before changes in working capital		**-189,024**	**-136,641**
Changes in working capital			
Change in operating receivables		-6,132	-14,674
Change in operating liabilities		14,769	17,648
Cash flow from operating activities		**-180,386**	**-133,667**
Investing activities			
Cash flow from investing activities	21,22	-440	-45
Investing activities		**-440**	**-45**
Financing activities			
New share issue		380	342,665
Transaction cost		-343	-33,897
Repurchase of treasury shares		-380	-
Installment purchase amortization		-104	-301
Cash flow from financing activities		**-447**	**308,467**
Cash flow for the year		**-181,274**	**174,755**
Cash and cash equivalents at beginning of year		277,288	277,288
Exchange rate differences in cash and cash equivalents		32	60
Cash and cash equivalents at end of year	28	**96,046**	**277,288**

Notes

1. General information

Alligator Bioscience AB (publ), corporate ID number 556597-8201, is a public limited company based in Lund, Sweden. The address of the office is Medicon Village, SE-223 81 Lund, Sweden.

Alligator is a biotech company which develops innovative antibody-based medicines for immunotherapy of cancer. These consolidated accounts cover the parent company and its wholly-owned subsidiaries Atlas Therapeutics AB (corporate ID no 556815-2424) and A Bioscience Incentive AB (559056-3663), both based in Lund, Sweden. All operations are run by the parent company.

2. Accounting policies

The consolidated financial statements for Alligator Bioscience AB (publ.) have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU, and interpretations from the IFRS Interpretations Committee (IFRIC).

The Group also complies with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1 'Reporting for legal entities'.

The consolidated accounts are denominated in Swedish kronor (SEK) and relate to the period January 1–December 31 for income statement- and cash flow statement items or December 31 for balance-sheet- and equity items. Assets and liabilities are recognized according to the historical cost method unless stated otherwise. The key accounting principles applied are described below.

New and amended standards and improvements which entered into force in 2022

The International Accounting Standards Board (IASB) has issued a number of new and amended standards that have taken effect during 2021. Management believes that other new and amended standards and interpretations have not had a significant impact on the Group's financial statements.

New and amended standards and interpretations that have not yet taken effect

The International Accounting Standards Board (IASB) has issued a number of new and amended standards that have not yet taken effect. None of these has been applied in advance.

Management believes that other new and amended standards which have not yet taken effect will not have any material impact on the Group's financial statements in the period when they are first applied.

Consolidated reporting

The consolidated accounts cover the parent company Alligator Bioscience AB (publ) and the companies over which the parent company directly exercises a controlling influence (subsidiaries). The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are included in the consolidated accounts from the acquisition date onwards and excluded from the date on which the controlling influence ceases.

The Group's results and components of comprehensive income are attributable in their entirety to the shareholders in the parent company.

All intra-Group transactions, balances and unrealized gains and losses attributable to intra-Group transactions have been eliminated in the preparation of the consolidated accounts.

Joint operations

Joint operations are activities where Group through agreements with one or more parties have a common decision power and the parties report assets, liabilities, income and costs and their share of common assets, liabilities, income and costs.

Business acquisitions

Business acquisitions are reported by the acquisition method.

The purchase price for the acquisition is assessed at fair value on the date of acquisition, calculated as the sum of assets paid, liabilities incurred or assumed, and equity issued in exchange for control over the acquired operation. Acquisition-related costs are reported in the income statement when they arise.

The identifiable assets acquired, and liabilities assumed are reported at fair value on the acquisition date – apart from the exceptions specified in IFRS 3.

Segment reporting

The Group currently has only one business activity, and hence only one operating result for the chief executive to take regular decisions on and allocate resources to. In light of this, there is only one operating segment which represents the Group as a whole, so there is no other segment reporting. Within the Group, the CEO of the company has been identified as the chief operating decision maker.

Revenue from contracts with customers
The Group's operating income is made up of revenues from collaboration agreements and out-licensing pharmaceutical projects.

The business model of Alligator is to develop drug candidates up to and including clinical Phase II to subsequently out-license the drug candidate to a partner (customer) for further development and market launch. Agreements with a partner can also contain other performance obligations such as further development work.

In all existing license and collaboration agreements, the license for intellectual property has been deemed to be distinct from other services in the agreement. In all cases, the assessment has also been made that the license entitles the licensee to use the company's intellectual property in its existing condition at the time the license is granted. In principle, compensation for the license shall be reported as revenue at the time when control of the license is transferred to the licensee.

Development work is considered performed and fulfilled over time as the customer receives and uses the services provided by Alligator Bioscience.

The terms of these agreements usually entail compensation in the form of one or more payment streams:

- Non-refundable, initial fixed license fees
- Milestone payments for various development, government, and commercial milestones
- Remuneration for development work
- Sales-based royalties on future drugs that reach the market.

While the initial license fees by nature are fixed, milestone payments, remuneration for development work and sales-based royalties are variable.

Alligator evaluates the most likely amount for each milestone payment at the start of each contract. The estimated amount is included in the transaction price if it is very likely that a substantial reversal of income will not occur when the uncertainty associated with the milestone payment ceases. Milestone payments that are not within Alligator's or the licensee's control, such as regulatory approvals, are not included in the transaction price until such approval has been received. Alligator Bioscience re-evaluates the likelihood that milestones will be achieved at the end of each reporting period, and if necessary, updates the estimated transaction price.

Alligator will report future sales-based royalties first when the related sales has taken place.
For all Alligator's agreements, milestone payments and royalty payments have been allocated to performance obligations according to the license agreements. This means that milestone payments are recognized as revenue as soon as they are included in the transaction price and that royalty payments will be recognized as revenue when the underlying sales have taken place.

In all cases where agreements include development work, Alligator has made the assessment that the agreed remuneration for development work corresponds to the independent sales price for promised services.

Payment terms are usually 30 to 60 days after transferred license rights, achieved milestone or for completed development work. This means that performance obligations are carried out before payment is received.

For accounting of accounts receivable linked to revenues from contracts with customers, reference is made to accounting principles for financial instruments.

Government grants
Government grants are reported as other income when the performance required in order to receive the contribution is carried out. If the contribution is received before performance is affected, the contribution is reported as a liability in the balance sheet. Government grants are recognized at the fair value of whatever has been or is to be received.

Dividends and interest income
Dividend income is reported when the right of shareholders to receive payment has been established.

Interest income is spread across the term, by the effective interest method. Effective interest is the interest that causes the present value of all future payments and receipts to be equal to the reported value of the receivable.

Leases
The Group determines whether a contract is, or contains, a lease at the start of the contract. The Group recognizes a right-of-use assets and a corresponding lease liability for all leases in which the Group is the lessee, with the exception of leases where the underlying asset is of a low value. For leases that fulfill the criteria for the exemption rules, the Group recognizes lease payments as an operating expense on a straight-line basis over the lease term, provided no other systematic method for allocating the lease payment provides a fairer presentation taking into account how the economic benefits from the underlying asset are consumed. The lease liability is initially measured at the present value of the future lease payments that have not been paid as of the start date for the lease, discounted by the implicit interest rate or, if this cannot easily be determined, by the incremental borrowing rate. The incremental borrowing rate is the interest rate that an affiliated company would need to pay for financing through loans in a corresponding period, and with corresponding collateral, for the right of use for an asset in a similar economic environment.

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

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

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

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

Lease liabilities are remeasured with a corresponding adjustment of the right-of-use asset according to the rules of the standard.

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

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

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

Right-of-use assets are presented on a separate line in the statement of financial position.
The Group applies the same principles for impairment of right-of-use assets in accordance with the accounting policy for tangible assets.

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

The Group has chosen not to apply the possibility of not separating service components from leasing fees.

Foreign currencies
The consolidated accounts are drawn up in Swedish kronor (SEK), which is the parent company's functional and reporting currency. Transactions in foreign currency are converted to SEK at the rate in effect on the transaction date. Receivables and liabilities in foreign currency are converted at the rate in effect on the reporting date. Exchange rate gains and losses on operating receivables and liabilities are reported under operating profit as other operating income or other operating costs. Gains and losses on financial receivables and liabilities are reported as financial items.

Exchange rate differences are reported in the income statement in the period in which they arise.

Payments to employees
Short-term payments to employees
Payments to employees in the form of salary, bonuses, paid vacation, paid sick leave etc. and pensions are reported as and when they are accrued (usually monthly).

Severance payments
The Group reports severance payments when there is an existing legal or informal obligation and when it is likely that an outflow of resources will be required to meet the commitment and the amount can be calculated in a reliable manner.

Pensions
Pensions and other payments after cessation of employment are classified as defined-contribution or defined-benefit pension plans.

The Group's defined-benefit pension plans cover commitments for old-age and family pensions for salaried employees in Sweden covered by insurance with Alecta. According to an opinion from the Financial Reporting Board, UFR 10, this a defined-benefit plan covering multiple employers. The Group has not had access to the information that would allow it to report this as a defined-benefit plan. The ITP (white-collar) pension plan covered by insurance with Alecta is therefore reported as a defined-contribution plan.

Other pension plans in the Group are defined-contribution. A defined-contribution plan is a pension plan under which the Group makes fixed payments to a separate legal entity. The Group has no legal or informal obligations to make further payments if this legal entity does not have sufficient assets to make all payments to employees associated with the employees' service in the current or earlier periods. The Group's payments into defined-contribution pension plans are charged to profit/loss for the period in the year to which they are attributable.

Share-related payments
In 2021 Alligator introduced a performance-based share savings program. The fair value of the staff options and matching and performance shares is determined on the date of assignment of the right to payment. This value is reported as a personnel cost in the income statement, distributed over the qualifying period, with a corresponding increase in equity. The cost reported is equal to the fair value of the number of options expected to be accrued. In subsequent
s, this cost is adjusted to reflect the fair value of options or shares accrued.

Associated social security charges are reported as a cost and a liability and regularly revalued based on changes in the fair value of the options.

Taxes
Income taxes are the sum of current and deferred tax.

