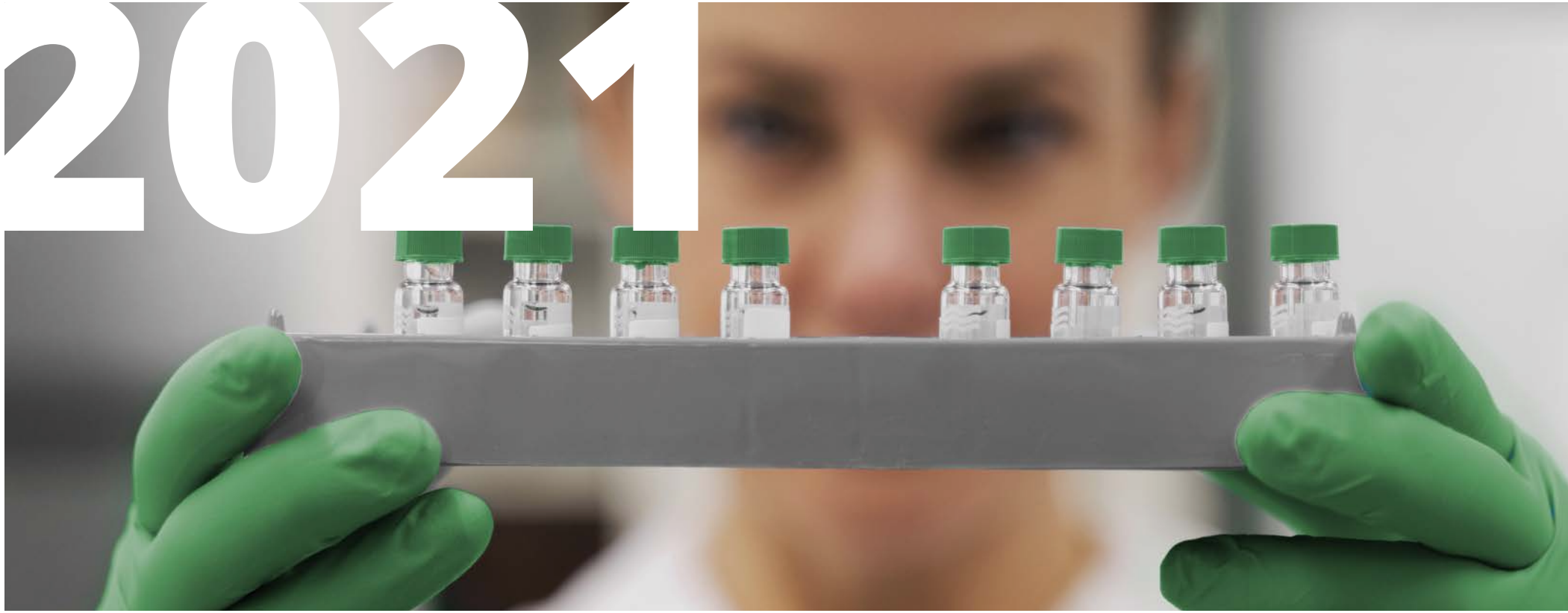
On 5 May 2022, the annual general meeting in Alligator Bioscience AB, Reg. No. 556597-8201, resolved on distribution of the company's profit in accordance with the board's proposal on page 42 in this annual report.



Annual Report 2021

Alligator Bioscience AB (publ)

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Notes to the reader
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 37–94 in this document.

Alligator's tumor-directed treatments have the potential to better patient's lives

Alligator is a clinical-stage biotechnology company developing best-in-class tumor-directed antibody drugs for hard-to-treat cancers. We aim to establish ourselves as one of the world's leading innovation companies by developing novel immunotherapies that have the potential to better patient's lives. The idea of immunotherapy is to assist the immune system to identify, attack, and destroy the tumor more effectively.

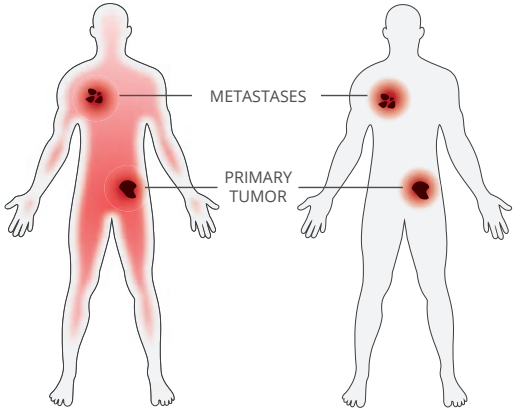
Most tumors contain immune cells with the potential to attack and destroy the cancer cells, and possibly the tumor itself. Cancer cells often activate immunosuppressive strategies to inhibit these types of attacks. Immunotherapies provide several different opportunities to help the immune system defend the body against the cancer. Such strategies could be 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 developing antibody-based therapies to help the immune system detect and attack solid tumors. Our most advanced program, mitazalimab, targets a molecule called CD40.

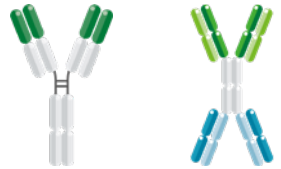
Mitazalimab is in clinical Phase II for the treatment of metastatic pancreatic cancer. Additionally, our pipeline includes a molecule in Phase I clinical trials, ATOR-1017, as well as a Phase I-ready molecule, ALG.APV-527, that we are co-developing with Aptevo Therapeutics Inc. Both these antibodies target a molecule called 4-1BB.

Using our proprietary immunotherapy technology platform Neo-X-Prime™, we are developing two additional molecules that are in the Discovery stage; one internal program, ATOR-4066, and one explored with U.S. based MacroGenics, Inc. Moreover, Alligator is engaged in an research collaboration and license agreement with Orion Corporation.

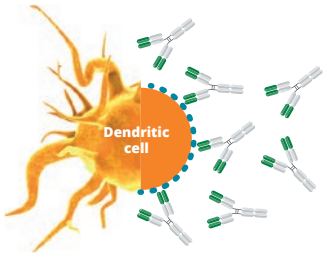
Alligator's innovative assets and technologies make it possible to educate and activate the immune system to selectively attack tumors without affecting the rest of the body, a core concept that separates us from other competitors in the industry. The main benefit of tumor-directed treatment is the ability to effectively attack the tumor while minimizing the adverse effects caused by stimulating the whole immune system. We are confident that our molecules will provide meaningful treatment options for people with hard-to-treat-cancer, as stand-alone or combination therapies.



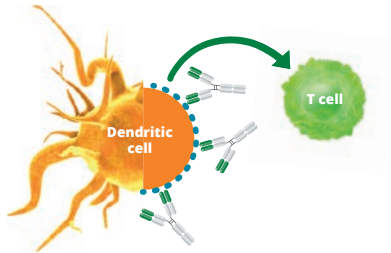
General immune activation (figure to the left) may lead to severe adverse effects. Selective activation (figure to the right) of tumor-specific immune cells to result in fewer adverse effects.



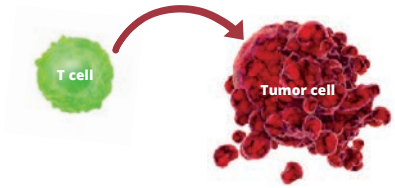
Design of highly efficient antibodies
Alligator has several patent-protected technologies that can generate novel drug candidates with high potential. In addition, the Company has an unique bispecific antibody format for the development of novel dual-action antibodies.



Antibody seeks out target molecule
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.

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, there is a clear unmet need for more effective treatments. Immuno-oncology, also known as immunotherapy, is a form of cancer treatment that uses the power of the body's own immune system to control, reduce, and potentially eliminate cancer. Fundamentally, immunotherapy "educates" and activates the immune system to recognize and more efficiently target and attack cancer cells – thus making it a tangible answer to treat cancer and help more and more patients.

In conjunction with that, there is also a major need for therapies that can be safely combined with one another and/or with other forms of cancer treatments (including chemotherapy, checkpoint inhibitors, and even vaccines) to treat, or possibly even eradicate, the tumor.

Combination drug therapy

The concept of combination therapy for treatment of cancer has been around since the 1960's. This treatment modality 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. Therefore, Alligator's drug candidates are designed with an optimal efficacy-tolerability balance.

We believe this gives our candidates a unique position as stand-alone therapies or as part of tomorrow's combination therapies for the treatment of cancer.

The way forward

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

Immunotherapies activate one or more components of the immune system. Such an example are the so-called dendritic cells, innate 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 stimulating 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 the tumor-specific T cells. The ability of dendritic cells to help T cells to attack cancer cells make them relevant therapeutic targets for cancer immunotherapy. A central part in 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, designed for the treatment of metastatic cancers. The antibody 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.

CD40-targeting drugs, like mitazalimab and Neo-X-Prime™, are important as they address one of the key needs in immune-oncology. Although immunotherapies like 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 satisfactory to checkpoint inhibitors, is a lack of sufficient amounts of T cells within the tumor to mount an efficient immune attack. By addressing this lack of T cells, mitazalimab and Neo-X-Prime™ holds the potential to allow 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 targets the 4-1BB molecule on the surface of T cells, thereby stimulating them to attack and kill cancer cells more efficiently.

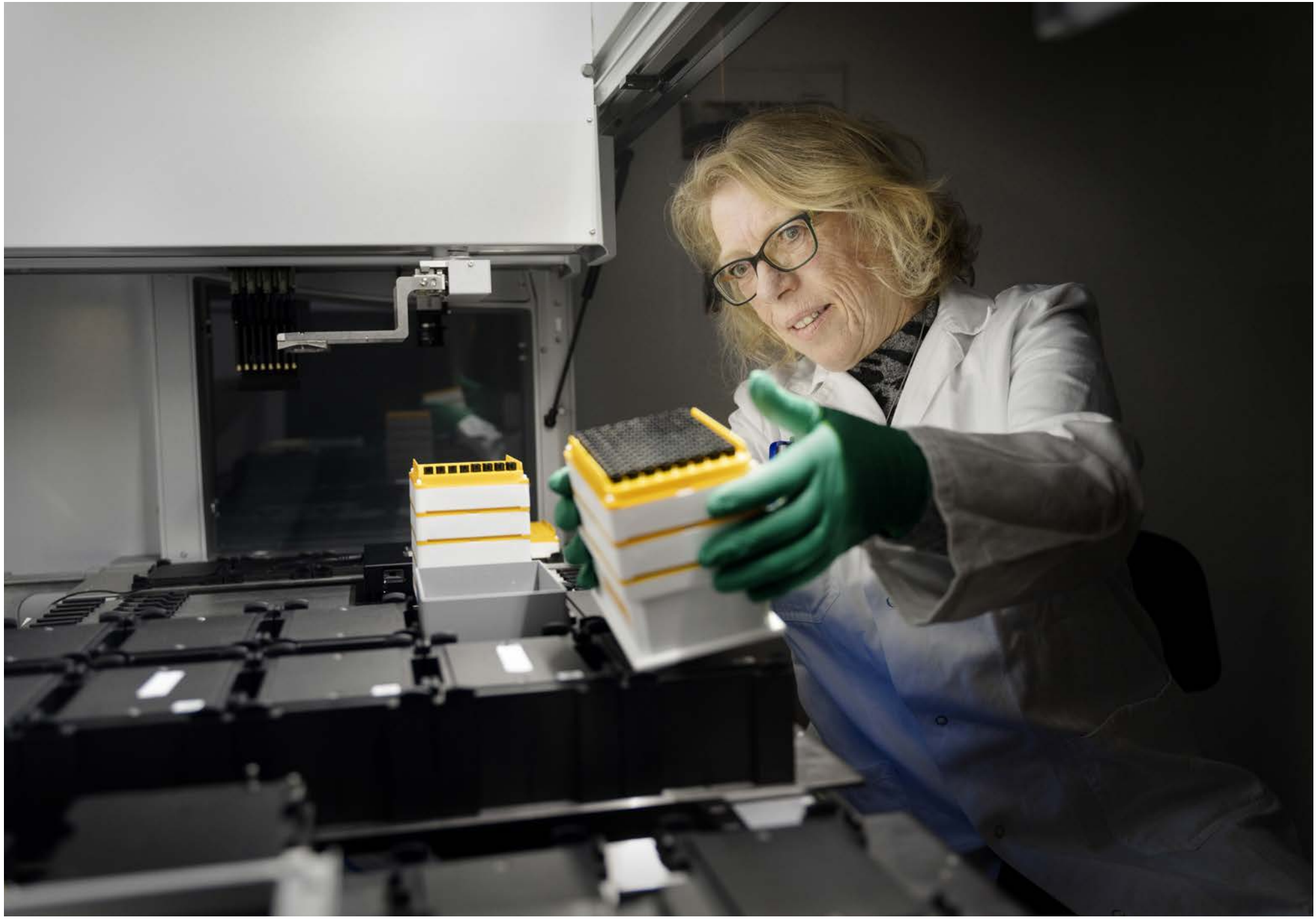
In summary, there is an expressed need for immuno-oncology treatments with a high enough safety profile to allow them to complement, and synergize with, chemotherapy and other cancer drugs. Alligator's candidates mitazalimab and ATOR-1017 have the potential to fill that need.

Immuno-oncology therapies has an higher likelihood of approval of 12.4 percent vs 5.3 percent for all oncology approaches.[2]

References

1 International Agency for Research on Cancer (IARC), Cancer Tomorrow. 7 March 2022.

2 Clinical Development Success Rates and Contributing Factors 2011–2020, Biotechnology Innovation Organization (BIO) | QLS Advisors | Informa Pharma Intelligence UK Ltd, Feb 2021.



2021
in brief

Scientific events

- New preclinical data were released in an abstract for a poster presentation at the AACR Annual Meeting 2021, demonstrating that mitazalimab synergizes with chemotherapy.
- An article, prepared by scientists at Alligator, on CD40 agonistic antibodies was published in Expert Opinion on Biological Therapy.
- ATOR-1017 is the first monoclonal 4-1BB agonist antibody to show good safety and signs of efficacy. The interim data from the ongoing Phase I clinical study was presented at the 2021 ASCO Annual Meeting.
- Preclinical data on mitazalimab were published in the scientific journal Cancer Immunology, Immunotherapy.
- Alligator presented data at the SITC Annual Meeting 2021 on the mitazalimab OPTIMIZE-1 clinical Phase II study, on ATOR-1017, as well as data and target molecules for our internal Neo-X-Prime™-candidate, ATOR-4066.
- An article on ALG.APV-527, prepared by scientists at Alligator and their collaborators, was published in Nature Communications.