Current tax
Current tax is calculated on the taxable profit/loss for the period, adjusted for current tax for previous periods. Taxable profits differ from the reported profit in the income statement because they have been adjusted for non-taxable income and non-deductible expenses and for income and expenses that are taxable or deductible in other periods. The Group's current tax debt is calculated at the tax rates decided on or announced as of the reporting date.

Deferred tax
Deferred tax is reported on temporary differences between the reported value of assets and liabilities in the financial statements and the taxable value used to calculated the taxable profit. Deferred tax is reported by the balance-sheet method. Deferred tax liabilities are reported for essentially all taxable temporary differences, and deferred tax assets are reported for essentially all deductible temporary differences where it is likely that the amount can be offset against a future taxable surplus. Deferred tax liabilities and assets are not reported if the temporary difference is attributable to goodwill or arises out of a transaction which triggers the initial recognition of an asset or liability (which is not a business acquisition) and which affects neither the reported nor the taxable profit at the date of the transaction.

Deferred tax is calculated at the tax rates that are expected to apply for the period when the asset is recovered or the debt paid, based on the tax rates (and laws) decided on or published at the reporting date.

Deferred tax assets and liabilities are netted off when they are related to income tax charged by the same authority and the Group intends to settle the tax as a net amount.

Current and deferred tax for the period
Current and deferred tax are reported as expenses or as income in the income statement, except where the tax is attributable to transactions reported under other operating profit or directly against equity. In these cases, the tax should also be reported under other operating profit or directly under equity. For current and deferred tax arising from the recognition of business acquisitions, the tax effect should be shown in the acquisition calculation.

Investments in leased premises
Investments in leased premises refer to adjustments made to the leased premises for a new laboratory. This asset is recognized in accordance with the accounting policy for tangible assets and depreciation is expensed on a straight-line basis over the duration of the five-year lease.

Tangible assets
Tangible assets consist of computers, equipment and machinery. These are reported at historical cost minus cumulative depreciation and any impairments. The historical cost includes the purchase price and any expenses directly attributable to the asset for putting it in place and making it fit for its intended purpose.

Depreciation of tangible assets is posted to expenses in such a way that the value of the asset minus its estimated residual value at the end of its service life is written down on a linear basis over its expected service life, estimated at:

- Computers 3 years
- Equipment and machinery 5 years

Estimated service lives, residual values and depreciation methods are reviewed at least at the end of each accounting period, and the effects of any changes in estimates are reported in advance.

The reported value of a tangible asset is removed from the statement of financial position when it is scrapped or sold, or when no future economic benefits are expected from using or scrapping/ disposing of the asset. The gain or loss made from scrapping or disposing of the asset is the difference between any net income from the disposal and its reported value, posted to the income statement in the period in which the asset is removed from the statement of financial position.

Intangible assets
Separately acquired intangible assets – Participations in development projects
Intangible assets which have been acquired separately are reported at historical cost minus cumulative depreciation and any cumulative impairments. Depreciation is linear over the estimated period of use of the asset. Estimated periods of use and depreciation methods are reviewed at least at the end of each accounting period, and the effects of any changes in estimates are reported in advance.

Depreciation starts when the projects are ready for sale or out-licensing or otherwise ready for commercialization. Depreciation has not yet been initiated for acquired participations in development projects.

Acquisition through internal processing
Work to produce an internally processed intangible asset is broken down into a research phase and a development phase. All costs deriving from the Group's research phase are reported as expenses in the period in which they arise. The costs of developing an asset may be reported as an asset if all of the following conditions are met:

- it is technically possible to finish the intangible asset so it can be used or sold,
- the company intends to finish the intangible asset and to use or sell it,
- the conditions exist to use or sell the intangible asset,
- it is likely that the intangible asset will generate future economic benefits,
- necessary and adequate technical, economic and other resources are in place to complete the development and to use or sell the intangible asset, and
- the costs attributable to the intangible asset during its development can be calculated in a reliable manner.

If all of the above criteria are not satisfied, the development costs are reported as an operating cost as and when they arise.

The above rules will normally mean that capitalization starts when the end-product has been approved for sale on the market. This means that in-house projects will not reach the capitalization phase because the company has no rights to sell the final pharmaceutical products in the market. With Alligator's present business model, the capitalization phase of development costs is unlikely to be an issue.

Patents
Patents relating to Alligator's technology platforms are reported at historical cost minus any depreciation and impairments. These patents are depreciated over a period of five years. Annual service costs and internal costs associated with these patents are posted to operating costs when they arise. Patent costs attributable to development projects where the capitalization phase (see above) has not been reached are posted to operating costs as they arise.

Software
Separately acquired software's are reported at historical cost minus any depreciation and impairments. Software is depreciated over a period of 5 years.

Disposals
An intangible asset is removed from the statement of financial position when it is scrapped or sold, or when no future economic benefits are expected from using or scrapping/disposing of the asset. The gain or loss made when an intangible asset is removed from the statement of financial position is the difference between any net income from the disposal and the reported value of the asset, posted to the income statement when the asset is removed from the statement of financial position.

Impairment of tangible and intangible assets
Assets which have an undefinable period of use are impairment-tested at least once a year and when there is any indication of impairment. Assets being depreciated should be assessed for a possible decrease in value whenever events or changed circumstances indicate that the reported value is not recoverable.

An impairment is raised in the amount by which the reported value of the asset exceeds its recoverable value. The recoverable value is the greater of the fair value of the asset minus sales costs and its value in use. An impairment should be posted to the income statement immediately as an expense.

To test the value of intangible assets, Alligator uses a probability-adjusted cash flow model. The value of ongoing development projects is calculated by estimating the present value of future cash flows probability-adjusted to allow for the development risk.

Previously reported impairments are reversed if the recoverable value is considered to exceed the reported value. However, the reversal value cannot be greater than the reported value would have been if no impairments had been reported in previous periods.

Financial instruments
A financial asset or liability is reported in the balance-sheet when the company becomes a party to the contractual terms for the instrument.

Financial assets
Initial recognition and measurement
The Group classifies and report financial assets in the following categories: financial assets at amortized cost and financial assets at fair value through the income statement.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures financial assets at fair value plus, in the case of a financial asset not at fair value through the income statement, directly attributable transaction costs. Transaction costs related to financial assets at fair value through the income statement are expensed directly in the income statement.

In order for a financial asset to be measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent measurement
Subsequent measurement of investment in debt instruments depends on the Group's business model for managing assets and what kind of cash flow the asset gives rise to. The Group classifies its investments in debt instruments in two categories:

- Financial assets at amortized costs (debt instrument)
- Financial assets at fair value through the income statement

Financial assets at amortized costs (debt instruments)
This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are measured using the effective interest method, less any provisions for impairment. Interest income for such financial assets is reported as financial income.

The Group's financial assets valued at amortized cost include other investments held as fixed assets (corporate bonds), accounts receivables and bank deposits. Due to the fact that cash and cash equivalents are payable on demand, the amortized cost value corresponds to the nominal amount.

Cash and cash equivalents
Cash and cash equivalents in the consolidated statement of cash flows include cash. Other short-term investments are classified as cash and cash equivalents when they have maturity within three months from the date of acquisition, can easily be converted into cash at a known amount and are exposed to a negligible risk of value fluctuations. Cash in hand and bank balances are categorized as financial assets valued at amortized cost. Short-term liquid investments in interest funds are valued at fair value and categorized as financial assets measured at fair value with changes in value reported in the income statement.

Fair value through the income statement
Assets that do not meet the requirements for being recognized at amortized cost are valued at fair value through the income statement. A profit or loss on a debt instrument that is reported at fair value through the income statement and which is not included in a hedging relationship is reported net in the profit and loss in the period in which the profit or loss arises.

The Group's financial assets valued at fair value through the income statement include interest funds which are classified as cash and cash equivalents. The interest funds can easily be converted into cash and are subject to an insignificant risk of changes in value.

Expected credit losses
For the Group's receivables other than cash and cash equivalents, credit assessments are made on an ongoing basis based on history and current and prospective factors. Due to the short maturity of the receivables and the company's assessment, no credit reservation has been made. For cash and cash equivalents, the reserve is judged based on the banks' probability of failure and forward-looking factors. Due to short maturity and high liquidity, no provision has been made.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Group's consolidated statement of financial position) when:

- the contractual rights to receive cash flows from the asset have expired, or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities
Initial recognition and measurement
The Group's financial liabilities consist of accounts payable and other liabilities. These are initially recognized at fair value, less directly attributable transaction costs and then at amortized cost using the effective interest method. A financial liability is removed from the Group's financial statement when the obligation for the liability is canceled, terminated or expires.

Subsequent measurement
The valuation of financial liabilities relating to accounts payable and other liabilities is initially recognized at fair value through the income statement and subsequently at amortized cost using the effective interest method.

Derivate financial instruments and hedge accounting
The Group holds no derivate financial instruments or financial contracts for hedge accounting.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Provisions
Provisions are raised when the Group has an existing obligation (legal or informal) as a result of an event that has occurred, it is likely that an outflow of resources will be needed to discharge the obligation, and a reliable estimate of the amount can be made.

Statement of cash flows
The statement of cash flows is prepared according to the indirect method. The reported cash flow includes only transactions that led to payments and receipts.

ACCOUNTING POLICIES FOR THE PARENT COMPANY
The parent company complies with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 'Reporting for legal entities'. The application of RFR 2 means that, as far as possible, the parent company applies all IFRS standards approved by the EU within the Annual Accounts Act and the Pension Obligations Vesting Act, and observes the relationship between reporting and taxation. Amendments to RFR 2 which entered into force in 2020 had no material impact on the Group's financial statements for the period. The differences between the accounting principles applied by the parent company and the Group are described below:

Classification and presentation
The parent company's income statement and balance sheet are prepared in accordance with the schema in the Annual Accounts Act. The main difference from IAS 1 Presentation of Financial Statements applied in preparing the Group's financial statements is in the reporting of financial income and expenses, fixed assets and equity, and in the inclusion of provisions as a separate heading.

Subsidiaries
Participations in subsidiaries are reported at historical cost in the parent company's financial statements. Acquisition-related costs to subsidiaries which are posted to expenses in the consolidated report are included as part of the historical cost of participations in subsidiaries. An impairment is raised in the amount by which the reported value of a subsidiary exceeds its recoverable value. The recoverable value is the greater of the fair value of the subsidiary minus sales costs and its value in use. An impairment should be posted to the income statement immediately as an expense. To test the value of a subsidiary intangible assets, Alligator uses a probability-adjusted cash flow model. The value of ongoing development projects is calculated by estimating the present value of future cash flows probability-adjusted to allow for the development risk.

Financial instruments
The parent company does not apply IFRS 9 Financial Instruments: Recognition and Measurement. The parent company applies RFR 2 paragraph 3 to 10 regarding IFRS 9 and a method based on historical costs pursuant to the Swedish Annual Accounts Act.

Leases
The parent company does not apply IFRS 16 Leases. The parent company as lessee recognizes lease payments straight line as a cost over the lease term unless another systematic method better reflects the user's financial benefits over time. The parent company only recognizes lease payments from leases on a straight-line basis over the lease period as other external costs. The right-of-use asset and lease liability are therefore not recognized in the balance sheet.

Approved changes to RFR 2 which have not yet taken effect
Management judges that changes to RFR 2 which have not yet taken effect are not expected to have any material impact on the parent company's financial statements on initial application.

Proposed changes to RFR 2 which have not yet taken effect
Management judges that proposed changes to RFR 2 which have not yet taken effect are not expected to have any material impact on the parent company's financial statements on initial application.

3. Important estimates and judgments
When the Board and management prepare financial statements in accordance with the accounting principles applied, some estimates have to be made which may affect the reported values of assets, liabilities, income and expenses.

The estimates and assumptions are reviewed on a regular basis. Changes to estimates are reported in the period in which the change is made if it only affects that period, or in the period in which it is made and in future periods if it affects both the current and future periods.

Regarding valuation of shares in the Group companies, which applies to the Parent Company, participations in subsidiaries are reported at historical cost in the Parent Company's financial statements. Acquisition-related costs to subsidiaries which are posted to expenses in the consolidated report are included as part of the historical cost of participations in subsidiaries. An impairment is raised in the amount by which the reported value of a subsidiary exceeds its recoverable value. The recoverable value is the greater of the fair value of the subsidiary minus sales costs and its value in use. An impairment should be posted to the income statement immediately as an expense. To test

the value of a subsidiary intangible assets, Alligator uses a probability-adjusted cash flow model. The value of ongoing development projects is calculated by estimating the present value of future cash flows probability-adjusted to allow for the development risk.

Uncertainties in estimates carry a substantial risk of the value of assets or liabilities needing to be significantly adjusted during the coming financial year. Regular impairment tests are therefore performed on intangible assets with indeterminate periods of use, at least once a year.

For impairment testing of intangible assets with an indeterminate period of use, a number of key assumptions and estimates have to be taken into account in order to calculate a recoverable value. Among other things, the assumptions and estimates relate to the expected sale price for the company's products, expected market penetration, expected development, sales and marketing costs and the probability of the product passing through the remaining development stages. The assumptions are based on industry and market-specific data and are produced by management and reviewed by the Board. For more information on impairment testing of intangible assets with an indeterminate period of use, see Note 18 – Intangible assets.

4. Financial risk management and financial instruments

The Group is exposed through its activities to various types of financial risk such as market, liquidity and credit risks. The market risks are made up mainly of interest rate risk, currency risk and other price risk. The Board of the company bears the ultimate responsibility for exposure and handling and following up the Group's financial risks. The limits that apply to exposure, handling and following up the financial risks are set by the Board in a financial policy which is revised each year. In the finance policy, the Board has delegated the responsibility for day-to-day risk management to the company's CFO. The Board can decide on temporary deviations from the approved financial policy.
The Group's overall financial risk management focuses on the unpredictability in the financial markets and strives to minimize potential adverse effects on the Group's financial results. The Group's overarching objective for financial risks is to minimize the risk by investing surplus liquidity.

Market risks

Currency risks

Currency risk is the risk of fair value of future cash flows fluctuating as a result of changed exchange rates. The exposure to currency risk derives mainly from payment flows in foreign currency, known as transaction exposure.
The Group has transaction exposure from contracted payment flows in foreign currency. See table at the top of the next page for exposures in each currency.
As can be seen from the table above, most of the Group's transaction exposure is in USD, GBP and EUR. A 5 % stronger SEK against the USD would have a positive effect on post-tax profits and equity of approx. SEK 1,633 thousand (434). A 5 % stronger SEK against the EUR would have a positive effect on post-tax profits and equity of approx. SEK 2,354 thousand (1,672). A 5 % stronger SEK against the GBP would have a positive effect on post-tax profits and equity of approx. SEK 1,003 thousand (574).

	2022		2021	
	Operating income	**Operating costs**	**Operating income**	**Operating costs**
FOREIGN EXCHANGE EXPOSURE				
USD	0%	20%	20%	9%
EUR	79%	29%	42%	35%
GBP	0%	12%	0%	12%
SEK	21%	37%	38%	42%
Other	0%	2%	0%	2%
Total	**100%**	**100%**	**100%**	**100%**

Interest rate risks

Interest rate risk is the risk of fair value or future cash flows fluctuating as a result of changed market interest rates. The Group was exposed to interest rate risk mainly through its investment of surplus liquidity, as it has no borrowing. The Group did not have any short- or long-term investments on the reporting date.

Liquidity and financing risk

Liquidity risk refers to the risk that the Group will encounter difficulties in meeting its commitments related to the Group's financial liabilities. Liquidity risks are limited by liquidity planning.
Financing risk is the risk that cash and cash equivalents might not be available and that financing could be only partly obtainable, if at all, or only at increased cost. The Group now has funds mainly from the agreement with Orion Corporation and the share issue done in 2021. Alligator has used and will continue to need to use substantial sums to carry out research and development.

The Group's contractual and undiscounted interest payments and repayments of financial liabilities can be seen in the table below. Amounts in foreign currency have been converted to SEK at the rate on the reporting date. Financial liabilities with variable interest rates have been calculated at the rate in place on the reporting date. Liabilities have been included in the earliest period in which repayment can be requested.

4. Financial risk management and financial instruments, cont'd

The maturity periods for the Group's financial liabilities are shown below.

	2022-12-31				2021-12-31			
KSEK	Within 3 mths	3–12 mths	1–5 years	Total	Within 3 mths	3–12 mths	1–5 years	Total
Lease liabilities	2,107	6,392	15,943	24,442	1,931	4,602	3,871	10,404
Installment purchase	-	-	-	-	86	57	0	143
Accounts payable	13,343	-	-	13,343	9,367	0	0	9,367
Accrued expenses and deffered income	36,072	-	-	36,072	24,038	0	0	24,038
Total	**51,522**	**6,392**	**15,943**	**73,857**	**35,422**	**4,660**	**3,871**	**43,953**

Credit and counterparty risk

Credit risk is the risk of the counterparty to a transaction causing a loss to the Group by not meeting its contractual obligations. The Group has no significant credit risks and no significant concentration of credit risks. The Group's exposure to credit risk is mainly attributable to accounts receivable. The Group has established guidelines to ensure that sales of products and services are made to customers with a suitable credit record. The payment terms may be between 30-60 days depending on the counterparty. There were no credit losses in 2022 or 2021.

Credit risk also arises when the company's surplus liquidity is invested in various types of financial instrument. According to the financial policy, surplus liquidity can be deposited in interest-bearing bank accounts or invested in interest-bearing securities. According to the financial policy, the credit risk from investing surplus liquidity should be reduced by only dealing with counterparties with a very good rating. The financial policy also states that investments should be spread across multiple counterparties or issuers.

Regarding credit and counterparty risk, we see no increased risk in connection with the war in Ukraine.

Categorization of financial instruments

The carrying value of financial assets and liabilities broken down by valuation category in accordance with IFRS 9 is shown in the table below.

	Group	
Financial assets, KSEK	2022-12-31	2021-12-31
Financial assets valued at amortized cost		
Other long term financial fixed assets	1,815	-
Accounts receivable	13,930	7446
Other receivables	-	1,823
Liquid assets - Bank accounts	97,305	278,148
Total financial assets	**97,325**	**287,417**

	Group	
Financial liabilities, KSEK	2022-12-31	2021-12-31
Financial liabilities valued at amortized cost		
Longterm lease liabilities	16,003	3,511
Accounts payable	13,343	9,367
Short term lease liabilities	8,499	6,225
Other shortterm installment purchase liabilities	-	143
Accrued expenses and deffered income	36,072	24,038
Total financial liabilities	**73,917**	**43,285**

There were no reclassifications between the valuation categories above during the period.

Other significant risks

Preclinical and clinical development of drug candidates

Clinical studies are expensive and time-consuming to conduct, and their outcome is uncertain. This could affect the possibility of commercializing the Company's drug candidates.

Dependence on partners for development and commercialization

There is a risk that the Company fails to attract buyers or licensees for the Company's drug candidates, which may mean future revenue is delayed or alternatively, partially, or entirely, foregone.

Risk related to Covid-19 pandemic

The Covid-19 pandemic affected our work but has had a limited impact on activity during the year. We do not see that the activity is affected in the long term in connection with the pandemic.

The war in Ukraine

The situation in Ukraine is primarily a humanitarian tragedy that is causing enormous human suffering. Russia's invasion of Ukraine has worsened the security and political situation in our world and created great uncertainty in the financial markets, which may affect the Company's ability to finance clinical trials in the future.

Market acceptance

Market acceptance of potential future products from the Company and its partners will depend on a number of factors, including: the clinical indications for which the product has been approved, acceptance by doctors, patients, and buyers, perceived benefits compared to competing treatments and the extent to which the product has been approved for use in hospitals.

Competition

The development and commercialization of novel drug candidates is highly competitive and characterized by rapid technology development. Alligator is exposed to competition in relation to its current drug candidates and will be exposed to competition in relation to all drug candidates that it may try to develop or commercialize in the future.

For more information on other significant risks, see also section Risks and risk management on page 46.