Corporate events

- Søren Bregenholt was appointed as new CEO to strengthen Alligator's business development activities and clinical progress on an international level.
- Peter Ellmark was appointed Chief Scientific Officer at Alligator.
- In January, an oversubscribed rights issue generated proceeds of SEK 86 before transaction costs.
- The Company announced positive results from our collaboration with Scandion Oncology. The collaboration explored the anti-tumor efficacy of mitazalimab in combination with Scandion Oncology's candidate SC101 in chemotherapy-resistant preclinical tumor models as an addition to chemotherapy (mFOLFIRINOX).
- In September, the Company announced first patient dosed in OPTIMIZE-1, a Phase II clinical trial evaluating mitazalimab in combination with mFOLFIRINOX for the treatment of pancreatic cancer.
- In October, the Company announced first patient dosed in the Phase II clinical trial led by Shanghai Henlius Biotech, Inc. Alligator out-licensed AC101 to AbClon, Inc. in October 2016. Abclon, Inc. subsequently sublicensed AC101/HLX22 to Shanghai Henlius Biotech, Inc.
- In November, the Company announced the initiation of a Proof-of-Concept Phase Ib clinical trial to assess the safety and efficacy of mitazalimab in combination with MesoPher, an experimental dendritic cell vaccine, in patients with pancreatic cancer. The trial will be led by clinicians at Erasmus University Medical Center Rotterdam, The Netherlands.
- In December, an oversubscribed rights issue generated proceeds of SEK 257 million before transaction costs.
- Alligator entered several collaborations during 2021. In April, Alligator and the US biopharmaceutical company MacroGenics entered into a joint research collaboration to develop Neo-X-Prime™. In May, the Company entered into a joint research agreement in the neurodegenerative field with Swedish biopharma company BioArctic AB. In August, the Company entered into a research collaboration and license agreement with Orion Corporation, a global pharmaceutical company based in Finland, to discover and develop new immuno-oncology product candidates.

Comments from the CEO

2021 was a transitional year at Alligator, one where we renewed our aspiration and strategy to focus on developing our game-changing therapies through Phase II clinical Proof-of-Concept and beyond. Our best-in-class f second-generation agonistic antibodies are designed to be efficacious and safe treatments, both as stand-alone immunotherapies and in combination therapies. Entering 2022, I feel confident in the potential of our pipeline to make a difference for patients with hard-to-treat cancers, and in our innovative technologies to contribute to the future of cancer therapy.

Since I joined Alligator in June 2021, I have had the privilege of leading an experienced team, committed to bringing our innovative treatments to patients with hard-to-treat cancer. Together, we have refocused our company towards bringing our main assets forward to the next value inflection points, to create value for all our stakeholders.

During the year, we successfully closed two oversubscribed rights issues, one in January and one in December, raising approximately SEK 343 million before deduction costs. The proceeds have been allocated towards expanding and accelerating our Phase II study for mitazalimab, for ATOR-1017 Phase II preparations, as well as for the development of other pipeline candidates, such as ALG:APV-527 and Neo-X-Prime™, to support our long-term growth. We are very grateful for the continued support of our existing shareholders, and welcome those who have joined us in 2021.

A year of progress

As mentioned above, 2021 saw us re-allocating our time and resources towards the key assets mitazalimab and ATOR-1017. The data we presented during 2021 supports our belief in the potential of these assets, as well as that of our preclinical pipeline candidates. Furthermore, our innovative technology platforms have us well positioned for future value creation. Our antibodies address major unmet medical needs and are designed with features making them complementary to existing cancer therapies. We believe this gives our candidates a unique position as stand-alone therapies or as part of tomorrow's combination therapies for the treatment of cancer.

During the year, my colleagues have presented data on our preclinical and clinical assets, both at conferences and in peer-reviewed scientific journals. These publications and presentations makes me proud, as they reflect the scientific progress we make towards bringing our technology and assets closer to benefit patients with-hard-to-treat cancer.

Mitazalimab and OPTIMIZE-1 a big step forward for Alligator

I have a strong belief in our key asset mitazalimab, a best-in-class second generation CD40 agonist antibody and "universal" combination partner with standard-of-care, such as chemotherapy or checkpoint inhibitors. It is our most advanced drug candidate, designed for treatment of metastatic cancers, including pancreatic cancer, and the data we have reported during 2021 only strengthens my belief in its potential.

We are well underway with OPTIMIZE-1, a Phase II study evaluating the efficacy and safety and efficacy of mitazalimab in combination with standard-of-care chemotherapy, mFOLFIRINOX, in patients with first-line metastatic pancreatic cancer. We saw the first patient dosed in September in this open-label, multicenter study, which will enroll up to 67 patients at clinical sites in Belgium and France. A big step for Alligator, and I am proud of all my colleagues that have worked hard for years to make that happen.

OPTIMIZE-1 reinforces our commitment to developing tumor-directed immuno-oncology antibody drugs, and the commencement of dosing in the study is an essential step forward for mitazalimab as combination therapy for the treatment of metastasized cancers. Mitazalimab data was presented at two conferences during the year, and I look forward to the expected interim efficacy readout in the coming year.

I was pleased when we announced the initiation of the investigator sponsored exploratory Phase Ib trial, REACtiVe-2 in November. The trial is evaluating mitazalimab in combination

with a cancer vaccine in patients with pancreatic cancer, and the first patients have been dosed with no reported adverse effects. REACtiVe-2 is led independently by clinicians at Erasmus University Medical Center in Rotterdam, and confirms the interest in mitazalimab's potential by experts in the field.

Encouraging data with ATOR-1017

Our second clinical asset is ATOR-1017, a 4-1BB agonistic antibody being developed as stand-alone or improved combination therapy for metastatic cancers. We are evaluating the safety and pharmacology of ATOR-1017 in an ongoing Phase I clinical trial. During 2021 we presented encouraging biomarker data at the annual meetings for both the American Society of Clinical Oncology (ASCO) and the Society of Immunotherapy in Cancer (SITC), that confirms ATOR-1017's mechanism of action. In December we were able to announce additional data corroborating and extending the previous data on biomarkers, safety and tolerability. The data at the end of the year supports a sustained safety profile up to, and including, a dose of 360 mg/kg, with no dose-limiting toxicities reported.

These encouraging 2021 results strengthen the case for ATOR-1017, which remains a promising candidate for immunotherapy with great potential for combination with other immunomodulatory antibodies.

Future value driver: Neo-X-Prime™

In 2020, we launched Neo-X-Prime™, our innovative technology for immunotherapy, which is based on Alligator's expertise in antibody engineering, the CD40 target molecule and in immunooncology. The concept builds on bispecific antibodies that physically link circulating tumor material to the immune system, to allow neoantigen-specific T cell priming with potential for superior anti-tumor efficacy.

Already in the year following the launch, we have been able to present data highlighting the efficacy of Neo-X-Prime™ bispecific antibodies, and how our own lead Neo-X-Prime™-compound, ATOR-4066, successfully meets key design criteria. To me, this is a testament to the dedication of the Alligator team, and to the promise of our future value-drivers.

In addition to ATOR-4066, we are exploring another Neo-X-Prime™ molecule with U.S.-based MacroGenics, Inc. Taken together, our proprietary programs, as well as our partnerships and research collaborations, are evidence to the solidity and competitiveness of our technology platform.

R&D Collaborations in 2021

Throughout the year, Neo-X-Prime™ and our other platforms has allowed us to build new collaborations and to advance our existing ones, and I see great promise in our platform technologies to drive future value growth for Alligator.

During 2021, we have continued the development of the drug candidate ALG.APV-527, a bispecific antibody targeting the 4-1BB and 5T4 molecule, that we are co-developing with our partner Aptevo Therapeutics. During the year we have presented preclinical data for ALG.APV-527 at conferences and in high-ranking scientific journals. ALG.APV-527 is a promising anti-cancer therapeutic for the treatment of a variety of 5T4-expressing solid tumors, and the program is progressing towards Phase I clinical trials in 2022.

As of April, Alligator is also exploring bispecific antibodies against undisclosed targets with U.S.-based MacroGenics, using our proprietary immunotherapy platform Neo-X-Prime™.

In August, we entered into a research and license collaboration with Orion Corporation, a global pharmaceutical company based in Finland, to discover new bispecific antibody cancer therapeutics. The agreement covers an option to develop three bispecific antibodies using our phage display libraries and RUBY™ bispecific platform.

I look forward to follow our collaborations with Aptevo, Orion, and MacroGenics during 2022 and the coming years.

In October, the first patient was dosed in the Phase II clinical trial with Shanghai Henlius Biotech, Inc. Alligator out-licensed AC101/HLX22 to AbClon, Inc. in October 2016. Abclon, Inc. subsequently sub-licensed AC101/HLX22 in China for clinical development by Shanghai Henlius Biotech Inc.

A year of progress and acknowledgements

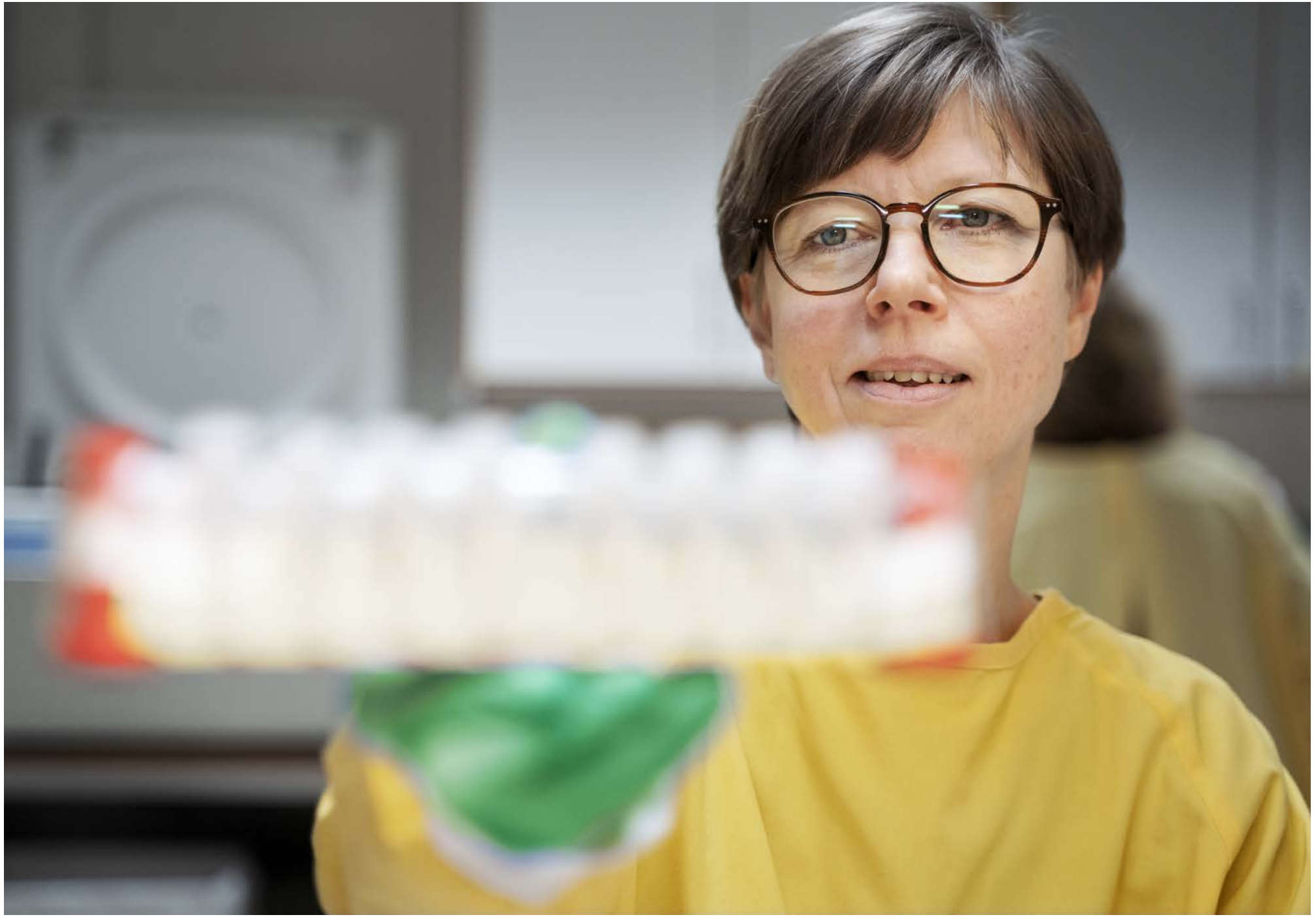
I am also proud to report that in September Alligator was awarded the prize for the best Small Cap Annual Report 2020 by FAR, Nasdaq Stockholm, Sveriges Finansanalytikers Förening and Sveriges Kommunikatörer. This is a testimony to the diligence and professionalism of our financial team, a dedication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

In summary, 2021 has been a year of refocusing for Alligator. We enter 2022 on a solid foundation, with important milestones planned for the year ahead. Our ambition remains the same: to develop meaningful therapies for patients with hard-to-treat cancer and to create value for our stakeholders and shareholders.

On behalf of myself and the Board of Directors, I would like to take this opportunity to extend sincere thanks to the Alligator staff for their achievements during the year. I also wish to thank our valued shareholders, for your continued confidence in our company and in our plans to move our clinical projects forward, to improve the quality of life for patients with hard-to-treat cancers.

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, has entered Phase II at the end of Q3 2021. The study is designed to further assess mitazalimab's efficacy and safety in combination with standard-of-care chemotherapy, mFOLFIRINOX, for the treatment of first-line metastatic pancreatic cancer. Alligator's second most advanced program, ATOR-1017, is in the final stages of Phase I and has presented novel Proof-of-Mechanism data at the 2021 ASCO Annual Meeting.

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 I studies with mitazalimab have generated competitive safety data and shown early signs of clinical efficacy. In 2021, mitazalimab entered the Phase II clinical study OPTIMIZE-1, which saw first patient dosed in the third quarter of the year. The study aims to further 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 and France. We are expecting an interim safety readout in Q1 2022 and an interim efficacy readout in Q4 2022.