5. Capital management

The Group's objective for capital management is to maintain its ability to remain in operation to generate a reasonable return to shareholders and benefit to other stakeholders, but also to have 12 months financing in cash and cash equivalents.

The Group monitors its capital structure based on cash and cash equivalents, incl securities (net). The overall target is to secure sufficient and competitive financing so the operations can be run in an appropriate and cost efficient way.

At the end of the financial year, cash and cash equivalents totaled:

	Group	
KSEK	**2022-12-31**	**2021-12-31**
Cash and cash equivalents	97,305	278,148
Cash and cash equivalents	**97,305**	**278,148**

6. Revenue from contracts with customers

Revenue, Group

KSEK	2022	2021
Out-licensing	13,910	4,643
Reimbursement for development work	21,786	8,301
Total	**35,696**	**12,943**

Geographical distribution of Net Sales, Group

KSEK	2022	2021
Europe	35,696	6,422
Asia	-	2,094
Sweden	-	3,519
Other	-	908
Total	**35,696**	**12,943**

Revenue, Parent Company

KSEK	2022	2021
Out-licensing	13,910	4,643
Reimbursement for development work	21,786	8,301
Total	**35,696**	**12,943**

Geographical distribution of Net Sales

KSEK	2022	2021
Europe	35,696	6,422
Asia	-	2,094
Sweden	-	3,519
Other	-	908
Total	**35,696**	**12,943**

For 2022, the Group's net sales came mainly from to the collaboration and licence agreement with Orion Corporation. For 2021, the Group's net sales came mainly from the collaboration and licence agreement with Orion Corporation and to the Joint Research Agreement with BioArctic AB.

The Group's intangible assets in the form of participations in development projects relate to collaboration with the South Korean company AbClon Inc. and are therefore attributed to Asia.

Details of intra-Group purchases and sales

There were no purchases or sales within the Group in 2022 or 2021.

7. Other operating income

	Group		Parent Company	
KSEK	2022	2021	2022	2021
Swedish Government grants received	305	384	305	384
Insurance compensation	6	1,251	6	1,251
Exchange rate gains from operations	1,103	547	1,103	547
Other items	25	-	25	-
Total	**1,439**	**2,183**	**1,439**	**2,183**

Swedish Government grants received include grants for doctoral students SEK 252 thousand (378) and compensation for high sick pay costs SEK 53 thousand (6). The insurance compensation is obtained due to damage in transport SEK 6 thousand (1,251). Other items refer to the sale of used office furniture SEK 9 thousand (-) and further invoicing of inventory SEK 16 thousand (-).

8. Other external expenses

	Group		Parent Company	
KSEK	2022	2021	2022	2021
Costs of R&D projects	-134,926	-68,038	-134,926	-68,038
Other costs	-12,799	-18,944	-20,858	-25,241
Total	**-147,725**	**-86,982**	**-155,785**	**-93,279**

9. Details of the auditor's fee and reimbursement of costs

	Group		Parent Company	
KSEK	2022	2021	2022	2021
Ernst & Young				
Audit assignment	764	750	764	750
Audit activities other than the audit assignment	17	274	17	274
Total	**781**	**1,024**	**781**	**1,024**

10. Leases

Leases - The Group

The Group has leases with Medicon Village for the lease of office and lab premises, leases with Ikano Bank regarding the rental of copier used in the Company's daily operations, a contract with 3 Step IT Sweden AB and Becton Dickinson AB for two lab instruments and a contract with Mercedes Benz for the rental of company car. The lease period for premises extends to 3 years, the leasing period for the copier extends over 4 years, leasing for the lab instrument 5 and 3 years respectively and the company car 3 years. None of the contracts require the Group to maintain any financial ratios. For lease of premises, notice must be given in writing no later than 9 months before the end of the rental period. Unless the contracts are terminated in time, the lease of premises are each extended by 3 years. The contract for office rent was due to on December 31, 2022 but has been extended for another 3 years. The contract relating to lab premises was due to expire at the end of October 2023 and has now been extended for further 3 years. The contract for copier was due to expire at the end od December 2023 but has been extended for an additional year.

The Group also has leases of low value assets regarding computers with NordLo Malmö AB. The Group applies the exception for leases of low-value assets for this leasing agreement.

10. Leases, cont'd

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Right of use assets			2022			2021
TSEK	**Buildings**	**Equipment**	**Total**	**Buildings**	**Equipment**	**Total**
Acquisitions						
As at 1 January	24,294	5,121	29,415	24,294	729	25,023
Additions	19,289	1,512	20,800	-	-	-
New leasing contracts	-	2,198	2,198	-	4392	4392
As at 31 December	**43,582**	**8,831**	**52,414**	**24,294**	**5,121**	**29,415**
Depreciation brought-forward						
As at 1 January	-17,919	-1,040	-18,959	-11,308	-292	-11,600
Depreciation in the period	-6,362	-1,542	-7,904	-6,611	-748	-7,359
As at 31 December	**-24,281**	**-2,582**	**-26,863**	**-17,919**	**-1,040**	**-18,959**
Reported value carried-forward	**19,301**	**6,249**	**25,550**	**6,374**	**4,082**	**10,456**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Lease Liabilities	2022	2021
TSEK	**Total**	**Total**
As at 1 January	9,736	12,073
Additions	20,496	-
New leasing contracts	2,076	4,969
Interest expenses	642	203
Payments	-8,448	-7,508
As at 31 December	**24,502**	**9,736**
Current lease liabilities	8,499	6,225
Non-current lease liabilities	16,003	3,511
As at 31 December	**24,502**	**9,736**

The following are the amounts recognised in profit or loss:

	2022	2021
KSEK	**Total**	**Total**
Depreciation expenses of right-of-use assets	-7,806	-7,359
Interest expenses on lease liabilities	-642	-211
Expenses relating to leases of low-value assets	-516	-544
Total amount recognised in profit or loss	**-8,964**	**-8,114**

The Group's total cashflow for leasing contract for 2022 amounted to SEK -8,964 thousand (-7,020).

For maturity analysis of lease liabilities, see Note 4.

10. Leases, cont'd

Leases – Parent Company

The Parent Company's leasing contracts are the same as for the Group. On the reporting date, the Parent Company had outstanding commitments in the form of minimum leasing charges under non-terminable operational leases with maturity dates as below:

	Parent Company	
KSEK	2022-12-31	2021-12-31
Within 1 year	8,624	8,264
Between 1 and 5 years	16,374	5,247
Later than 5 years	-	-
Total	**24,998**	**13,510**

The total amount on the reporting date of future minimum leasing charges for non-terminable leasing agreements was SEK 24,998 thousand (13,510) for the Parent Company.

The Parent Company's expensed leasing fees during the financial year amounted to SEK 7,706 (7,326) thousand.

In June 2022 Alligator entered into a lease agreement with Medicon Village for office premises valid from October 2024 with an agreement period of 5 years. The new agreement is estimated to increase the right of use assets by SEK 42,281 thousand, based on the use of the agreement period without extension, and replaces the current agreement with Medicon Village regarding office premises.

11. Number of employees, salaries, other remuneration and social security costs

	2022		2021	
Average number of employees	No. of employees	Of which men	No. of employees	Of which men
Parent Company				
Sweden	50	14	45	10
Total in Parent Company	**50**	**14**	**45**	**10**
Total in the group	**50**	**14**	**45**	**10**

Subsidiaries have no employees.

	Group		Parent Company	
Breakdown of senior executives on the reporting date	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Women				
Board members	4	3	3	3
Other members of management incl. CEO	2	2	2	2
Men				
Board members	4	4	4	4
Other members of management incl. CEO	2	2	2	2
Total	**11**	**11**	**11**	**11**

	2022		2021	
Salaries, remuneration etc. TSEK	Salaries and other remunieration	Soc.sec.costs (of which pensions costs)	Salaries and other remunieration	Soc.sec.costs (of which pensions costs)
Parent Company	**48,317**	**16,844**	**38,365**	**15,244**
		(6,706)		(6,538)
Subsidiaries	**-**	**-**	**-**	**-**
		(-)		(-)
Total Group	**48,317**	**16,844**	**38,365**	**15,244**
		(6,706)		(6,538)

12. Payments to senior executives

Salaries and remuneration broken down between board members etc. and employees, TSEK	2022		2021	
	Board and CEO (of which bonus etc.)	Other employees	Board and CEO (of which bonus etc.)	Other employees
Parent Company	**6,546**	**41,771**	**7,453**	**30,911**
	(570)	(2 688)	(377)	(1 373)
Total Group	**6,546**	**41,771**	**7,453**	**30,911**
	(570)	(2 688)	(377)	(1 373)

Subsidiaries have no employees.

Of the parent company's and the Group's pension costs, SEK 457 thousand (841) pertains to the Board and CEO.

For salaried staff in Sweden, the defined-contribution pension commitments under the ITP plan for old-age and family pensions are covered by insurance with Alecta. According to an opinion from the Financial Reporting Board, UFR 10 'Classification of ITP plans financed through insurance with Alecta', this a defined-benefit plan covering multiple employers. For the 2022 financial year, the company has not had access to information to allow it to report its proportional share of the obligations under the plan, assets under management and total costs, so it was not possible to report it as a defined-benefit plan. The ITP (white-collar) pension plan covered by insurance with Alecta is therefore reported as a defined-contribution plan. Premiums for the defined-benefit old-age and family pension are calculated individually and depend among other things on salary, previously accrued pension and expected remaining period of employment.

The collective consolidation level is made up of the market value of Alecta's assets as a percentage of the insurance commitments calculated by Alecta's actuarial methods and assumptions, which do not conform to IAS 19. The collective consolidation level should normally be allowed to vary between 125 and 155 percent. If Alecta's collective consolidation level drops below 125 percent or exceeds 155 percent, measures should be taken to create the conditions for the consolidation level to return to the normal range. For low consolidation, a possible action might be to increase the agreed price for new cover and increasing existing benefits. For high consolidation, a measure might be to introduce premium reductions. Alectas collectively consolidation level for defined-contribution plan have preliminary been calculated to 189 % (172) as per 2022-12-31.

The Group's and parent company's total cost for defined contribution pension plans amounts to TSEK 6,780 (5,087).

2022, TSEK	Basic salary/fee	Variable remuneration	Other benefits	Pension costs	Share-based remuneration	Total
Anders Ekblom	696	-	-	-	-	696
Graham Dixon	342	-	-	-	-	342
Hans-Peter Ostler	569	-	-	-	-	569
Eva Sjökvist Saers	381	-	-	-	-	381
Veronica Wallin	371	-	-	-	-	371
Denise Goode	217	-	-	-	-	217
Staffan Encrantz	200	-	-	-	-	200
Søren Bregenholt (CEO)	3.201	570	172	457	-	4.399
Other senior executives (3 persons)	5.131	839	10	1.739	-	7.719
Total	**11.107**	**1.409**	**182**	**2.196**	**-**	**14.894**

12. Payments to senior executives, cont'd

2021, KSEK	Basic salary/fee	Variable remuneration	Other benefits	Pension costs	Share-based remuneration	Total
Peter Benson (Chairman Jan-May 2021)	147	-	-	-	-	147
Anders Ekblom (Chairman June-Dec 2021)	408	-	-	-	-	408
Carl Borrebaeck*	80	-	-	-	-	80
Kenth Petersson	88	-	-	-	-	88
Jonas Sjögren	88	-	-	-	-	88
Ulrika Danielsson	113	-	-	-	-	113
Kirsten Drejer	80	-	-	-	-	80
Graham Dixon	255	-	-	-	-	255
Hans-Peter Ostler	306	-	-	-	-	306
Eva Sjökvist Saers	207	-	-	-	-	207
Veronica Wallin	193	-	-	-	-	193
Per Norlén (CEO Jan-Mar 2021)**	2,803	-	-	456	-	3,259
Malin Carlsson (Interim CEO Mar-May 2021)	406	40	-	122	-	569
Søren Bregenholt (as of June 2021)	1,824	337	79	263	-	2,502
Other senior executives (5 persons)***	6,046	511	-	1,974	-	8,531
Total	**13,044**	**888**	**79**	**2,815**	**-**	**16,825**

* In 2021, Carl Borrebaeck received payment for consulting services of SEK 480 thousand according to the specification in Note 32 - Transactions with related parties.
** Per Norlén left his position as CEO 17 of March 2021, and severance payment amounted to SEK 960 thousand.
*** Two senior executives left their position in 2021, their basic salary amounted to SEK 1,156 thousand and pension costs amounted to SE 448 thousand.

Payments to senior executives

Guidelines

According to the Swedish Companies Act, the shareholders' meeting should decide on guidelines for payments to the CEO and other senior executives. The annual general meeting on May 5, 2022, adopted guidelines with essentially the following content.

The company's assumption is that payments should be made on market-based and competitive terms that enable senior executives to be recruited and retained. Payments to senior executives may consist of basic salary, variable remuneration, other benefits and share related incentive programs. The CEO and other senior executives are generally entitled to other customary benefits according to what may be considered reasonable in terms of market practice and the benefit to the company.

Payments to the CEO and other senior executives should be based on factors such as work responsibilities, expertise, experience, position, and performance. The breakdown between basic salary and variable remuneration should also be in proportion to the employee's position and responsibilities. Variable remuneration should be tied to predefined and measurable criteria, designed to promote the company's long-term value creation. The remuneration should not discriminate based on gender, ethnic background, national origin, age, disability, or other irrelevant circumstances.

The CEO and other senior executives should be offered a fixed salary which is in line with the market and based on the individual's responsibilities, competence, and performance. Apart from their salary, the CEO and other senior executives will normally be entitled to an annual bonus of no more than 30 percent of their basic salary.

Over and above what has been defined in collective agreements or other agreements, the CEO and other senior executives may be entitled to arrange pension solutions on an individual basis. Reductions in salary and variable remuneration may be used to increase pension provisions provided that the cost to the company is unchanged.

According to the guidelines, the notice period for the CEO is six months on either side, and for other senior executives, the notice period may not exceed six months. Severance payments, apart from salary paid during the notice period, will only arise for the CEO who will be entitled to a severance payment equal to six months' salary in the case of termination by the company.

To the extent that the board member performs work on behalf of the company, in addition to the work of the board, consultancy fees and other remuneration for such work shall be payable. Remuneration shall be market-based and remuneration as well as other conditions shall be decided by the Board.

The Board may deviate from the guidelines if there are specific grounds for doing so in a given case. The Board will consider each year whether or not to propose a share-based incentive program to the annual general meeting. New issues and transfers of securities decided by the shareholders' meeting according to the rules in Chapter 16 of the Companies Act where the shareholders' meeting has taken or is about to take such decisions.

Pensions

The retirement age for the CEO is 65. Pension premiums are determined in accordance with the current ITP plan. Pensionable salary is the basic salary plus the average of the last three years' variable remuneration.

For other senior executives, the retirement age is 65. Pension premiums are determined in accordance with the current ITP plan.

Between the company and the CEO, the notice period is six months on either side. In the case of termination by the company, a severance payment of six months' salary will be payable. The severance payment is not set off against other income. In the case of termination by the CEO, no severance payment will be made.

Between the company and other senior executives, the notice period is six months on either side. No severance payment will be made.

Shared-based compensation

Warrant program compensation refers to employee stock options and share saving program assigned to employees in 2021. For more information about the warrant program see Note 29.

13. Other operating costs

	Group		Parent Company	
KSEK	**2022**	**2021**	**2022**	**2021**
Exchange rate losses from operations	-1,597	-751	-1,597	-751
Total	**-1,597**	**-751**	**-1,597**	**-751**

14. Financial income

	Group		Parent Company	
KSEK	2022	2021	2022	2021
Interest income	3	-	3	-
Exchange rate gains	32	-2	32	-2
Total financial income	**35**	**-2**	**35**	**-2**

All interest income is attributable to financial assets valued at amortized cost.

Exchange rate gains refers to foreign exchange gains as a result of cash and cash equivalents in USD, EUR and GBP.

15. Financial costs

	Group		Parent Company	
KSEK	2022	2021	2022	2021
Exchange rate losses	-	62	-	62
Interest costs on lease liabilities	-642	-208	-	-
Other interest costs	-4	-23	-4	-23
Total financial costs	**-646**	**-169**	**-4**	**39**

All interest costs are attributable to financial liabilities valued at amortized cost.

16. Tax

	Group		Parent Company	
KSEK	2022	2021	2022	2021
Current tax on profit/loss for the period	-	-	-	-
Deferred tax attributable to temporary differences	-	-	-	-
Total reported tax	**-**	**-**	**-**	**-**

Income Tax in Sweden is calculated with 20.6% (20.6%) on the years taxable result. In the table below a reconciliation between the accounted result and the accounted tax for the year:

Reconciliation of reported tax for the year

	Group		Parent Company	
KSEK	2022	2021	2022	2021
Profit before tax	-193,403	-141,736	-192,810	-141,765
Reported tax for the year				
Tax reported at Swedish tax rate 20.6% (20.6%)	39,841	30,332	39,719	30,338
Tax effect of non-deductible costs	-227	-191	-228	-191
Tax effect of non-taxable income	-	-	-	-
Tax effect of deductible costs reported directly against equity	-	-	-	-
Loss carry-forwards during the year whose taxable values is not reported as an asset	-39,614	-30,141	-39,491	-30,147
Other	-	-	-	-
Reported tax for the year	**-**	**-**	**-**	**-**

No tax is recorded in the Consolidated of Comprehensive Income Statement or directly against the equity.

The Group's cumulative loss carry-forwards as of December 31, 2022 amounted to SEK 1,250 million (1,057). There is no maturity date which limits the use of the loss carry-forwards. However, it is uncertain when it will be possible to use these loss carry-forwards to set off against taxable gains. Deferred tax assets attributable to the loss carry-forward are therefore not reported with any value.

17. Earnings per share

Earnings per share before dilution

The following results and weighted average numbers of ordinary shares have been used to calculate earnings per share before dilution:

	Group	
	2022	2021
Profit/loss for the year attributable to parent company shareholders, TSEK	-193,403	-141,736
Weighted average number of ordinary shares before dilution, number of shares	220,584,878	89,670,050*
Earnings per share before dilution, SEK	**-0.88**	**-1.58***

Earnings per share after dilution

The following results and weighted average numbers of ordinary shares have been used to calculate earnings per share after dilution:

	Group	
	2022	2021
Profit/loss for the year attributable to parent company shareholders, TSEK	-193,403	-141,736
Weighted average number of ordinary shares before dilution, number of shares	220,584,878	89,670,050*
Weighted average number of ordinary shares after dilution, number of shares	220,740,173	89,670,050*
Earnings per share after dilution, SEK	**-0.88**	**-1.58***

To calculate earnings per share after dilution, the weighted average number of outstanding ordinary shares is adjusted for the dilution effect or all potential ordinary shares. These potential ordinary shares relate to the options acquired at market value by management and employees in the company. If the profit/loss for the year is negative, the options are not regarded as diluting. Nor are the options diluting if the exercise price including mark-up for the value of outstanding future services to be reported during the qualifying period exceeds the average quotation for the period.

In 2021, a performance-based share savings program was introduced, divided into the possibility of both matching and performance shares, where the matching shares are considered dilutive, while the performance shares are only when the performance targets are reached. At the annual general meeting 2022 it was resolved to implement a long-term incentive program by way of a warrant program for employees and certain Board members in the company.

For details of changes in the number of ordinary shares, see Note 29 Equity.

* Earlier periods have been adjusted, see Note 34.