In November, the company announced the initiation of a Proof-of-Concept Phase Ib clinical trial, REACtiVe-2, to assess the safety and efficacy of mitazalimab in combination with MesoPher, an experimental dendritic cell vaccine, in patients with pancreatic cancer. The trial is led by clinicians at Erasmus University Medical Center Rotterdam, in the Netherlands.

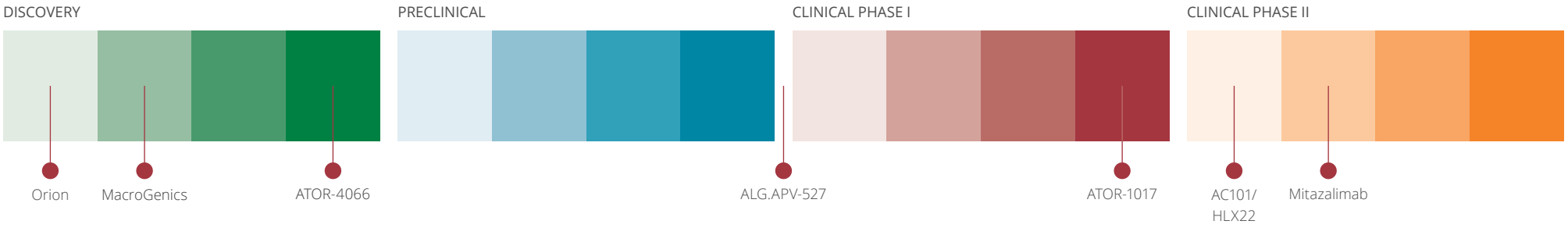
Alligator is preparing an additional Phase II study for mitazalimab in a second indication to hedge the clinical risk and maximize the long-term value of the molecule. We expect to be able to initiate this study in the second half of 2022.

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 ongoing Phase I clinical trial was presented at the 2021 ASCO Annual Meeting and at the 2021 SITC Annual Meeting. The Phase I data validates ATOR-1017's ability to activate T cells and at the same time demonstrates an encouraging safety profile, as the drug-related adverse events in the study generally were mild and transient. During 2022 we will prepare for Phase II clinical trials.

Neo-X-Prime™

In 2020, we launched Neo-X-Prime™, our technology platform, which is based on Alligator's expertise in immuno-oncology, bispecific antibodies and the CD40 target molecule. The concept builds on bispecific antibodies simultaneously binding to CD40 and to molecules preferentially expressed on tumor cells, thereby physically linking circulating tumor material to dendritic cells.



This linking of tumor material with the dendritic cells results in education and activation of tumor neoantigen-specific T cells and induce superior anti-tumor immunity.

We currently develop an internal Discovery stage program, ATOR-4066, based on the Neo-X-Prime™ concept. In addition to CD40, ATOR-4066 binds to carcinoembryonic antigen (CEA), a tumor-associated antigen that is preferentially expressed in certain cancer types such as colon, stomach and pancreatic cancer. In November 2021, we presented preclinical data at the SITC Annual Meeting, which highlighted the mechanism and efficacy of ATOR-4066. The data shows that simultaneous CD40 engagement and delivery of neoantigen-containing tumor exosomes to antigen-presenting cells mediates an expansion of the tumor-specific T cell repertoire, resulting in potent anti-tumor effects in vivo.

Moreover, we are exploring a Neo-X-Prime™ molecule with U.S. based MacroGenics.

ALG.APV-527

Developed in the partnership with Aptevo Therapeutics, Inc.

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

ALG.APV-527 is a bispecific 4-1BB and 5T4 antibody designed for the treatment of metastatic cancer. The original molecules involved in the tumor-binding function and the immunomodulatory function of ALG.APV-527 were developed using Alligator's patented ALLIGATOR-GOLD® antibody library. 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 only expressed at low levels or not at all in healthy tissue, it is a compelling target molecule for cancer immuno-therapy.

Preclinical data have shown that ALG.APV-527 induces efficient T-cell mediated immunity against a number of 5T4-expressing cancers. All preclinical studies have been completed, and Alligator and Aptevo are planning to submit an Investigational New Drug (IND) application to the US FDA for the initiation of a Phase I clinical study in 2022.

More than 19 million new cancer cases are diagnosed worldwide each year.[1] The figure is expected to reach 21.5 million by 2025.[2]

Collaborations & out-licensed projects

AC101/HLX22

AC101/HLX22 is currently under development by Shanghai Henlius Biotech Inc. through its agreement with AbClon. Alligator has no financial or operational obligations in relation to the development of AC101/HLX22. In Q3 2021, AC101/HLX22 entered Phase II clinical development in gastric cancer.

Technology agreement with Biotheus

In August 2019, China-based Biotheus obtained the Chinese rights (including Hong Kong, Taiwan, and Macao) to an undisclosed antibody from the ALLIGATOR-GOLD® antibody library.

Collaboration and license agreement with Orion Corporation

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

Additionally, Alligator will receive royalty payments if Orion exercises its option to continue development and commercialization of the resulting product candidates.

Collaboration with MacroGenics

Announced in April 2021, the joint research collaboration with US-based MacroGenics, Inc., utilizes Alligator's proprietary CD-40-targeting immunotherapy Neo-X-Prime™ to develop bispecific antibodies against two undisclosed targets. MacroGenics is a Nasdaq-listed biopharmaceutical company focused on developing and commercializing innovative monoclonal antibody-based therapeutics for the treatment of cancer.

References

1 World Cancer Research Fund, World Cancer report 2020.

2 International Agency for Research on Cancer (IARC), Cancer tomorrow. 7 March 2022.

Financial summary

In 2021, Alligator has focused existing resources on the clinical programs that have the greatest potential to develop effective therapies for cancer patients and thereby generate the greatest value for shareholders.

During the year, the Company's operating costs increased by SEK 5.7 million compared with 2020, corresponding to an increase of just below 4 percent. The costs during the year were mainly attributable to the preparation and start of the Company's first Phase II study with mitazalimab, which is an efficacy study in pancreatic cancer. In addition, the results have been impacted with the costs associated with the ongoing clinical Phase I study with ATOR-1017 and preparations for the Phase I study with our partner program, ALG.APV-527. During the second half of the year, the Company entered an immuno-oncology research and licensing agreement with Orion Corporation, a global pharmaceutical company based in Finland, to develop new cancer therapies with bispecific antibodies.

In 2021, the Group's net sales amounted to SEK 12.9 million (4.4), which includes licensing revenue from the agreement with Orion Corporation which commenced during the year, as well as an extension of the existing license agreement with Biotheus Inc. In addition, the Company has generated revenue from the development cooperation with BioArtic AB and Orion Corporation. Alligator's income is generated in connection with the signing of licensing agreements and achievement of milestones, and therefore does not follow a steady flow, see further in section Value-creating business development, on page 18.

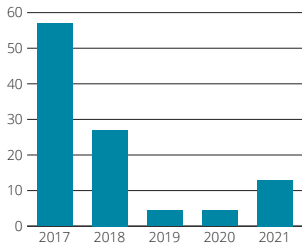
Personnel cost increased by approximately 4 percent during the year, from SEK 55.7 million to SEK 57.8 million. On the balance sheet date, the number of employees increased by 3 year-over-year, and amounted to 46 as of the last December.

At the end of 2021, Alligator's cash amounted to SEK 278.1 million (103.3). The Company works continuously to secure the financing of the company's operations. This includes both business development for new partnering agreements, with an upfront payment upon signing, as well as other financing options. To continue pursuing investment in the clinical focus programs mitazalimab and ATOR-1017, the Company carried out two rights issues in 2021, which generated proceeds of SEK 343 million in total, before transaction costs. At the time of the declaration of this Annual Report, the Company's assessment is that the financial resources are sufficient for planned activities for the upcoming twelve-month period.

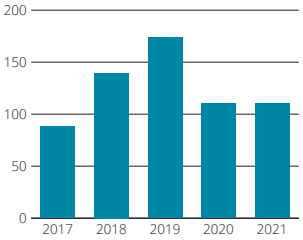
	2021	2020	2019*	2018*	2017*
Net sales, KSEK	12,943	4,352	4,358	26,959	56,875
Operating profit/loss, KSEK	-141,565	-144,298	-214,519	-153,080	-62,299
Profit/loss for the year, KSEK	-141,736	-143,296	-210,112	-150,043	-63,758
Cash flow for the year, KSEK	174,717	9,386	-19,572	-86,802	-458,995
Cash and cash equivalents, KSEK	278,148	103,342	93,890	112,024	197,097
Equity ratio, %	85%	76%	83%	92%	96%
R&D costs as % of operating costs excluding impairments	70%	72%	79%	77%	73%
Earnings per share before dilution, SEK	-0.64	-2.01	-2.94	-2.10	-0.89
Earnings per share after dilution, SEK	-0.64	-2.01	-2.94	-2.10	-0.89
Average number of employees	**45**	**50**	**55**	**51**	**42**

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

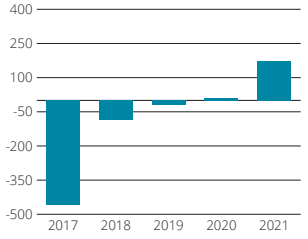
Net sales, SEK million



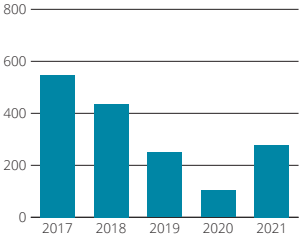
R&D costs, SEK million



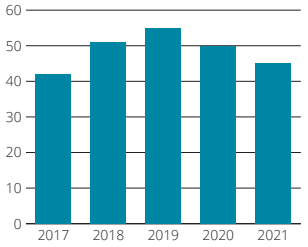
Cash flow, SEK million



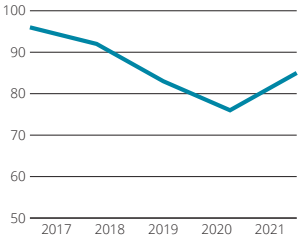
Cash and cash equivalents, including securities, SEK million



Average no. of employees



Equity ratio, %



Goals and strategies

Our goal is to become one of the world's leading experts in immuno-oncology with our cutting-edge technology to improve the outcomes in combination treatment rates for hard-to-treat cancers. We have a clear path to achieve this with our unique technology platform and leading researchers, we develop attractive drug candidates with the potential to defeat cancer.

Alligator's COO, Dr. Malin Carlsson on the importance of Proof-of-Concept in drug development

Proof-of-Concept (POC) is defined as the earliest point in the drug development process when the data or evidence suggests that it is 'reasonably likely' that your candidate has the potential to meet the medical need of the patient, and in a superior way compared to current treatments. This happens in Phase II. This is where we are with mitazalimab, in the initial stages of POC.

Tell us about your background, the things that you've learned along the way and how you came to Alligator Bioscience.

I'm a clinical immunologist by training. After years in academia, I decided to join the drug development community at AstraZeneca. It made sense for me, and it was like coming home so to speak, putting my passion and skills together in a job where I could merge what I am good at with my passion to help better people's lives. After AstraZeneca closed the site, which is the same site where Alligator is today, I joined Nycomed Pharmaceuticals in Copenhagen. At the time they had two antibody assets in Phase I and I oversaw a small group of physicians whose role was to design the Phase II Proof-of-Concept studies for these assets. When Nycomed was bought by Takeda Pharma, I was given the opportunity to move those assets into Phase II. This succession of experience was amazing. From Nycomed/Takeda, I went on to Ferring Pharmaceuticals, where I got the opportunity to build and lead a Translational Medicine department. That was a fantastic experience, but it wasn't in immunology and that's what I ultimately wanted to do: take all my drug development expertise one step further and combine it with my immunology training. Alligator Bioscience was the perfect place to do that. I couldn't resist the opportunity to work at Alligator because of Alligator's very rich portfolio. How often do you get the chance to develop such good assets?!!

Can you explain for us some of the complexities of drug development?

Let me start by explaining Proof-of-Concept (POC) because that is where we are with mitazalimab. POC is defined as the earliest point in the drug development process when the data or evidence suggests that it is 'reasonably likely' that the key attributes for success are present, and the key causes of failure are absent. This happens in Phase II clinical process. When you have obtained POC, you have reached a crucial stage in drug development. Prior to that, many years have been spent creating the molecule, testing it preclinically, doing a Phase I study in healthy volunteers and/or patients and possible in combination with other therapies. Until this point, the procedure is fairly standard. With Proof-of-Concept, you are at a pivotal point and many decisions need to be made. You must ask and answer the important questions:

What indication(s) can we best target? Who has the right expertise to help with this asset? Is there a subpopulation within that indication? What are current treatments? What is the competitive landscape? Does our asset enable other drugs to be more effective? What geographies should we look at? Do we need a biomarker? How do we define this population? And so on. What are the endpoints that you will investigate in the Proof-of-Concept study? Often this has been thought of before, but now is the time to make the final decisions.

This is what we're doing now and it is the most difficult, and in my view, the most fun and interesting part because that what you expand your knowledge into the disease indication that is being testes. For Alligator's mitazalimab, we've become experts in understand pancreatic cancer, running a Phase II study that will lead us to POC.

When you add indications to the pipeline do you also have to build a new project team specializing in that indication?
No, we do not have to change staff, because we are working with some of the best, globally recognized key opinion leaders (KOLs). These are the experts who know the disease, the patients, the unmet need. We benefit greatly from their years of experience. They have seen every kind of treatment out there. They are an important "team member", if you will, who we consult with on how our asset might fit into the therapeutic landscape and what is truly needed to help patients. Our KOLs are extremely important for Alligator. In most cases, they are also the clinicians who run the sites that contribute data to our studies.

Now that you have been with Alligator for a few years now, how do you view Alligator Bioscience?
We have evolved quite a lot and are building a strong clinical program. I see us moving towards becoming more and more like a smaller pharmaceutical company as we move our assets from pre-clinical/clinical to later-stage development.

I am so proud to be a part of Alligator's journey. The molecules we have in our portfolio are terrific molecules. Our assets have the almost perfect balance between safety and efficacy which means that we can dose at efficacious levels and have strong efficacious potential as a combination therapy with other treatments. This puts us in a good competitive position as a company.

Preclinical and clinical development strategy

Our program strategy is to develop drug candidates that selectively activate the immune system in the tumor region rather than in the whole body. This proprietary treatment is expected to have a better therapeutic effect and fewer side effects compared with general stimulation of the immune system.