18. Participations in development projects

	Group	
KSEK	**2022-12-31**	**2021-12-31**
Historical cost brought-forward	50,149	50,149
Acquisitions in the period	-	-
Cum. historical cost carried-forward	**50,149**	**50,149**
Imparments brought-forward	-32,200	-32,200
Impairments for the period	-	-
Cum. impairments carried-forward	**-32,200**	**-32,200**
Reported value carried-forward	**17,949**	**17,949**

When Atlas Therapeutics AB was acquired, a premium of TSEK 50,149 was paid; this was classified under 'Participations in development projects'. The acquisition of the subsidiary Atlas Therapeutics AB brought the Group 35% (originally 50% that was later re-negotiated) of a project together with the Korean company AbClon Inc. (80% of the total value) and exclusive rights to all therapeutic targets from the Human Protein Atlas (HPA) project (20% of the total value). The rights to targets from the HPA project was written down to zero in 2015, when that part of the project was discontinued. Regarding the share in the Biosynergy project, an impairment test was performed in 2016. During the test, it was decided to make a write-down that was caused by changed assessments regarding the market conditions for the project and that changed contract terms were agreed, which gave Alligator a smaller share of future revenue. Subsequently, AbClon licensed the Biosynergy project (AC101 / HLX22) to the Chinese company Shanghai Henlius, which is now developing the drug candidate. Under current regulations, a reversal of write-downs made can only be relevant when there have been changes in the assessments that formed the basis for the write-down. It is the company's assessment that a reversal cannot be relevant as the market conditions and the changed contract terms on which the write-down was based, have not been reversed. This means that today there might be a surplus value in the project, which is not reflected in the book value.

When the company holds an intangible asset with an indefinite useful life, or which has not yet started to be used (ie no depreciation takes place), an impairment test shall be performed annually. With regard to the participation in the Biosynergy project, an impairment test was performed in 2022, as described below. The Board considers that the reported value of this project as of the December 31, 2022 cut-off is likely to exceed the previously reported value, and should certainly not be less.

Impairment test

To test the value of ongoing development projects, Alligator uses a probability-adjusted cash flow model. The fair value of the projects after deducting sales costs is calculated by estimating the present value of future cash flows probability-adjusted to allow for the development risk. The valuation is classed at level 3 in the valuation hierarchy and is based on the following key assumptions:

- Future income and expenditure forecasts for the development project. Income is calculated from estimates based on available data for various types of possible indicator, such as forecasts of total market size, expected market share for the product, projected price level and market-conformant level of one-off, milestone and royalty payments. The size of the market, royalty levels and milestone payments are estimated with the aid of information from secondary sources, assumptions accepted within the industry and assumptions made by Alligator. Revenues during 15 years after a market introduction has been included for impairments done in 2022 and 2021.
- Costs cover development expenses and direct and indirect costs based on usual production and marketing costs within the pharmaceutical industry, and the experience Alligator has from previous development projects.
- The cash flows are calculated at present value and adjusted for the probability of the project succeeding. The probability is based on accepted models and assumptions as to the likelihood of a similar product reaching the market.
- A discount rate before tax of 13.86% (12,7%).

The most critical assumptions are those concerning market size, market share and the likelihood of the projects reaching a point where they can be licensed. As in many projects in the pharmaceutical industry, there are risks of delays, of failure to achieve the expected clinical effects, or of the market and competitive situation changing. A 5 percentage point change in the discount rate or in the estimated probability would not result in a write-down either.

The impairment test for the year showed that, with the assumptions made for various milestones, the project would generate cash flows well in excess of the present book value.

Write-offs will be initiated when the asset can be used, i.e. when it is in place and in the state required for it to be used in the manner intended by management.

19. Patent

	Group		Parent Company	
KSEK	**2022-12-31**	**2021-12-31**	**2022-12-31**	**2021-12-31**
Historical cost brought-forward	13,852	13,852	13,852	13,852
Acquisitions in the period	-	-	-	-
Disposal/scrapping	-	-	-	-
Cum. historical cost carried-forward	**13,852**	**13,852**	**13,852**	**13,852**
Depreciation brought-forward	-13,835	-13,780	-13,835	-13,780
Depreciation in the period	-17	-55	-17	-55
Cum. depreciation carried-forward	**-13,852**	**-13,835**	**-13,852**	**-13,835**
Reported value carried-forward	**-**	**17**	**-**	**17**

20. Softwares

	Group		Parent Company	
KSEK	**2022-12-31**	**2021-12-31**	**2022-12-31**	**2021-12-31**
Historical cost brought-forward	656	656	656	656
Acquisitions in the period	-	-	-	-
Disposal/scrapping	-	-	-	-
Cum. historical cost carried-forward	**656**	**656**	**656**	**656**
Depreciation brought-forward	-455	-324	-455	-324
Disposal/scrapping	-	-	-	-
Depreciation in the period	-131	-131	-131	-131
Cum. depreciation carried-forward	**-586**	**-455**	**-586**	**-455**
Reported value carried-forward	**70**	**201**	**70**	**201**

21. Improvements in leased premises

	Group		Parent Company	
KSEK	**2022-12-31**	**2021-12-31**	**2022-12-31**	**2021-12-31**
Historical cost brought-forward	3,073	3,073	3,073	3,073
Acquisitions in the period	-	-	-	-
Disposal/scrapping	-	-	-	-
Cum. historical cost carried-forward	**3,073**	**3,073**	**3,073**	**3,073**
Depreciation brought-forward	-2,465	-1,857	-2,465	-1,857
Disposal/scrapping	-	-	-	-
Depreciation in the period	-608	-608	-608	-608
Cum. depreciation carried-forward	**-3,073**	**-2,465**	**-3,073**	**-2,465**
Reported value carried-forward	**-**	**608**	**-**	**608**

22. Equipment, machinery and computers

	Group		Parent Company	
KSEK	**2022-12-31**	**2021-12-31**	**2022-12-31**	**2021-12-31**
Historical cost brought-forward	31,933	31,889	31,933	31,889
Acquisitions in the period	440	44	440	44
Disposal/scrapping	-	-	-	-
Cum. historical cost carried-forward	**32,373**	**31,933**	**32,373**	**31,933**
Depreciation brought-forward	-27,579	-23,290	-27,579	-23,290
Disposal/scrapping	-	-	-	-
Depreciation in the period	-3,409	-4,289	-3,409	-4,289
Cum. depreciation carried-forward	**-30,988**	**-27,579**	**-30,988**	**-27,579**
Reported value carried-forward	**1,386**	**4,355**	**1,386**	**4,355**

23. Participations in Group companies

	Parent Company	
KSEK	**2022-12-31**	**2021-12-31**
Historical cost brought-forward	52,494	52,494
Shareholder contributions	-	-
Historical cost carried-forward	**52,494**	**52,494**
Impairments brought-forward	-32,200	-32,200
Impairments for the period	-	-
Cum.impairments carried-forward	**-32,200**	**-32,200**
Reported value carried-forward	**20,294**	**20,294**

		2022-12-31	2021-12-31	2022-12-31	2021-12-31
Subsidiaries	**Registered Office**	**Share of capital, %***	**Share of capital, %***	**Reported value**	**Reported value**
Atlas Therapeutics AB (556815-2424)	Lund	100%	100%	20,000	20,000
A Bioscience Incentive AB (559056-3663)	Lund	100%	100%	294	294
*Also the voting rights				20,294	20,294

Atlas Therapeutics is engaged in research, development and production of antibodies and other types of binder molecules for commercialization within the field of antibody-based therapy. The business of A Bioscience Incentive AB is to administer the company's option programs.

	Atlas Therapeutics AB		A Bioscience Incentive AB	
KSEK	**2022-12-31**	**2021-12-31**	**2022-12-31**	**2021-12-31**
Equity	258	266	157	157
Profit/loss for the year	-8	-5	-	-4

24. Accounts receivable

	Group		Parent Company	
KSEK	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Deposits	1,815	-	1,815	-
Total	**1,815**	**-**	**1,815**	**-**

Deposits consist of receivables from a supplier of SEK 1,815 thousand (-). Deposit is expected to be repaid in Q2 2024.

25. Accounts receivable

	Group		Parent Company	
KSEK	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Accounts receivable, gross	13,930	7,446	13,930	7,446
Total accounts receivable	**13,930**	**7,446**	**13,930**	**7,446**

Accounts receivable for the Group consists of receivables from Orion Corporation for out-licensing SEK 13,910 thousand and a claim on Malmö University for invoicing a computer SEK 20 thousand. During 2021, accounts receivable consisted of the receivable from Orion Corporation for research collaboration SEK 5,573 thousand and the receivable from Bioarctic AB SEK 1,875 thousand.

26. Other receivables

	Group		Parent Company	
KSEK	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Value-added tax	1,741	1,750	1,741	1,750
Receivables from business partners	-	839	-	839
Other items	1,895	4,455	1,895	4,455
Total	**3,636**	**7,044**	**3,636**	**7,044**

Other items consist of tax receivables SEK 1,882 thousand (3,313), and other smaller items SEK 12 thousand (180). Receivables from business partners in 2021 consisted of a claim on a supplier.

27. Prepayments and accrued income

	Group		Parent Company	
KSEK	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Prepaid rents	-	-	1,750	1,582
Prepaid insurance premiums	491	456	491	456
Prepaid R&D costs	6,552	4,700	6,552	4,700
Accrued income	629	-	629	-
Other items	269	1,820	614	2,059
Total	**7,942**	**6,975**	**10,037**	**8,796**

Accrued income is related to the research collaboration and the license agreement with Orion Corporation and refers to compensation for the work during the last quarter of 2022.
Other items include mostly expenses for databases, software and licences.

28. Cash and cash equivalents

	Group		Parent Company	
KSEK	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Disposable bank deposits				
SEK	93,425	276,515	92,166	275,655
USD	1,087	695	1,087	695
EUR	1,860	547	1,860	547
GBP	933	392	933	392
Total	**97,305**	**278,148**	**96,046**	**277,288**

29. Equity

Share capital and other capital contributions

	No of ordinary shares	No of C-shares	Share capital KSEK	Other contributions KSEK
As at 31 December 2020	71,388,615	-	28,555	662,741
As at 31 December 2021	220,584,878	-	88,234	911,831
As at 31 December 2022	**220,584,878**	**949,850**	**88,614**	**911,901**

During the year, the number of shares and votes in the Company has increased due to the directed new issue and buyback of 949,850 C shares, which the Board, with the support of authorized representatives from the annual general meeting on June 1, 2021, decided on on March 22, 2022.

As of December 31, 2022, the total number of outstanding shares in the Company was 221,534,728 (220,584,878), of which 220,584,878 are ordinary shares with one vote per share and 949,850 are series C shares with one-tenth of a vote per share. The number of votes in the company amounts to 220,679,863 votes.

Other capital contributions

Other capital contributions are made up of capital contributed by the company's shareholders, e.g. share premiums.

Employee option program 2018

The annual general meeting 2018 resolved to implement an employee option program of total of 2,275,000 employee options. The options could be exercised one month after the interim report for the first quarter 2022 had been announced. No one exercised their right, so all options in this program have lapsed.

Share saving program LTI 2021

At the annual general meeting 2021 it was resolved to implement a long-term incentive program by way of a performance-based share saving program for employees in the company ("LTI 2021"). For each ordinary share acquired by the participant on Nasdaq Stockholm, so called saving shares, the participant has a right to receive so called matching shares. In addition, given that a requirement related to the development of the company's share price from the day of the annual general meeting 2021 up until 30 September 2024 has been achieved, the participant has a right to receive further shares in the company free of charge, so called performance shares. After recalculation due to a completed rights issue in 2021, each saving share entitles to 1.0947 matching shares. The thresholds for the receipt of one, two or four performance shares per saving share amounts to SEK 15.74 for receipt of one performance share, SEK 31.65 for receipt of two performance shares and SEK 52.89 for receipt of four performance shares. The maximum number of ordinary shares that can be issued in relation to LTI 2021 amount to 882,896, whereby 671,812 for the deliverance of matching shares and performance shares to participants and 211,084 to hedge payments of future social security contributions, which corresponds to a dilution of approximately 0.4 per cent of the company's share capital and votes.

Warrant programs, LTI 2022 I/II

At the annual general meeting 2022 it was resolved to implement a long-term incentive program by way of a warrant program for employees in the company ("LTI 2022-I"). In case all warrants issued within the warrant program LTI 2022-I are utilized for subscription of new ordinary shares, a total of 3,700,000 new ordinary shares will be issued, which corresponds to a dilution of approximately 1.65 per cent of the company's ordinary shares after full dilution. The annual general meeting 2022 also resolved to adopt a warrants program for certain board members of the company, (LTI 2022- II"). In case all warrants issued within this program are utilized for subscription of new ordinary shares, a total of 600,000 new ordinary shares will be issued, which corresponds to a dilution of approximately 0.27 per cent of the company's ordinary shares after full dilution. Each warrant in LTI 2022-I/II entitle to subscription of one ordinary share in the company. Subscription of shares by virtue of the warrants may be effected as from 1 June 2025 up to and including 30 June 2025. The subscription price per share for above warrant programs, was calculated to SEK 3,38 which corresponds to 200 percent of the volume weighted average price during 10 trading days immediately after the annual general meeting 2022. All warrants have been transferred to the participants at fair market value.

In case the existing share saving program as well as both warrant programs are exercised in full, a total of 5,182,896 new shares will be issued, which corresponds to a total dilution of approximately 2,3 percent.

Proposed appropriation of profits (SEK)

The Board propose that sums available to the shareholders' meeting:	
Share premium reserve	911,487,853
Retained earnings	-715,922,731
Profit/loss for the year	-192,809,984
Total	**2,755,139**

Be allocated as follows:	
Dividend to shareholders (SEK 0 per share)	-
Carried forward to new account	2,755,139
Total	**2,755,139**

30. Accrued expenses and deferred income

	Group		Parent Company	
KSEK	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Accrued salaries	3,565	2,163	3,565	2,163
Accrued vacation pay	4,701	4,005	4,701	4,005
Accruad social security changes	2,632	2,953	2,632	2,953
Accrued development costs	26,021	4,302	26,021	4,302
Prepaid income	769	6,556	769	6,556
Other items	1,967	9,608	2,626	10,481
Total	**39,655**	**29,586**	**40,314**	**30,459**

Prepaid income consists of receivables from Orion Corporation for research collaboration, which is invoiced in advance for each quarter of SEK 769 thousand (5,573). In 2021, the amount also included the claim for a discount included in a leasing agreement SEK 873 thousand and other smaller items. These items were used in 2022.
Other items include accrued special pension tax SEK thousand 1,610 (3,463),and other accrued expenses SEK 87 thousand (620). During 2021, the amount also included accrued transaction costs of SEK 6,398 thousand.

31. Securities and contingent liabilities

Neither the Group nor the Parent Company had any collateral or contingent liabilities during the year.

32. Transactions with related parties

Transactions between the company and its subsidiaries, which are related to the company, have been eliminated by consolidation, so no details of these transactions are given in this Note. Details of transactions between the Group and other related parties are presented below.

The Company had no transactions with related parties during 2022. Until August 31 2021, 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.

Since 2020 and up until 29 October 2021, Gayle Mills was the Company's Chief Business Officer on a consultant basis in accordance with a consultancy agreement, and received remuneration based on hours worked.

Sales of goods and services

No sales of goods and services have been made to related parties.

Purchase of goods and services

	Group		Parent Company	
KSEK	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Consulting services from former Board member Carl Borrebaeck through Ocean Capital	-	480	-	480
Consulting services from former Chief Business Officer Gayle Mills	-	1,054	-	1,054
Total	**-**	**1,534**	**-**	**1,534**

33. Participation in joint arrangements

The costs stated below are included in the Group's Consolidated Financial Statements which compose the Group's part in the project ALG.APV-527 which is driven in collaboration with Aptevo Therapeutics. The project has not had any revenues, assets or liabilities that can be allocated directly to the project. The companies will under this agreement jointly own and finance the development of the drug candidate through Phase II. During Phase II can the companies chose to out-license the candidate or continue the development jointly or individually. Furthermore the agreement contains an option for the companies to jointly develop another bi-specific antibody. Also for this project will financing and revenues be shared equally. ALG.APV-527 is now rapidly progressing to Phase 1 clinical development in the US for evaluation in treatment of solid tumors after receipt of a "may proceed" notification of the Investigational New Drug (IND) application from the US Food and Drug Administration (FDA) in September 2022. The operations in the project will be conducted in both Lund at Alligator and in Seattle at Aptevo.

	Group	
KSEK	2022-12-31	2021-12-31
Costs in the project ALG.APV-527	20,015	5,351
Total	**20,015**	**5,351**

34. Correction of error

For the financial year 2021 (comparison year), an error has been noted in the average number of shares before and after dilution. We have stated the number of shares as of the balance sheet date instead of the average number of shares before and after dilution and the comparison year has been adjusted in this interim report. The effect of the adjustment means that earnings per share before and after dilution change from SEK -0.64 to SEK -1.58 for 2021.

KSEK	2021 Jan-Dec	2021 Jan-Dec Restated
Profit/loss for the year	-141,736	-141,736
Average number of shares before dilution	220,584,878	89,670,050
Earnings per share before dilution, SEK	**-0.64**	**-1.58**
Average number of shares after dilution	220,584,878	89,670,050
Earnings per share after dilution, SEK	**-0.64**	**-1.58**

35. Events after reporting date

Positive interim results from mitazalimab OPTIMIZE-1 Phase 1b/2 trial in pancreatic cancer

Alligator announces 52.5% Objective Response Rate in preplanned interim efficacy analysis of mitazalimab combined with mFOLFIRINOX in 1st line metastatic cancer.

Expansion of the immuno-oncology research collaboration and license agreement with Orion

Alligator and Orion initiate a second program aiming to develop a bispecific antibody with potential applications in solid tumors.

Promotion of Laura von Schantz to CTO

In February, Laura von Schantz, PhD, was promoted to CTO, and joined the executive management team.

Announcement of rights issue

In March, the Company announced that they will perform a rights issue, subject to approval by the Extraordinary General Meeting on 24th April 2023.

36. Dividends

No dividends were paid in 2022 or 2021.

No dividend will be proposed to the annual general meeting on May 26, 2023.

37. Approval of financial reports

The annual accounts and consolidated accounts were adopted by the Board and approved for publication. The annual accounts and consolidated accounts will be presented to the annual general meeting for adoption on May 26, 2023.

The Board and the CEO hereby declare that the annual accounts have been drawn up in accordance with the Annual Accounts Act and RFR 2 'Reporting for legal entities' and give a true picture of the company's position and results, and that the directors' report provides an accurate summary of the development of the company's business, position and results and describes the risks and uncertainty factors that the company faces. The Board and the CEO hereby declare that the consolidated accounts have been drawn up in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and give a true picture of the Group's position and results, and that the directors' report provides an accurate summary of the development of the Group's business, position and results and describes the risks and uncertainty factors that the Group faces.

Lund, March 24, 2023

Anders Ekblom
Chairman of the Board

Hans-Peter Ostler
Board member

Eva Sjökvist Saers
Board member

Veronica Wallin
Board member

Graham Dixon
Board member

Denise Goode
Board member

Staffan Encrantz
Board member

Tova Landström
Employee representative

Søren Bregenholt
CEO

Our audit report was submitted on March 24, 2023
Ernst & Young AB

Peter Gunnarsson
Authorized Public Accountant

Auditor's report

THIS IS A TRANSLATION OF THE SWEDISH ORIGINAL

To the general meeting of the shareholders of Alligator Bioscience AB (publ), corporate identity number 556597-8201.

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Alligator Bioscience AB (publ) except for the corporate governance statement on pages 49-56 for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 36-93 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 49-56. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current year. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of participations in development projects and valuation in participations in group companies

Description

The carrying value of participations in development projects as of December 31, 2022 amounts to 17.9 MSEK in the consolidated statement of financial position and valuation of participations in group companies (Atlas Therapeutics AB) amounts to 20.0 MSEK in the parent company's balance sheet. The Company tests annually and when there is any indication of impairment, that the carrying values do not exceed the calculated recoverable amount. To test the value, the Company uses a probability-adjusted cash flow model in which the present value of future cash flows is estimated and probability-adjusted to allow for the development risk. The most critical assumptions are those concerning market size, market share, and the likelihood of the project reaching a point where it can be licensed.