Alligator's organization harnesses the expertise needed to efficiently move projects from Discovery stage through Phase II Proof-of-Concept. Preclinical studies are a mandatory part of the application to initiate clinical studies, and are carried out to evaluate the safety and toxicity of the antibodies and to increase Alligator's understanding of the mechanism of action in more complex systems. This understanding is crucial for the design of our clinical studies. Alligator's preclinical drug development is primarily conducted by our own personnel in our own laboratories.

Clinical studies in healthy volunteers and patients are conducted to assess the safety and efficacy of our antibodies. Our clinical studies are designed by our in-house team of researchers in close collaboration with external medical and clinical experts. The trials are conducted at hospitals in several European countries in collaboration with hospital physicians and so-called clinical Contract Research Organizations (CRO's).

A key element of the strategy is to protect intellectual property rights with strong patents. Alligator endeavors to maximize protection for all its innovations by obtaining patent protection in multiple patent families and in key global markets. Thus, Alligator's drug candi-dates are backed by a strong patent portfolio that is intended to protect the Company's assets for many years to come. Our patent table can be found on page 101.

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 I

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

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

Clinical Phase II

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

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

Clinical Phase III

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

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

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

Value-creating business development

Alligator is actively engaged in several areas of business development. One of the key areas of our business is the out-licensing of antibodies in the Discovery phase and drug candidates in the clinical phase. Secondly, we actively work to find strategic collaboration partners to de-risk the development of our drug candidates by allocating key research and development capabilities and thereby sharing the cost of development.

Business development: a continuous process
Alligator strives to build and maintain partnerships and collaborations around the world. Over the years, we have established a strategic network of international pharmaceutical companies sharing our core values and our aim of bringing immunotherapies to patients with hard-to-treat cancers. While nurturing our current relations with several pharmaceutical companies, we are also focused on finding future key partnerships on important markets, such as in the US, Japan, and China.

Out-licensing of drug candidates
Out-licensing 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 I clinical studies or after Phase II Proof-of-Concept has been established. Out-licensing will provide short to medium term income to Alligator, and maximize clinical utility and value of the asset in the long-term, to the benefit of patients, Alligator, and our shareholders.

Strategic collaboration in innovation
One of Alligator's most significant assets is our technology platforms. To maximize the value of our unique innovation engine, Alligator actively seeks collaborations with other pharmaceutical companies to discover and develop new drug programs from the concept stage to investigational new drug (IND) or CTA applications. Some of the main advantages of these collaborations are that they de-risk the asset by sharing costs and research/technology personnel. The collaborations also provides external validation of Alligator's platform, and bring the opportunity of income from upfront payments and milestone payments.

10 million

Cancer is one of the leading causes of illness and death. There were 10 million deaths from cancer worldwide in 2020.[1]

Reference
1 International Agency for Research on Cancer (IARC), Cancer Today (iarc.fr), 7 March 2022.

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 immuno-therapies 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-1017, and pipeline programs, through Phase II and beyond to create value for all our stakeholders. Alligator is well positioned in the immuno-oncology industry, as our novel antibodies address key immune activation pathways and 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 2020, the oncology market accounted for approximately 14 percent of the total drug market and is expected to reach 23 percent by 2026.[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. 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 2020, sales of oncology drugs amounted to USD 157 billion, an increase of more than USD 50 billion from three years earlier.[1] The oncology drug market is expected to more than double by 2026 to USD 381 billion.[1] A surge of new and innovative treatment methods is expected to emerge in the marketplace, and immunotherapies will play an important 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. 44 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, Keytruda® costs about SEK 22,000 per patient, per week.[2] Variations occur between geographic regions and types of cancer. A unique feature of the immuno-oncology market is that it is based on biologic drugs (biologics). This means that there is not the same competition from generic drugs since it is not yet possible to produce identical molecules at a low cost when patents expire. Competition at product level would require the development of new products that are highly similar (biosimilars). What this means in practice is that any company that wants to compete with biosimilars will have to conduct clinical studies before bringing the products to the market. This applies particularly to the type of drug candidates developed by Alligator – agonistic antibodies – since the stimulatory effect can depend on the manufacturing process, which further complicates copying.

The pancreatic cancer market

Pancreatic cancer is one of the hardest cancers to treat and has one of the lowest five-year survival rates. Roughly 40,000 people in the United States and about 70,000 in Europe are diagnosed with pancreatic cancer each year. Only 15-20 percent of those diagnosed can be treated by surgery, and there are few treatment options available for the remaining 85 percent, with chemotherapy regimens being the standard of care.[3]

Today's pancreatic cancer market, dominated by chemotherapies, is approximately USD 2 billion, and is expected to increase to approximately USD 4.2 billion by 2029.[3] The pancreatic cancer market is expected to increase significantly with the approval of novel innovative immunotherapies like mitazalimab.

Oncology 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. These trends 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 Database GlobalData (Pharma Intelligence Center – Drug Sales), September 2021.
2 The Swedish Dental and Pharmaceutical Benefits Agency (Sw. Tandvårds- och läkemedelsförmånsverket), Hälsoekonomisk bedömning av Keytruda, case no. 3135-2019.
3 Database GlobalData (Pancreatic Cancer – Opportunity Analysis and Forecasts to 2029), December 2021.

The Alligator share

Since 2016, Alligator's shares have been listed on Nasdaq Stockholm under the ticker ATORX. Alligator's share capital on December 31, 2021, totaled SEK 88,233,951.2, made up of 220,584,878 shares with a par value of SEK 0.40. On December 31, 2021, UBP Client Assets Sweden was the largest shareholder with 74,707,734 shares corresponding to 33.9 percent of the share capital and the votes. In 2021, the number of shareholders grew to 8,711 (7,847). The proportion of foreign shareholders was 47.9 percent (39.7). The ten largest shareholders owned 57.0 percent (50.7) of the shares.

Price development and sales

Alligator shares were listed on Nasdaq Stockholm on November 23, 2016. The price of the Alligator share was SEK 7.95 (10.22) at the beginning of 2021, and SEK 2.57 (7.63) at year-end. The highest price paid in 2021 was SEK 7.99 (10.22) and the lowest SEK 1.92 (4.63). Alligator's market capitalization was SEK 567 million (544) at the end of 2021. A total of 64 million shares (38) were traded during the year, at a total value of SEK 263 million (325). This corresponds to a turnover of 29 percent (53) of the Company's shares. The average turnover per trading day was 251,947 shares (150,582) at a value of SEK 1.0 million (1.3).

On average, 180 transactions (194) were completed on each day of trading.

Ownership, December 31, 2021

In 2021 the number of shareholders grew by 864 to 8,711 (7,847). The proportion of foreign shareholders was 47.9 percent (39.7). The ten largest shareholders owned 57.0 percent (50.7) of the shares, of which the largest shareholder, Allegro Investment, Inc, owned approximately 22 percent through UBP Client Assets Sweden.

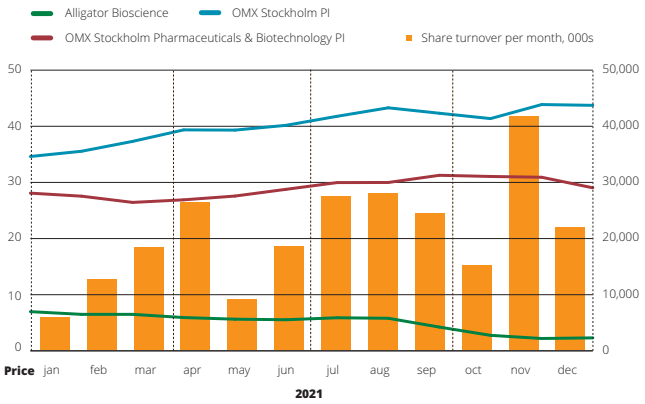
Share capital

Alligator has an option program and a share savings program, which is described on page 42 in the administration report. During the year, there were no subscription of new shares made via the options program (0 subscription shares in previous year). With full dilution of all incentive programs, a further 3,714,040 shares would be subscribed to, yielding a dilution of 1.7 percent. On December 31, 2021, the number of shares totals 220,574,878.

During the year, Alligator carried out two rights issue and a directed issue as a compensation to guarantors. The two right issues brought in a total of SEK 343 million. Through the rights issues, the number of shares in the Company increases by 142,777,230 shares, from 71,388,615 shares to 214,165,845 shares. The directed issue increased the numbers of shares with additional 6,419,033 shares, to in total 220,584,878 shares. The rights issues entail a dilution of approximately 66.7 percent for shareholders who was not participating in the rights issue.

There is only one class of share. Each share entitles the holder to one vote at the Annual General Meeting, and all shares have equal rights to the Company's assets and profits.

Price and volume development 2021



Brief facts about Alligator shares, Dec 31, 2021

Listed on:	Nasdaq Stockholm Small Cap
Number of shares:	220,584,878
Market cap:	SEK 567 million (544)
Ticker:	ATORX
ISIN:	SE0000767188

Swedish and foreign ownership

Swedish, 52.1%
Foreign, 47.9%

Source: Euroclear Sweden

Dividend and dividend policy

Alligator will continue to focus on developing and expanding its product portfolio. Available financial resources and reported profits will be re-invested in the business to finance Alligator's long-term strategy. The Board does not intend to propose any dividend to shareholders until the Company generates sustainable long-term profitability. Any future 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 into account the goals and strategies in place at any given time. If a dividend is proposed, the business objectives, scope and risk will be fully considered.

The Board and the CEO propose that no dividend be paid for the 2021 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 2022 on April 27, July 12 and October 20. Year-end report 2022 will be published in February 2023.

Analysts covering Alligator

Carnegie: Erik Hultgård
DNB: Patrik Ling
Kempen: Ingrid Gafanhao
Redeye Securities: Richard Ramanius

Largest shareholders, Dec 31, 2021

Largest shareholders	No. of shares	%
UBP Clients Assets - Sweden	74,707,734	33.9
Lars Spånberg	9,641,572	4.4
Försäkringsbolaget Avanza pension	9,637,410	4.4
Fjärde AP-fonden	6,819,547	3.1
Magnus Petersson	5,828,220	2.6
Sunstone LSV FUND II K/S	5,758,485	2.6
Nordnet Pensionförsökring AB	4,825,905	2.2
Clearstream Banking S.A., W8IMY	4,527,892	2.0
Mikael Lönn	4,421,785	2.0
Öhman fonder	4,081,957	1.9
Other shareholders	90,334,371	41.0
Total	**220,584,878**	**100.0**

Source: Shareholder data is based on a report from Euroclear as of December 31, 2021.

Shareholder data, Dec 31, 2021

Size of holding	No. of shareholders	No. of shareholders, %	No. of shares, %
1-500	3,611	41.5%	0.3%
500-1,000	1,033	11.9%	0.4%
1,001-5,000	2,256	25.9%	2.6%
5,001-10,000	721	8.3%	2.4%
10,001-15,000	314	3.6%	1.8%
15,001- 20,000	155	1.8%	1.3%
20,001-	621	7.1%	91.2%
Total	**8,711**	**100.0%**	**100.0%**

Our business

Alligator Bioscience is a clinical stage biotech company developing best-in-class antibodies for hard-to-treat cancers. Our goals is to work together towards of 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.

2001 – 2015

2013

ALLIGATOR GOLD®
Antibody library established.

2015

Clinical development of mitazalimab
The first Phase I 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 I data mitazalimab
Generally well tolerated at clinically relevant doses.

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

2018

ATOR-1015 clinical development
The Swedish MPA approves start of Phase I study.

Milestone payment from Janssen
USD 6 million milestone received in January.

2019

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

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

Mitazalimab global rights regained from Janssen
Phase II-ready clinical project.

RUBY™
Novel bispecific format established.

2020

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

Neo-X-Prime™
New drug concept launched.

ALLIGATOR-FAB™
New antibody library established.

2021

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

BioArctic
Research agreement to develop new product candidates in the neurodegenerative field.

First patient dosed in mitazalimab OPTIMIZE-1 Phase II clinical trial
Study evaluating mitazalimab in combination with mFOLFIRINOX for the treatment of pancreatic cancer.

Mitazalimab in investigator-initiated Phase Ib trial
Study to assess mitazalimab in combination with an experimental dendritic cell vaccine, in patients with pancreatic cancer.

Orion Corporation
Research collaboration and license agreement to develop immuno-oncology product candidates using Alligator's proprietary phage display libraries and RUBY™ bispecific format.

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

Positive Phase I data ATOR-1017
Activation of T cells in the circulation was 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.

How Alligator promotes sustainability

As noted at the COP26 meeting in Glasgow 2021, while Sweden has many large corporations taking a clear sustainability stand, small to medium-sized enterprises need to follow along. 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.

Alligator has engaged the experienced sustainability consultant Katarina Skalare, who together with an internal project group has reviewed our operations from an ecological, social and economic sustainability perspective. The findings were summarized in a report including prioritized targets and activities that form the basis of our work with Agenda 2030.

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 the well-being, work environment and health and safety of our employees.

ACTIVITIES 2021-2022

Our ambition is to constantly improve our sustainability.
The following areas and activities are in focus in 2021 and 2022.

Ecological sustainability

- Identify the climate impact from operations and to initiate activities to minimize such impact.

Since the Annual Report 2020, this identification process has seen us update our office policies to reflect a more sustainable mindset.

Economic sustainability

- Further develop procedures to monitor regulatory compliance.
- Influence suppliers to sign the ethics policy.

Since the Annual Report 2020, these two sustainability targets are now part of our day-to-day operations processes.

Social sustainability

- Communicate internally and externally how we work with sustainability, equality, diversity and employee development.
- Establish gender equality targets for the Company and Management.

Since the Annual Report 2020, these two sustainability targets are now an inherent part of our communication and remuneration process. As a result of the covid-19 pandemic, Alligator added another goal for Social sustainability in 2021:

- Identify employee experiences when working remotely.

The Company's future work environment will be influenced by the employee's experiences from remote work during 2020/2021.

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

Alligator's work environment is 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 an ambitious 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 is dependent upon the experience, expertise, commitment and creativity of our employees. In 2021, the average number of employees in the Group was 45 (50), of whom 35 (42) were women. At the end of the year, the number of employees were 46 (43), of whom 38 (38) were in research and development. Our employees are highly qualified, with more than 95 percent of our laboratory staff having a university education.