Changes in assumptions have a major impact on the calculation of the recoverable amount and if other assumptions had been used, this would have resulted in a different amount of impairment. We therefore considered that the valuation of participations in development projects and participations in group companies is a key audit matter of the audit.

A description of the impairment test is disclosed in Note 18 "Participations in development projects" and in Note 3 "Important estimates and judgments".

How our audit addressed this key audit matter

In our audit we evaluated and tested the process used by management to set up the impairment test. Together with our valuation specialists, we also made comparisons against other companies to assess the reasonableness of future cash flows

and probability assumptions and tested the chosen discount rate. We also reviewed the Company's model and method for preparing the impairment test and evaluated the Company's sensitivity analysis. We have reviewed the disclosures in the annual report.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-35, 98-103. The other information also includes the remuneration report and were obtained before the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the audit of the administration and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Alligator Bioscience AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Alligator Bioscience AB (publ) for the financial year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion
We have performed the examination in accordance with FAR's recommendation RevR 18 *Examination of the ESEF report*. Our responsibility under this recommendation is described in more detail in the *Auditors' responsibility* section. We are independent of Alligator Bioscience AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHMTL format and a reconciliation of the Esef report with the audited annual accounts [and consolidated accounts].

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement
The Board of Directors is responsible for that the corporate governance statement on pages 49-56 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s standard RevR 16 *The auditor´s examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Ernst & Young AB, Box 7850, 103 99 Stockholm, was appointed auditor of Alligator Bioscience AB (publ) by the general meeting of the shareholders on the 5st May 2022 and has been the company's auditor since the 4th January 2001. Alligator Bioscience AB (publ) has been a public interest entity since 23rd November 2016.

Malmö, March 24, 2023

Ernst & Young AB

Peter Gunnarsson
Authorized Public Accountant

Change in share capital

The table below shows the change in share capital since the company was formed in 2000.

Year	Transaction	Increase in share capital, SEK	Increase in no. of shares	Share capital total, SEK	No. of shares	Par value, SEK
2000	Formation of company			100,000.00	1,000.00	100.00
2000	Split 250:1		249,000.00	100,000.00	250,000.00	0.40
2001	New share issues	1,230,869.60	3,077,174.00	1,330,869.60	3,327,174.00	0.40
2002	Non-cash issue	8,000.00	20,000.00	1,338,869.60	3,347,174.00	0.40
2001	New share issue	269,130.40	672,826.00	1,608,000.00	4,020,000.00	0.40
2003	New share issue	176,291.60	440,729.00	1,784,291.60	4,460,729.00	0.40
2004	New share issues	380,858.00	952,145.00	2,165,149.60	5,412,874.00	0.40
2004	Subscription options exercised	64,000.00	160,000.00	2,229,149.60	5,572,874.00	0.40
2005	New share issues	650,502.00	1,626,255.00	2,879,651.60	7,199,129.00	0.40
2005	Options exercised	33,600.00	84,000.00	2,913,251.60	7,283,129.00	0.40
2006	New share issues	973,901.20	2,434,753.00	3,887,152.80	9,717,882.00	0.40
2007	New share issues	987,432.00	2,468,580.00	4,874,584.80	12,186,462.00	0.40
2009	New share issues	1,105,743.20	2,768,358.00	5,980,328.00	14,950,820.00	0.40
2010	New share issue	134,000.00	335,000.00	6,114,328.00	15,285,820.00	0.40
2011	New share issues	2,240,874.40	5,602,186.00	8,355,202.40	20,888,006.00	0.40
2012	New share issue	849,405.20	2,123,513.00	9,204,607.60	23,011,519.00	0.40
2013	Convertible bonds	400,000.00	1,000,000.00	9,604,607.60	24,011,519.00	0.40
2013	Subscription options exercised	1,188,596.00	2,971,490.00	10,793,203.60	26,983,009.00	0.40
2013	New share issues	4,666,316.00	11,665,790.00	15,459,519.60	38,648,799.00	0.40
2013	Non-cash issue	2,880,000.00	7,200,000.00	18,339,519.60	45,848,799.00	0.40
2014	New share issue	1,056,749.20	2,641,873.00	19,396,268.80	48,490,672.00	0.40
2014	Subscription options exercised	48,628.80	121,572.00	19,444,897.60	48,612,244.00	0.40
2015	New share issues	4,160,856.00	10,402,140.00	23,605,753.60	59,014,384.00	0.40
2016	Subscription options exercised	132,000.00	330,000.00	23,737,753.60	59,344,384.00	0.40
2016	New share issue	4,307,692.40	10,769,231.00	28,045,446.00	70,113,615.00	0.40
2017	Subscription options exercised	1,275,000.00	12,750.00	28,555,446.00	71,388,615.00	0.40
2021	New share issues	59,678,505.20	149,196,263.00	88,233,951.20	220,584,878.00	0.40
2022	C-share issue	379,940.00	949,850.00	88,613,951.20	221,534,728.00	0.40
				88,613,951.20	**221,534,728.00**	**0.40**

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.

Patent overview

Drug candidate	Description	Summary	Projected expiry dates
Mitazalimab	Four patent families related to anti-CD40 antibodies (including Mitazalimab), and combination therapies	The portfolio relating to Mitazalimab comprises 4 families, 28 pending applications and 46 granted filings. The filings are in 36 countries and includes key territories such as Australia, Canada, China, Europe (including Germany, Denmark, France, United Kingdom, Netherlands and Sweden), Japan, Mexico, New Zealand, Russia, Singapore, South Korea, and the United States.	2032-2042
ATOR-1017	Two patent families related to anti-4-1BB antibodies (including ATOR-1017), and combination therapies	The portfolio relating to ATOR-1017 comprises 2 families, 18 pending applications and 2 granted filings. The filings are in 17 countries and includes key territories such as Australia, Canada, China, Europe, Hong Kong, India, Israel, Japan, Mexico, New Zealand, Russia, Singapore, South Korea, and the United States.	2037-2042
ALG.APV-527	Two patent families related to bispecific antibodies targeting 4-1BB/5T4 (including ALG.APV-527).	The portfolio relating to ALG.APV-527 comprises 2 families, 30 pending applications and 16 granted filings. The filings are in 30 countries and includes key territories such as Australia, Canada, China, Europe (including Germany, Spain, France, United Kingdom, Italy, the Netherlands, Sweden), Japan, Mexico, New Zealand, Russia, Singapore, South Korea, and the United States.	2037-2038
ATOR-4066	A patent family related to CD40-CEA bispecific antibodies (including ATOR-4066).	The portfolio relating to ATOR-4066 comprises 1 family with 5 pending applications. The filings are in the United Kingdom and the United States, plus an International PCT application that can be used to obtain protection in a wide range of territories in by May/June 2024.	2042
Technologies			
ALLIGATOR-GOLD®	One patent family related to an antibody library	The portfolio relating to ALLIGATOR GOLD® comprises one family with 5 granted filings in the following key territories: Europe (Germany, France, United Kingdom and Sweden) and the United States.	2035-2036
RUBY™	One patent family related to a bispecific antibody format	The portfolio relating to RUBY™ comprises one family with 3 pending applications in the following key territories: Europe, China, and the United States.	2039
Neo-X-Prime™	Two patent families related to bispecific antibodies targeting dendritic cells and overexpressed tumor antigen	The portfolio relating to Neo-X-Prime™ comprises two families with a total of 6 pending applications in the following key territories: Europe, China, and the United States.	2039-2042

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.

Cohort. Group of individuals with a common characteristic to investigate, for example patients who receive the same type of drug treatment.

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.

IND (Investigational New Drug). Drug or biological product in clinical trials to evaluate its safety and efficacy prior to FDA approval.

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.

Neoantigens. Mutated tumor proteins.

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 1, 2 and 3. The various stages of studies on the efficacy of a pharmaceutical in humans. See also "clinical study." Phase 1 examines the safety on healthy human subjects, Phase 2 examines efficacy in patients with the relevant disease and Phase 3 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 2 is often divided into Phase 2a and Phase 2b. In Phase 2a, 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 2b 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.

Other information

Financial reports 2023
Alligator intends to give financial statements as follows:

- Q1 interim report: April 25, 2023
- Q2 interim report: July 13, 2023
- Q3 interim report: October 26, 2023
- Year-end report 2023 in February 2024

Annual General Meeting
The Annual General Meeting will be held on Friday, May 26, 2022.

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Prospective information
These annual accounts contain prospective statements which represent subjective estimates and forecasts of the future. These predictions are only valid as of the date on which they are made and are by their nature, like research and development work in the biotech field, fraught with risks and uncertainties. In view of this, the actual outcome may differ significantly from what is described in this annual report.

Brand names
FIND® and ALLIGATOR-GOLD® are Alligator Bioscience AB proprietary brand names which are registered in Sweden and other countries.

Photography
The photos in this annual report are taken by photographer Ola Torkelsson, Nille Leander at Moorland Photography, and others.

Alligator's Annual General Meeting 2023

Alligator's Annual General Meeting 2023 will be held on Wednesday, May 26, 2023 at 1.00 p.m. at Inspira, conference room Allvar, Scheelevägen 4 in Lund, Sweden. The invitation will be published in Post- och Inrikes Tidningar (the Swedish government gazette) and on the company's website.

Shareholders who wish to attend the AGM must

- be entered in the register of shareholders maintained by Euroclear as of Wednesday May 17, 2023.
- notify Alligator of their intention to attend no later than Monday May 22, 2023 by letter to Alligator Bioscience AB, Att: Greta Eklund, Medicon Village, SE-223 81 Lund Sweden, or by e-mail to anmalan@alligatorbioscience.com.

Shareholders whose shares are registered with fund managers must request temporary entry in the Euroclear register of shareholders in order to participate in the AGM. Re-registration must be completed by Monday, May 22, 2023, and the manager must be informed of this in good time before this date.

Notification
The notification should include the name, personal or corporate ID number, shareholding, telephone number and the number of any representatives (maximum two). For shareholders to be represented by a proxy, authorization must be sent together with the notification. Anyone representing a legal person must carry a copy of the registration certificate or equivalent authorization documents showing authorized signatories. The company will provide authorization forms to shareholders who require them.

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