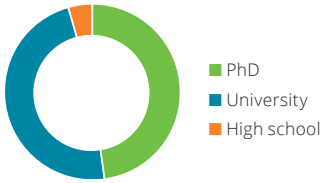
Why Alligator is an attractive employer

Alligator successfully attracts leading expertise for several reasons. Firstly, 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.

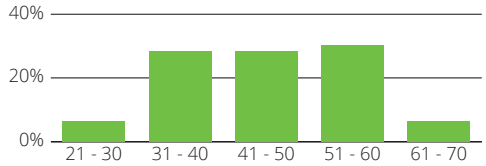
Internal career paths at Alligator

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.

Education



Age structure, as a percentage



Gender distribution, in general and managers

Dr. Laura von Schantz has watched Alligator grow and develop

Laura is a skilled scientist and leader, who besides being Vice President of the Discovery unit also plays a key role on the Company's Board of Directors. She has been a part of Alligator since 2014, and a great deal has happened in her eight years at the Company.

You have been working at Alligator for eight years. How has the company changed during that time?
I started at Alligator in February 2014, and the company was completely different than it is now. At that time, for example, we had no projects in clinical phase. Since then, we have gone from being a venture company to being a clinical project company. It's been an exciting journey to be part of!

What have the changes of the past few years looked like?
Alligator developed a great deal in 2021. Today, we are primarily more focused on clinical and regulatory development. I think that was the biggest change, and it was actually more gradual than sudden. I work at the Discovery unit, and for me this new orientation has meant that we are now focusing more on Phase II in our projects. Quite simply, we have been tasked with a more holistic approach.

You are the Vice President of the Discovery unit. What does that mean?
My job varies from day to day, and from week to week. To summarize what I do, I can say that I work primarily with research and the generation of novel candidate drugs, as well as ensuring Alligator's antibody engineering platform is state-of-the-art. I am involved in several different projects, and am part of project teams consisting of members from Alligator and research collaboration partners. Additionally, I am the head of a 12-member research team.

You are also the company's representative on the Board of Directors. What is being on the Board like?
It is an incredible experience, and it's actually the best part of my job. Understanding, on a strategic level, how we are increasing value for our stakeholders is extremely beneficial. It is a perspective I try to bring with me now that I am working more on the practical details. Being able to discuss Alligator's work with the Board is also valuable. I serve as link between the Board and the employees while I also contribute on meetings, answering scientific questions that come up.

You said that working on the Board is the best part of your job. What else motivates you?
Solving problems has always motivated me. It is like that on the job as well, which largely deals with solving unmet medical needs. Sometimes we have periods of calm when everything just works, but sometimes it gets more challenging and we really have to solve problems, which I like. It may have to do with the fact that I have a technical background – I like keeping on my toes and staying on the leading edge.

The last question is about the Neo-X-Prime™ project you've been working with. How do you think the future looks for this concept?
The project includes both internal programs and the partnership with MacroGenics. Continuing investing in the program feels like the smart thing to do, since there is a great deal of potential in the project. In the future, I think we will need to learn to understand the biology even better. For example: How is it that Neo-X-Prime™ bispecific antibodies have such a superior effect compared with monoclonal antibodies? What are the immunological responses in detail, and how can we best use them in the clinical phases? Which biomarkers are the best to use when we are looking for pharmacological effects? Over the long term, we need to bring our new candidate drug, ATOR-4066, into the clinical phases and produce it on a large scale. All the current stability data indicates that ATOR-4066 has production properties similar to monoclonal antibodies. That means it is an extremely stable compound that will be a fantastic starting point for future treatments.

A promising portfolio of antibodies and technologies that can make a difference

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

In parallel to our clinical projects, Alligator conducts research to identify new, interesting antibodies with the potential to develop into potent drugs. Our goal is always to limit the adverse effects of the treatment without compromising on efficacy.

We are developing drug candidates that selectively stimulate the immune system in the targeted tumor, while activating minimal immune responses elsewhere in the body. There is a major medical need for novel and enhanced therapies where there is high efficacy and safety for patients undergoing cancer treatments, and we aim to fill that need.

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

Several patented technologies and concepts

Alligator's technology platforms FIND® (protein optimization technology), ALLIGATOR-FAB™, and ALLIGATOR-GOLD® (antibody libraries), are used for the discovery and development of novel drug candidates. These platforms enable efficient generation of novel drug candidates with high potential. In addition, the Company has bispecific antibody formats for the development of new dual-action antibodies. With the most recent antibody format, RUBY™, Alligator can generate bispecific molecules from any two antibodies, with excellent properties in terms of stability and yield. The format eliminates the need for further optimization, providing Alligator with a competitive edge as we are able to move drug candidates faster from preclinical research into clinical phase.

Alligator developed the Neo-X-Prime™ technology platform for third generation CD40-based immunotherapy and the concept was subsequently launched in 2020. Alligator is developing a proprietary Neo-X-Prime™ molecule, ATOR-4066, in late-stage discovery and a second candidate is being explored with MacroGenics, Inc.

These technologies, combined with our know-how and competent staff, give Alligator a strong base for the development of bispecific, tumor-directed drug candidates, alone and in collaboration with partners.

Mitazalimab

Clinical Phase II in pancreatic cancer with first patient dosed

The human CD40 agonistic antibody mitazalimab is Alligator's most advanced drug candidate and is designed for the treatment of metastatic cancers, initially pancreatic cancer. Mitazalimab stimulates the CD40 receptor on the surface of dendritic cells, activating tumor-specific T cells, thus enabling the immune system to attack tumors more efficiently.

Mitazalimab is developed using Alligator's 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. Additionally, preclinical experiments have demonstrated that mitazalimab acts synergistically with other cancer therapies such as chemotherapy, check-point inhibitors, and vaccines. From our preclinical collaboration with Scandion Oncology, which we successfully concluded during 2021, we have evidence that mitazalimab is also effective in chemotherapy-resistant cancer cells.

Two Phase I studies with mitazalimab have generated competitive safety data and shown early signs of clinical efficacy. One of them was performed by Janssen Biotech Inc. and was presented at the ASCO Annual Meeting in 2019. The results showed signs of efficacy, Proof-of-Mechanism, as well as a manageable safety profile. The study comprised a total of 95 patients.

In the third quarter of 2021, we dosed the first patient in OPTIMIZE-1, a Phase II study, which aims 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. The chemotherapy cocktail mFOLFIRINOX kills tumor cells leading to increased release of tumor antigens. Activation of CD40 leads to improved presentation of tumor antigens, and the consequent induction of T cell-dependent antitumor responses.

In November, the company announced the initiation of a Proof-of-Concept Phase Ib clinical trial, REACTiVe-2, to assess the safety and efficacy of mitazalimab in combination with MesoPher, an experimental dendritic cell vaccine, in patients with pancreatic cancer. The trial is led by clinicians at Erasmus University Medical Center Rotterdam, in the Netherlands.

During 2021, we presented mitazalimab data and status at several international conferences including the AACR, ASCO and SITC Annual Meetings, and in scientific journals including manuscripts in Cancer Immunology, Immunotherapy[1], and in Expert Opinion on Biological Therapy[2].

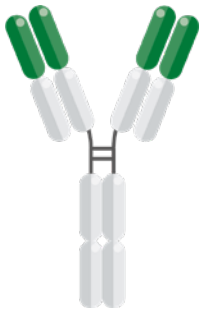
Project status: Initiation of clinical Phase II

In 2021, mitazalimab entered clinical Phase II with the study OPTIMIZE-1, and in the third quarter of the year we dosed the first patient. The study aims to further 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 a single arm, open-label, multi-center study performed at clinical sites in Belgium and France and will include up to 67 patients. It is the first Phase II study with mitazalimab assessing the efficacy and safety of the drug in combination with chemotherapy in first line metastatic pancreatic cancer patients. The first safety readout is expected in Q1 2022 and the first interim efficacy readout is expected in Q4 2022.

Alligator is preparing an additional Phase II study for mitazalimab in a second indication to hedge the medical risk and maximize the long-term value of the molecule. We expect to be able to initiate this study in the second half of 2022.

Antibody

Mitazalimab is an agonistic antibody that targets CD40, a receptor on the immune system's dendritic cells, which are cells programmed to 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 2022

The continued clinical development plan for mitazalimab consists of a Phase II combination study in pancreatic cancer. Phase II safety data is expected in Q1 2022 and an interim readout is projected to be announced in Q4 2022.

Alligator is preparing an additional Phase II study for mitazalimab in a second indication to hedge the medical risk and maximize the long-term value of the molecule. We expect to be able to initiate this study in the second half of 2022.

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 a T cell-mediated attack on the cancer cells.

References

1 The human anti-CD40 agonist antibody mitazalimab (ADC-1013; JNJ-64457107) activates antigen-presenting cells, improves expansion of antigen-specific T cells, and enhances anti-tumor efficacy of a model cancer vaccine in vivo. Deronic, A. Et al. Cancer Immunol Immunother. 2021 Dec;70(12):3629-3642. doi: 10.1007/s00262-021-02932-5.

2 Rationale and clinical development of CD40 agonistic antibodies for cancer immunotherapy. Enell Smith, K. et al. Expert Opin Biol Ther. 2021 Dec;21(12):1635-1646, doi: 10.1080/14712598.2021.1934446.

ATOR-1017

Promising tumor-directed therapy for metastatic cancer

ATOR-1017 is a monoclonal antibody that binds to the 4-1BB molecule on T cells and NK cells, directly stimulating these cells to attack and kill cancers cells more effectively. ATOR-1017 has been designed to selectively stimulate immune responses within tumors, and is being developed for the treatment of metastatic cancer, either as stand-alone or in combination with standard-of-care. During 2021 we published encouraging biomarker and safety data from the ongoing Phase I clinical trial of ATOR-1017.

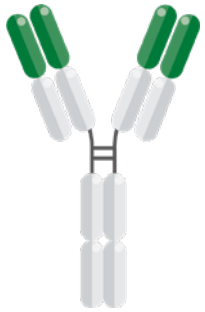
ATOR-1017 is a second-generation 4-1BB agonist developed using Alligator antibody technologies, with a unique design that allows it to preferably activate the immune system within the tumor, and not elsewhere in the body. Preclinical studies have confirmed that ATOR-1017 activates tumor-specific T cells 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: Results from ongoing clinical Phase I study
The safety, tolerability, and pharmacology of ATOR-1017 is being evaluated in a dose escalation study in patients with advanced solid cancer. The study is taking place at three medical centers in Sweden.

During 2021, we have presented data at both the ASCO and SITC annual meetings. The results from the evaluation of doses up to and including 360 mg confirms the encouraging safety profile of ATOR-1017 – the drug related adverse events in the study have so far generally been mild and transient, and no dose-limiting toxicity have been reported in the trial. The trial further demonstrates that ATOR-1017 exhibits a favourable pharmacokinetic profile.

Biomarker data have shown an increase in proliferation of circulating T cells, as well as a dose-dependent increase in soluble 4-1BB, thereby confirming that ATOR-1017 is pharmacologically active and validating its mechanism of action. These data further strengthen our belief that ATOR-1017 will play an important part in future therapies of hard-to-treat solid tumors. Alligator will continue dose escalation to identify the recommended Phase II dose. During 2022 we will prepare for Phase II clinical trials.

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 also been shown that ATOR-1017 has a dose-dependent inhibitory effect on tumor growth and improves survival.



Development status and clinical objectives 2022
The results of the clinical Phase I study that began in December 2019 are expected to be announced in H1 2022.

During 2022 we will prepare for Phase II clinical trials.

Medical objectives

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

Neo-X-Prime™

A next generation platform that drives effective anti-tumor immunity

Alligator's novel innovative technology Neo-X-Prime™ is based on our longstanding expertise in immuno-oncology, bispecific antibodies and the CD40 target molecule. Neo-X-Prime™ simultaneously targets CD40 and so-called tumor-associated antigens. The Neo-X-Prime™ antibodies capture tumor material that contain mutated tumor proteins, known as neoantigens, which are unique to each cancer patient. The technology can educate and activate the patient's immune system on how to attack the tumor cells most effectively.

Our 3rd generation proprietary platform technology aims at a more personalized immuno-therapy, using CD40-antibodies that instruct the immune system to recognize and attack cancer cells, based on the tumor mutations unique to the individual patient. These antibodies contain one part that binds to tumors and tumor particles and another part that binds to dendritic cells through the CD40 molecule. This interaction between tumor particles and dendritic cells eventually results in a very efficient education and activation of tumor-specific T cells, that subsequently can recognize and destroy the tumor cells.

Scientific rationale and preclinical data supporting Neo-X-Prime™

Preclinical experiments have demonstrated that Neo-X-Prime™ antibodies efficiently link dendritic cells with tumors and tumor material, leading to uptake of mutated tumor proteins, activation of dendritic cells and efficient cross-presentation of tumor antigens. This leads to activation of tumor-specific T cells, tumor eradication and long lasting T cell-dependent tumor immunity, all characteristic of highly efficient stand-alone immuno-oncology drugs.

The tumor-localizing property of Neo-X-Prime™ antibodies, driven by the need for binding to tumor-associated antigens, holds potential for a superior safety profile and thus opportunities for combination with other oncology drugs.

Alligator's Neo-X-Prime™ programs

Alligator's pipeline currently contains two programs utilizing the Neo-X-Prime™ platform.

Our internal late-stage discovery program, ATOR-4066, targets CD40 and carcinoembryonic antigen (CEA), a tumor-associated antigen preferentially expressed in certain cancer types like colon, stomach, and pancreatic cancer. ATOR-4066 is developed using Alligator's RUBY™ bispecific antibody format and have shown encouraging preclinical mechanistic and efficacy data. We aspire to initiate IND-enabling preclinical development during the second half of 2022.

The second program is being developed in collaboration with MacroGenics and targets two undisclosed molecules.

Antibody

A key need in immuno-oncology today is the insufficient number of so-called T effector cells that recognize the tumor. The bispecific Neo-X-Prime™ antibody, ATOR-4066, addresses this need. By creating an interaction between dendritic cells, through a receptor called CD40, and the tumor itself, or with tumor particles, ATOR-4066 efficiently generates T effector cells that can recognize and kill of tumor cells.

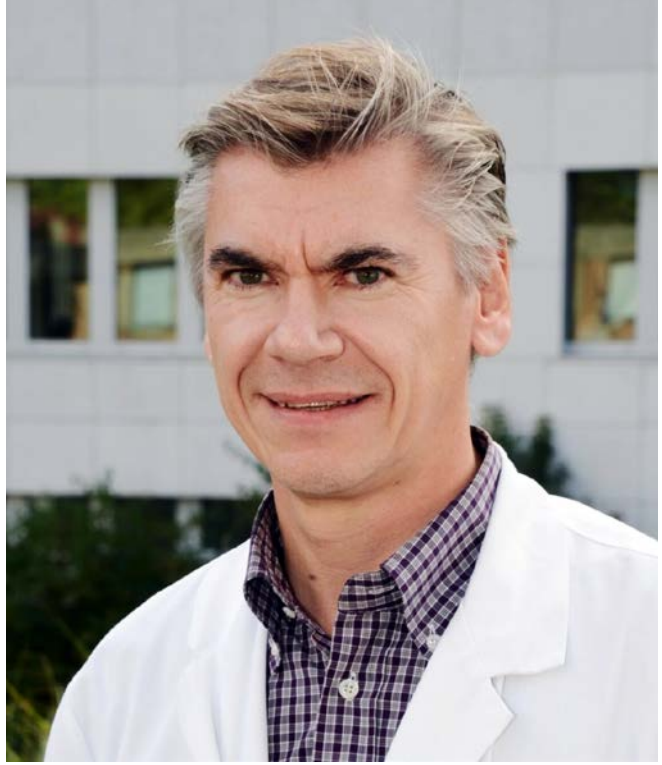
Development status and clinical objectives 2022

Alligator aspire to initiate IND-enabling preclinical development during the second half of 2022.

Medical objectives

Neo-X-Prime™ is a novel platform technology aiming to educate and activate the patient's immune system on how to attack the tumor cells most effectively.

Interview with Prof. Jean-Luc Van Laethem on immunotherapy and the treatment of hard-to-treat cancers



Prof. Jean-Luc Van Laethem is the Head of the Digestive Oncology Clinic, in the Gastroenterology Department of Erasmus Hospital (ULB) Rotterdam, in the Netherlands. Since 2013, he has also been the Head of the Medical Oncology Department and Coordinator of the Oncology Care Program at Erasmus Hospital. An internationally recognized specialist, particularly in the field of digestive cancers, Professor Van Laethem is also active in clinical research.

Prof. Van Laethem is currently Chairman of the Pancreatic Task Force of the European Organization for Research and Treatment of Cancer (EORTC), as well as a member of the Scientific Committee of the European Society of Digestive Oncology. His teaching activities cover participation in the DES of gastroenterology and oncology of the ULB. He is also a member of the College of Teaching of the Certificate in Gastroenterology and lecturer at the ULB. He is the author or co-author of more than 160 scientific publications in national and international journals.

Why is pancreatic cancer so difficult to treat?
There are several reasons for why pancreatic cancer is hard-to-treat. First reason is that the biology of the tumor is highly complex; it is also a highly aggressive tumor with systemic dissemination in most patients. Most cancer tumors are highly heterogenous, providing a very complex setting to treat. However, in pancreatic cancer there are many pathways and many mutations; you cannot just target some of the important mutations like you can with other cancers. New drugs only target a minority of the mutations seen in pancreatic cancer tumors, whereas there are many drugs in comparison to treat other cancers like lung or breast cancer, that have fewer mutations.

A second reason why it is very difficult to treat pancreatic cancer is that the pancreatic cancer stroma, the tissue around the tumoral cells, is highly complex; the pancreatic cancer stroma can function as a barrier/bunker made up of different cells effecting the delivery of therapeutic interventions to the cancer.

So, this is schematically the main reasons why pancreatic cancer tumors are difficult to treat.

How do you see the role of CD40 immunotherapy in the treatment of pancreatic cancer?
As I mentioned, treating pancreatic cancer with immunotherapies is very difficult, due to the tumor's biology, the complexity of the microenvironment, and the stroma; resulting in an environment where it is hard for immunotherapy drugs to be effective.

We cannot take the same approach that we have seen in the 3rd generation of checkpoint inhibitors immunotherapies in other types of cancer because targeting the immunologic cells of the stroma that way does not work for pancreatic cancer. We need a new target, a new pathway, a new mechanism of action.

This is where CD40 comes in; by acting as an immune system stimulator and activator in pancreatic tumors. Normally, the

pancreatic tumor is a "cold" tumor with poor responsiveness, but CD40 can attract and make the tumor "hot" and responsive to treatment by activating various parts of the immune pathways and different immunocompetent cells. Additionally, CD40 has good synergies with many different chemotherapies used with pancreatic cancer. Overall, the CD40 target is particularly important.

How does a CD40 agonist, such as Alligator's mitazalimab, work in combination with chemotherapy?
Chemotherapy is the backbone of pancreatic cancer treatment, but it is not always effective. To make it more effective, we can combine that treatment with biological or new therapies. In this setting, there is a particularly good synergy between chemotherapy and several immunotherapies; specifically CD40, due to the synergistic abilities that were shown in preclinical models. We have Proof-of-Concept and Proof-of-Mechanism data showing that chemotherapy and immunotherapy targeting CD40 work in a synergistic way.

For over a decade, we have known that agonist CD40 antibodies show a synergistic enhancement when combined with chemotherapy in pancreatic cancer in the lab.

Why has this not translated into clinical use?
Firstly, it is always difficult to get immediate results and highly positive results, especially in pancreatic cancer. Secondly, we have to investigate many chemotherapies in combination with CD40 agonists, and mFOLFIRINOX has shown to be a very good match with CD40 in this setting. Thirdly, we are now at the 2nd generation of the CD40 agonist, resulting in synergies being more documented and increasing the chance of better results. Fourthly, not all categories of pancreatic cancer will respond to this type of combination and requires caution. We will most likely need to continue with traditional research, meaning that we must understand how the combination is working and which patients will be responsive to this treatment. Understanding the basic status of the tumor is especially important because the likelihood of their being subcategories of patients, pancreatic cancers, and tumors that will respond differently depending on immune contexture, and microenvironment is high. Not all tumors are in a similar configuration and status, at least for the biological and for the immune effect.

What makes Alligator's mitazalimab different from other CD40 molecules?
Mitazalimab is a second generation CD40 agonist. We know that in the story of generating biological and monoclonal antibodies it could be important, because it will work a bit differently than the first-generation ones. It is a complex mechanism because it is an immunoglobulin, so it works by acting on different subreceptors. But what is important to mention is that the immunoglobulin format of mitazalimab probably provides the best balance between the safety issue and the efficacy. This is what we need in immune oncology, to get the optimal balance between safety and activation. Additionally, the Proof-of-Mechanism and Proof-of-Concept established in the preclinical studies and in Phase I data shows that mitazalimab has a best-in-class profile, and we are interested in the evaluation of combining it with chemotherapy.

Do you see novel immunotherapeutic approaches for the treatment of pancreatic cancer to be promising?
That is an important question because we can address the hope that some immunotherapeutic approaches can have a positive effect in pancreatic cancer. In the future, we will most likely select specific patients to be treated with novel immunotherapeutic approaches, as all tumors are not the same. It is important to be able to target cancer associated fibroblasts and their modulators and the tumor associated macrophages. In this complex framework, chemotherapy, CD40 and perhaps all these new targets can be explored in between.

40%

Approximately 40 percent of the population will be diagnosed with cancer at some point during their lifetimes (based on 2015-2017 data),[1] indicating a major need for advanced cancer care.

Reference
1 NIH National Cancer Institute, US. The Surveillance, Epidemiology, and End Results (SEER) Program.

Collaborations and out-licensing agreements

In addition to Alligator's internal programs, the company also seeks and engages in strategic collaborations with pharmaceutical partners. There are several advantages to these collaborations: they de-risk our portfolio by sharing cost, know-how, and competences, they provide external validation of Alligator's platform, and they bring the opportunity of income from upfront and milestone payments.

ALG.APV-527 – co-development with Aptevo

ALG.APV-527 is a bispecific antibody that targets the 4-1BB and 5T4 molecules, designed for the treatment of metastatic cancer. In July 2017, Aptevo Therapeutics and Alligator Bioscience AB signed an agreement to co-develop ALG.APV-527. Under the agreement, both companies equally own and finance the development. The original molecules involved in the tumor-binding function and the immunomodulatory function of ALG.APV-527 were developed using Alligator's patented ALLIGATOR-GOLD® antibody library. The bispecific molecule was further developed and improved with Aptevo's technology platform ADAPTIR™. A tumor-binding function was combined with an immunomodulatory function in the same molecule to create a drug candidate that can selectively target the tumor and stimulate the antitumor-specific immune cells that are found there. Promising data from the collaboration was presented at the 2021 SITC Annual Meeting, and in December a manuscript was published in the high-ranking peer-reviewed journal Nature Communications.[1]

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 undisclosed immuno-oncology targets. The agreement covers an option to develop three bispecific antibodies. Under the agreement, Alligator will employ its proprietary phage display libraries and RUBY™ bispecific platform. During the initial research period of the collaboration, Alligator will receive an upfront payment and reimbursement of research cost and other fees, and is eligible for development, approval, and sales milestone payments of up to EUR 469 million. Additionally, the Company will receive royalty payments if Orion exercises its options to continue development and commercialization of the resulting product candidates.

Neo-X-Prime™ – research collaboration with MacroGenics

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

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

Outlicensing of AC101/HLX22 to AbClon

Through its subsidiary Atlas Therapeutics AB, Alligator holds a participating interest in the clinical Biosynergy (AC101/HLX22) project, run by the listed Korean Company AbClon. The drug candidate is now being further developed by the Chinese Company Shanghai Henlius, which increased its rights to encompass a global license for development and commercialization in 2018. Alligator incurs no cost for this project and is

entitled to 35 percent of AbClon's revenue from out-licensing to Shanghai Henlius. In previous financial years, Alligator received two milestone payments totalling USD 3 million in conjunction with regional and global out-licensing of one of these products, the HER2 anti-body AC101/HLX22. AC101/HLX22 entered Phase II clinical development in gastric cancer, in Q3 2021.

Technology agreement with Biotheus
In August 2019, an agreement was concluded with Chinese company Biotheus. Biotheus obtained the Chinese rights (Greater China, Hong Kong, Taiwan and Macao) to an antibody from the ALLIGATOR-GOLD® antibody library. The agreement gives Alligator the right to initial upfront, milestone and option payments of potentially USD 142 million. To date, Alligator has received upfront payments of about SEK 10 million, for events such as positive results after an initial evaluation period.

Research collaboration with BioArctic AB
In May 2021, Alligator entered a research collaboration with BioArctic AB, a Swedish research-based biopharmaceutical company focusing on disease-modifying treatments and reliable biomarkers and diagnostics for neurodegenerative diseases, such as Alzheimer's disease and Parkinson's disease. According to the agreement, Alligator, in collaboration with BioArctic, will use the company's proprietary technologies for antibody generation in order to develop new product candidates.

Joint feasibility study collaboration with Scandion Oncology
In Q3 2021, Alligator and Scandion Oncology concluded their collaboration with all goals reached and data strengthening and expanding on preclinical efficacy data for mitazalimab. The purpose of the collaboration was to explore the anti-tumor efficacy of mitazalimab in chemotherapy-resistant preclinical tumor models as an addition to chemotherapy (mFOLFIRINOX) combined with Scandion Oncology's drug candidate SCO-101. The hypothesis tested was to evaluate whether SCO-101 was able to revert chemotherapy resistance, and thereby facilitate a strengthening of mitazalimab's anti-tumor effect. Apart from supporting the hypothesis, the data from the study further validates the potential of mitazalimab in combination with standard-of-care chemotherapy such as mFOLFIRINOX.

The incidence rate of cancer is highest in high-income countries in Europe and North America, as well as in Australia and New Zealand.[2]

Referencee
1 CD137 (4-1BB) costimulation of CD8 + T cells is more potent when provided in cis than in trans with respect to CD3-TCR stimulation. Otano, I. Et al. Nat Commun. 2021 Dec 15;12(1):7296. doi: 10.1038/s41467-021-27613-w.
2 International Agency for Research on Cancer (IARC), Cancer Today (iarc.fr). 7 March 2022.

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 2021 financial year for the Parent Company and the Group.

Overview of business 2021

Alligator's business
Alligator Bioscience is a public biotechnology Company based in Sweden that develops novel immuno-oncology drugs for tumor-directed immunotherapy, with the aim of providing cancer patients an effective treatment with the least amount of 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.

Focus
The Company is mainly involved in the early phases of drug development, from the formation of ideas to clinical Phase II 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 2021 was 45 (50), of whom 35 (42) were women. At the end of the year, the number of employees was 46 (43), of whom 38 (38) were in research and development. Salaries, remuneration and other employee-related expenses totalled SEK 57.8 million (55.7).

Significant events in 2021
Continued focus on the clinical development portfolio
In March 2021, the Company´s Board appointed Søren Bregenholt as the new CEO to strengthen the Company's management with commercial focus and competence. Søren's global network and experience from both pharma and biotech will further strengthen the Company in its capacity to find a variety of strategic partnerships and licensing deals to further the Company's clinical programs, mitazalimab and ATOR-1017, as well as other pipeline candidates such as Neo-X-Prime™.

In August 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, Alligator Bioscience will use its proprietary antibody library and the bispecific format RUBY™ to develop new immuno-oncological product candidates based on design criteria developed by Orion. During the initial research part of the collaboration, Alligator Bioscience received an upfront payment and payment for the research work. If Orion uses its opportunity to continue the development and commercialization of the resulting product candidates, Alligator Bioscience, in addition to sales royalties, is entitled to milestone payments of up to EUR 469 million based on development, market approval and sales.

In January 2021, Alligator carried out a rights issue of SEK 85,666 thousand before transaction costs, and in December the Company carried out a second rights issue of SEK 256,999 thousand before transaction costs.

During the year, the work of taking the clinical portfolio through clinical trials resulted in the Company starting its first Phase II study with mitazalimab and continued dose escalation in the Phase I study with ATOR-1017. These drug candidates have potential in cancer indications with substantial medical needs and large markets.

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

Mitazalimab – first cohort dosed in OPTIMIZE-1
The Phase II clinical trial OPTIMIZE-1 is designed to assess the efficacy and safety of mitazalimab as a first-line treatment for advanced pancreatic cancer in combination with the standard chemotherapy treatment mFOLFIRINOX. OPTIMIZE-1 is a one-armed, open multicenter study conducted in clinics in Belgium and France, enrolloing up to 67 patients. This is the first Phase II study with mitazalimab and the first cohort was dosed during the third quarter of 2021. Safety and dosing data from OPTIMIZE-1 are expected during the first quarter of 2022.

ATOR-1017 shows promising safety profile and Proof-of-Mechanism
ATOR-1017 is being evaluated in a Phase I dose escalation study in patients with advanced solid cancer tumors. As of the data cut-off date, December 3, 2021, a total of 21 patients with varying degrees of widespread solid malignancies had been included. The results of the evaluation of doses up to and including 360 mg confirms biomarker data presented at ASCO's annual meeting in June, showing Proof-of-Mechanism of ATOR-1017. No dose-limiting toxicity or serious immune-related adverse reactions were reported in the study and Alligator is proceeding with dose escalation to identify the recommended dose for Phase II.

ALG.APV-527 – in preparation for Clinical Phase I
ALG.APV-527 is a bispecific antibody co-developed with Aptevo Therapeutics Inc., now ready for clinical development. In 2021, Alligator and Aptevo decided to prepare ALG.APV-527 for clinical Phase I development and submit an IND application to the US FDA in preparation of this study, while continuing to explore out-licensing opportunities. During the year, Alligator made the decision to reallocate limited company resources to advance mitazalimab, the Company's lead candidate. The 2021 objectives for ALG.APV-527 where therefor extended to 2022 and preparations are underway.

Neo-X-Prime™
Neo-X-Prime™ is a drug technology platform for third generation CD40-based immunotherapy 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., a U.S.-based biopharmaceutical company. This research collaboration includes all activities from the development of a candidate molecule to the preclinical studies that enable clinical advancement. Each company will bear their own costs. The companies can continue the development of the resulting bispecific molecule under a separate agreement on co-development and licensing.

Technology agreement with Chinese Biotheus validates Alligator's expertise
Our partner Biotheus entered into a supplementary agreement with Alligator for an additional bi-specific molecule. This resulted in a payment to Alligator of USD 0.25 million in April. The technology agreement specifies the Chinese rights to an immuno-activating antibody from the antibody library ALLIGATOR-GOLD®.

Covid-19 pandemic
The Covid-19 pandemic had a limited impact on Alligator's preclinical and clinical activities during the year. The Company's workforce worked from home when needed.

Organization and management strengthened
The management team has been strengthened with new members during the financial year. In January, Peter Ellmark was appointed CSO and in March, the Company's board appointed Søren Bregenholt as the new CEO.

Significant events after the end of the period
- In January, the Company announced that the composition of the Nomination Committee prior to the Annual General Meeting on 5 May 2022 had changed as a result of a change in ownership. Following the change, the Nomination Committee for the 2022 Annual General Meeting consists of the following persons:

  - Jan Lundström, representing Allegro Investment Fund, L.P.;
  - Lars Bergkvist, representing Jonas Sjögren;
  - Hans-Peter Ostler, representing Lars Spånberg; and
  - Anders Ekblom, Chairman of the Board.

  Lars Bergkvist remains as Chairman of the Nomination Committee.

- Dr. Sumeet Ambarkhane was appointed CMO in February 2022.

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 12,943 thousand (4,352). Income for the year was generated primarily during the second half of the year as a result of the research and licensing agreement with Orion Corporation and the research collaboration with BioArtic. In the second quarter, the Company received compensation for a supplementary agreement to the license agreement with Chinese Biotheus. The previous annual income was generated mainly in the second quarter when the Company received a second installment based on the license agreement with Biotheus.

Other operating income of SEK 2,183 thousand (2,315) relates mainly to exchange gains in the Company's operations. In the previous year, revenue was comprised of exchange gains in the Company's operations and government grants for short-time projects.

Operating costs amounted to SEK -156,691 thousand (-150,964). Costs increased slightly as compared with the previous year and are mainly attributable to staff and external costs for ongoing clinical studies.

The operating loss amounted to SEK -141,565 thousand (-144,298).

Total financial items amounted to SEK -171 thousand (1,002) and pertain to exchange gains/losses as a result of liquidity positions in EUR, GBP, and USD. In the previous year, revenues consisted of returns on liquidity and financial assets, as well as exchange rate gains in operations and government support for short-term layoffs.

The Group had no tax cost for 2021 (0). At the end of 2021, the Group's cumulative tax loss carryforwards amounted to SEK 1,057 million (866). Deferred tax is not reported on tax loss carryforwards.

Loss before and after tax was SEK -141,736 thousand (-143,296). Loss per share before and after dilution was SEK -0.64 (-2.01).

Financial position
At year-end, equity amounted to SEK 282,273 thousand (115,244). At the end of the period, this corresponded to equity per share outstanding of SEK 1.28 (1,61) before and after dilution. Consolidated cash was comprised of bank balances and totalled SEK 278,148 thousand (103,342) at the end of the period. At the time of the declaration of this Annual Report, the Company's assessment is that the financial resources are sufficient for planned activities for the upcoming twelve-month period.

The Group had no outstanding loans on December 31, 2021 and no loans have been taken out since that date. The Group has no credits or loan commitments.

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 in laboratory equipment for the full-year totalled SEK 45 thousand (102). Cash flow for the year amounted to SEK 174,712 thousand (9,386).

Future outlook
The Company's overall goal is to build a portfolio of clinical development projects within immuno-oncology that 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 Company's operations. This includes both business development for new partnering agreements, with an upfront payment upon signing, as well as other financing options.

With regards to the Covid-19 pandemic, the high vaccination levels achieved in Sweden, and Europe in general, has decreased the overall uncertainty of disruptions due to the pandemic, and we do not see that it will significantly affect our ability to prepare and conduct clinical studies in the future.

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 2022. 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 and CSO. 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
Alligator's business strategy includes the development of proprietary drug candidates – from early-phase research and preclinical development to Phase III clinical studies, when the treatment is validated in patients. The strategy is to subsequently out-license the drug candidate to a licensee for further development and market launch.

A successful implementation of Alligator's business strategy and the safeguarding of Alligator's long-term interests, including its sustainability, requires the Company to recruit and retain highly competent senior executives with the capacity to achieve set goals. To achieve this, Alligator must offer a competitive total remuneration on market terms, which these guidelines enable. Alligator have two ongoing long-term share-based incentive programs; one employee option program 2018/2022 and one share saving program LTI in 2021. The share-based incentive programs have been approved by the Annual General Meeting and are therefore not covered by these guidelines.

Types of remuneration
The remuneration shall be consistent with the market and 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 Annual General Meeting may – irrespective of these guidelines – resolve on, e.g. share and share price-related remuneration. The remuneration shall not discriminate on grounds of gender, ethnic background, national origin, age, disability, or any other irrelevant factors.

For employments governed by rules outside of Swedish law, 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 January 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, except 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 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.e. 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, 2021, totalled SEK 88,233,951.2, made up of 220,584,878 shares with a par value of SEK 0.40. There is only one class of share. Each share entitles the holder to one vote at the Annual General Meeting. On December 31, 2021, UBP Client Assets Sweden, was the largest registered shareholder with 74,707,734 shares corresponding to 33.9 percent of the share capital and the votes.

Share incentive programs
Employee option program 2018/2022
At the 2018 Annual General Meeting, it was decided to set up an employee option program whereby 2,275,000 employee options were allotted free of charge to participants. The employee options have been vested in installments until May 1, 2021. Vesting is subject to the participant remaining in the Company's employment and not having resigned on a given qualifying date. To secure delivery under the employee option program, and to cover ancillary costs, primarily social security contributions, a total of 2,989,805 warrants were issued to a subsidiary of which 2,275,000 were allotted to employees free of charge and 714,805 were issued to cover ancillary costs. As a result of lapsed warrants, a total of a maximum of 2,322,849 warrants can be exercised in the program.

Possible dilution from option program
After recalculation following completed right issues, each warrant in the in the program entitles the holder to acquire 1.19 shares at an exercise price of SEK 63.38. The warrants were available to exercise, and will be available to exercise at two separate events. The first time up to one month after the publication of the interim report for the first quarter of 2021 and the second time one month after the submission of the first interim report for 2022. Upon full exercise of all warrants issued in respect of this share subscription incentive program, a total of 2,764,190 shares will be issued, thereby increasing the number of shares to a maximum of 223,349,068, corresponding to a dilution of 1.2 percent.

Share saving program LTI 2021
At the 2021 AGM, it was decided to implement a long-term incentive program in the form of a performance-based share savings program (the "LTI 2021") for employees in the Company. Following a predefined time period, the participants will, free of charge, have the right to receive additional shares in the Company, matching shares. In addition, conditional upon fulfilment of a goal related to the development of the share price, the participants will further, free of charge, have the right to receive additional shares in the Company, performance shares. The total number of shares possible to issue in LTI 2021 amounted to 1,153,211, of which 877,500 for the delivery of matching and performance shares to the participants and 275,711 for securing the payment of future social security contributions.

Actual investments in saving shares made through acquisition of ordinary shares on the stock market before 30 November 2021, amounted to 141 866 shares. After recalculation following the rights issue in December, each saving share in this program entitles the holder to 1,09 matching shares. The threshold share price for issuance of 1, 2 or 4 performance shares per savings share amounts currently to SEK 15.74 to receive one performance share, SEK 31.65 to receive two performance shares and finally SEK 52.89 to receive four performance shares.

Possible dilution from share saving program
The total number of matching shares will not exceed 155,295 and the total number of performance shares will not exceed 567,464. The maximum number of shares that can be issued in relation to LTI 2021 is 949,850 where of 722,759 for the delivery of matching and performance shares to the participants and 227,091 related to hedging of cash flow for social security contributions, which corresponds to a dilution of approximately 0.4 percent of the Company's share capital and votes after full dilution, calculated on the number of shares that will be added upon full issuance of shares in connection with LTI 2021.

Possible dilution from option program and share saving program
In case both the employee option program and the share saving program LTI 2021 are exercised in full, a total of 3,714,040 new shares will be issued, which corresponds to a total dilution of approximately 1.7 percent of the Company's share capital and votes.

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

Share premium reserve	911,831,182
Accumulated losses	-573,876,065
Loss for the year	-141,765,673
Total	**196,189,444**

The Board of Directors proposes that Alligator Bioscience does not pay dividends for the financial year 2021.

Carried forward to new account	**196,189,444**

Multi-year overview of the Group

Performance measures, Group	2021	2020	2019**	2018**	2017**
Profit/loss (KSEK)					
Net sales	12,943	4,352	4,358	26,959	56,875
Operating profit/loss	-141,565	-144,298	-214,519	-153,080	-62,299
Profit/loss for the year	-141,736	-143,296	-210,112	-150,043	-63,758
R&D costs	-110,123	-110,252	-173,601	-139,493	-87,982
R&D costs as a percentage of operating costs excluding impairments	70%	73%	79%	77%	73%
Capital (KSEK)					
Cash and cash equivalents, including securities at end of year	278,148	103,342	249,886	436,391	547,041
Cash flow from operating activities	-127,004	-141,352	-181,089	-104,115	-99,629
Cash flow for the year	174,746	9,386	-19,572	-86,802	-458,995
Equity	282,273	115,244	258,498	468,310	617,956
Equity ratio, %	85%	76%	83%	92%	96%
Data per share (SEK)					
Earnings per share before dilution	-0.64	-2.01	-2.94	-2.10	-0.89
Earnings per share after dilution*	-0.64	-2.01	-2.94	-2.10	-0.89
Equity per share before dilution	1.28	1.61	3.62	6.56	8.66
Equity per share after dilution*	1.28	1.61	3.62	6.56	8.66
Share price, Dec 31	2.57	7.63	10.56	22.00	23.30
Staff					
Number of employees at end of year	46	43	55	55	47
Average number of employees	45	50	55	51	42
Average number of employees in Research and Development	38	43	46	44	37

*Dilution effect not included in negative result.
**Earlier periods have been adjusted to reflect change of classification, for more information see Annual report 2020.

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 100.

Calculation of performance measures	2021	2020	2019*	2018*	2017*
Profit/loss for the year, KSEK	-141,736	-143,296	-210,112	-150,043	-63,758
Average number of shares before dilution, KSEK	220,584,878	71,388,615	71,388,615	71,388,615	71,283,273
Earnings per share before dilution, SEK	**-0.64**	**-2.01**	**-2.94**	**-2.10**	**-0.89**
Average number of shares after dilution	220,740,173	71,388,615	71,388,615	71,388,615	71,283,273
Earnings per share after dilution, SEK	**-0.64**	**-2.01**	**-2.94**	**-2.10**	**-0.89**
Operating costs, KSEK	-156,691	-150,964	-219,915	-181,594	-120,068
Operating costs excluding impairments, KSEK	**-156,691**	**-150,964**	**-219,915**	**-181,594**	**-120,068**
Reduce of administrative expenses, KSEK	35,423	29,191	34,766	36,199	28,883
Reduce of depreciation, KSEK	11,144	11,522	11,548	5,902	3,204
Research and development costs, KSEK	**-110,123**	**-110,252**	**-173,601**	**-139,493**	**-87,982**
R&D costs / Operating costs excluding impairments, %	**70%**	**73%**	**79%**	**77%**	**73%**
Equity, KSEK	282,273	115,244	258,498	468,310	617,956
Number of shares, before dilution	220,584,878	71,388,615	71,388,615	71,388,615	71,388,615
Equity per share before dilution, SEK	**1.28**	**1.61**	**3.62**	**6.56**	**8.66**
Number of shares, after dilution	**220,740,173**	71,388,615	71,388,615	71,388,615	71,388,615
Equity per share after dilution, SEK	**1.28**	**1.61**	**3.62**	**6.56**	**8.66**
Equity, KSEK	282,273	115,244	258,498	468,310	617,956
Total assets, KSEK	333,200	151,938	311,128	508,156	643,033
Equity ratio, %	**85%**	**76%**	**83%**	**92%**	**96%**
Other investments held as fixed assets (publicly traded corporate bonds), KSEK	-	-	53,016	53,259	74,122
Other short-term financial assets (publicly traded corporate bonds), KSEK	-	-	-	20,254	-
Other short-term financial assets (interest funds), KSEK	-	-	102,980	250,854	275,822
Cash and cash equivalents, KSEK	278,148	103,342	93,890	112,024	197,097
Cash and cash equivalents including securities at end of year, KSEK	**278,148**	**103,342**	**249,886**	**436,391**	**547,041**

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

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 efficacy 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 the Neo-X-Prime™ drug platform, 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, defined as interim and/or 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 be comprised of 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 or 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 I. 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/HLX22 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 the spread 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. There is also a risk that various authorities, suppliers, and partners suffer delays relating to the Covid-19 pandemic, which may have a negative impact on the Company and its operations.

Alligator's ability to influence these risks is limited. The Company is carefully monitoring the development of the Covid-19 pandemic and government guidelines and is evaluating appropriate measures to minimize any delays in ongoing clinical studies.

Furthermore, there is a risk that Alligator's employees become infected with the virus and suffer long-term illness, which may delay the Company's activities.

A large share of the office-based staff has worked from home when needed, with the exception of key laboratory work, which has continued following the implementation of safety measures to prevent the spread of Covid-19.

Ukraine crisis
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.

Alligator's ability to influence this risk is limited and is mainly done by the Company considering this factor carefully.

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.

The biologic drugs developed by Alligator are derived from stable cell lines. To be tested in humans, the generation of these cell lines must comply with good manufacturing practice (GMP). In addition, future large-scale manufacturing of the drug candidates must also comply with GMP-standards.

To mitigate these risks, Alligator has built up strong internal expertise and state-of-the-art equipment, enabling proprietary generation of these stable cell lines, while complying with GMP-standards. Alligator outsources all GMP manufacturing of clinical trial materials (CTM) to contract manufacturers. The Company has extensive in-house experience of this type of procurement, as well as management of outsourced CTM manufacturing.

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 30 approved pharmaceutical products on the market for immunooncology 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 the 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.

To reduce this risk, the Company has ensured that it has sufficient liquidity to run its ongoing projects for at least 12 months. This has been achieved through agreements to out-license AC101, agreement with Orion Corporation as well as an agreement with Biotheus and through two new share issues in 2021. The Company continuously works to secure financing.

Currency fluctuations

Alligator is based in Sweden and reports its financial position and results in SEK. Alligator's income is currently made up mainly of payments under the research and licensing agreement with Orion Corporation, payment received in EUR, as well as the licensing agreement with Biotheus, from which payment is received in USD. 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 is based in Lund in Sweden, and most of its costs are in SEK.

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 95.

Legal structure

Shareholders

At the end of 2021, Alligator had 8,711 shareholders. The number of shares was 220,584,878. There is only one class of share. Each share entitles the holder to one vote at the Annual General Meeting, and all shares have equal rights to the Company's assets and profits. Further details of Alligator's shareholder structure, shares etc. are presented on page 20.

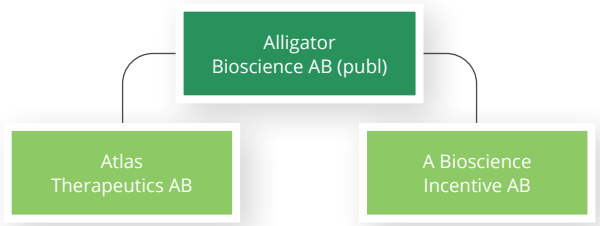
Shareholders' meeting

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.

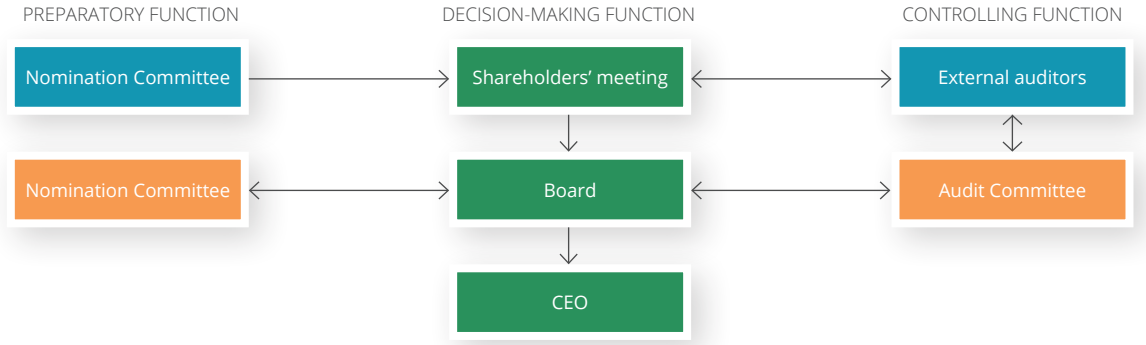
Shareholders may raise a given issue for discussion at the shareholders' meeting. Shareholders who wish to exercise this right must submit a written request to the Board of the Company. Such requests must normally reach the Board no later than seven weeks before the shareholders' meeting.

In order to present further spread of the coronavirus (Covid-19), the Board has decided that Alligator's Annual General Meeting 2022 will be held without the physical presence of shareholders, proxies or outsiders, and that shareholders will have the opportunity to exercise their voting rights by post before the meeting. Invitations to the Annual General Meeting and any extraordinary general meeting which is to discuss changes to the Articles of Association must be sent out no more than six weeks and no later than four weeks before the meeting. Invitations to other extra-

Legal structure



Overview of corporate governance in the Alligator Group



ordinary 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 Saturday, Sunday, other public holiday, 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 2021

At the Annual General Meeting held on June 1, 2021, it was decided in accordance with the Nomination Committee's proposal to re-elect Anders Ekblom and Graham Dixon as Board members and to elect Hans-Peter Ostler, Eva Sjökvist Saers and Veronica Wallin as new Board members. Furthermore, Ernst & Young AB was re-elected as auditor, with certified public accountant Ola Larsmon as chief 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 2022 Annual General Meeting has been constituted consisting of Hans-Peter Ostler representing Lars Spånberg, Jan Lundström representing Allegro Investment Fund, L.P. and Lars Bergkvist (Chairman of the Nomination Committee) representing Jonas Sjögren 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, 2020, Ernst & Young Aktiebolag was re-elected as the Company's auditor, with certified public accountant Ola Larsmon as chief auditor. During the year the chief auditor has participated in four Audit Committée meetings, as well as in one Board meeting. 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 2021 financial year was SEK 1,024 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 members are independent of major shareholders and in relation to the Company and its management. 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.

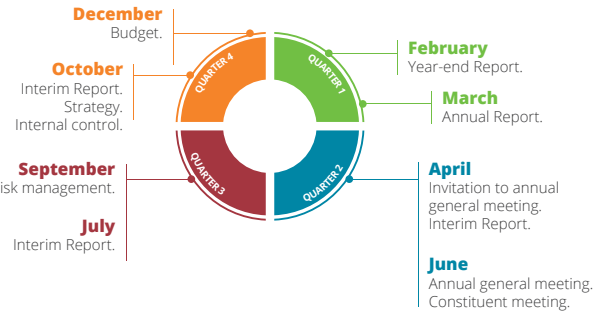
The Chairman should meet with the CEO to monitor developments in the Company and ensure that the members of the Board are provided through the auspices of the CEO with the information needed to monitor the Company's position, financial planning, and development.

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.

Board meetings 2021



Board and committee members 2021

Name	Position	Attendance		
		Board	Audit Committee	Remuneration Committee
Peter Benson	Chairman of the Board*, Member of the RC*	6/6*		
Carl Borrebaeck	Board member*	6/6*		
Ulrika Danielsson	Board member*, Chair of the AC*	5/6*	3/3*	
Graham Dixon	Board member, Member of the RC**	19/20		2/2**
Kirsten Drejer	Board member*, Member of the RC*	6/6*		
Anders Ekblom	Board member*, Chair of the RC*, Chairman of the Board**, Member of the RC**	19/20		1/1*, 2/2**
Kenth Petersson	Board member*, Member of the AC*	6/6*	3/3*	
Jonas Sjögren	Board member*, Member of the AC*	6/6*	3/3*	
Hans-Peter Ostler	Vice Chairman of the Board**, Chair of the AC**	14/14**	3/3**	
Eva Sjökvist Saers	Board member**, Chair of the RC**, Member of the AC**	14/14**	3/3**	2/2**
Veronica Wallin	Board member**, Member of the AC**	14/14**	3/3**	
Laura von Schantz	Board member, Employee representative	20/20		

* Up until Annual General Meeting, June 2021.
** As of Annual General Meeting, June 2021.

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 break-down of responsibilities between the Board and 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 2021, the Board met on a total of twenty 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 2022 Annual General Meeting, the Nomination Committee will submit proposals regarding the fee. At the Annual General Meeting on June 1, 2021, it was resolved that a fee of SEK 550,000 be paid to the Chairman of the Board and SEK 300,000 to each of the other Board members who are not employed by the Company. In addition, it was decided that remuneration for committee work shall be paid in the amount of SEK 125,000 to the chairman of the audit committee, in the amount of SEK 30,000 to each of the other members of the audit committee and in the amount of SEK 25,000 to the chairman of the remuneration committee. No extra remuneration has been paid for work to other members of the Remuneration Committee. 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 June 1, 2021, 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 Eva Sjökvist Saers (Chairman), Graham Dixon and Anders Ekblom.

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 four persons: the CEO, the Chief Operating Officer, the Chief Financial Officer and the Chief Scientific 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 2020 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 40.

Internal control
The Board's responsibility for internal control is set forth 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 pre-

pared 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.
Member 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 the Board in Elypta AB and XSpray Pharma AB (publ). Deputy chairman of the Board in LEO PHARMA A/S. Board member in AnaMar AB, and Mereo Biopharma Group PLC.

Holdings in Alligator: 93,172 shares

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.

Other ongoing assignments: Board member in Inorbit Therapeutics AB, Oblique Therapeutics AB (publ), Promore Pharma AB and S.P. HMSO Göteborg AB. Deputy Board member in O Mgmt AB.

Holdings in Alligator: 600,000 shares

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 the Board in Heparegenix GmbH.

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.
Chairman of the Remuneration Committee.
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 Empowered Applications AB. Deputy Board member in Brainstorm Aktiebolag.

Holdings in Alligator: No holdings

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. Veronica Wallin 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 in Bostadsrättsföreningen Kamelian 24, Episurf Europe AB, Episurf IP-Management AB, Episurf De GmbH, Episurf UK Limited and Episurf Operations AB.

Holdings in Alligator: 31,250 shares

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

Laura von Schantz

Born 1982. Board member since 2017.
Employee representative.

Laura von Schantz is a Swedish graduate engineer in biotechnical engineering and has a doctorate in immuno-technology from Lund University. Is the Board's employee representative.

Other ongoing assignments: None

Holdings in Alligator: 2,626 shares and 25,000 employee option stocks in program 2018/2022.

Non-independent in relation to the Company and its senior management, but independent in relation to major shareholders.

Information regarding individuals' own and related parties' shareholdings pertain to the situation on December 31, 2021.

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 the Board in A Bioscience Incentive AB, Atlas Therapeutics AB and Medicon Valley Alliance F.M.B.A.

Holdings in Alligator: 92,496 shares

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 at Lund 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

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 20 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: 38,000 shares

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 15 years of experience of developing antibody-based drugs for immunotherapy of cancer.

Other ongoing assignments: None

Holdings in Alligator: 40,000 shares and 135,000 employee option stocks in series 2018/2022.

Information regarding individuals' own and related parties' shareholdings pertain to the situation on December 31, 2021

Financial statements

Consolidated income statement

KSEK	Note	2021	2020
Operating income			
Net sales	6	12,943	4,352
Other operating income	7	2,183	2,315
Total operating income		**15,126**	**6,666**
Operating costs			
Other external costs	8,9,10	-86,982	-82,320
Personnel costs	11,12	-57,814	-55,710
Depreciation and impairment of tangible and intangible assets	10,19,20,21,22,23,24	-11,144	-11,522
Other operating costs	13	-751	-1,413
Total operating costs		**-156,691**	**-150,964**
Operating profit/loss		**-141,565**	**-144,298**
Financial items			
Profit/loss from other securities and receivables	14	-	192
Other financial income	15	-2	2,001
Financial costs	16	-169	-1,191
Net financial items		**-171**	**1,002**
Profit/loss before tax		**-141,736**	**-143,296**
Tax on profit for the year	17	-	-
Profit/loss for the year attributable to Parent Company shareholders		**-141,736**	**-143,296**
Earnings per share, SEK			
Before dilution	18	-0.64	-2.01
After dilution	18	-0.64	-2.01

Consolidated statement of comprehensive income

KSEK	Note	2021	2020
Profit/loss for the year		-141,736	-143,296
Other comprehensive income		-	-
Comprehensive income attributable to Parent Company shareholders		**-141,736**	**-143,296**

Consolidated statement of financial position

Assets

KSEK	Note	2021-12-31	2020-12-31
ASSETS			
Fixed assets			
Intangible assets			
Participations in development projects	19	17,949	17,949
Patents	20	17	72
Softwares	21	201	332
Tangible assets			
Improvements in leased premises	22	608	1,217
Right of use assets	10	10,456	13,423
Equipment, machinery and computers	23	4,355	8,600
Construction in progress and advance payments for tangible assets	24	-	-
Total fixed assets		**33,587**	**41,593**
Current assets			
Accounts receivables	26	7,446	-
Other receivables	27	7,044	4,924
Prepayments and accrued income	28	6,975	2,079
Cash and cash equivalents	29	278,148	103,342
Total current assets		**299,613**	**110,345**
TOTAL ASSETS		**333,200**	**151,938**

Consolidated statement of financial position

Equity and liabilities

KSEK	Note	2021-12-31	2020-12-31
EQUITY AND LIABILITIES			
Equity			
Share capital (220,584,878 shares at a par value of SEK 0.40)	30	88,234	28,555
Other capital contributions	30	911,831	662,741
Retained earning		-717,792	-576,052
Equity attributable to Parent Company shareholders		**282,273**	**115,244**
Non-current provisions and liabilities			
Lease liabilities	10	3,511	5,841
Other longterm liabilities		-	135
Total non-current provisions and liabilities		**3,511**	**5,975**
Current liabilities			
Accounts payable		9,367	6,538
Other liabilities		2,237	1,879
Lease liabilities	10	6,225	6,232
Accrued expenses and deferred income	31	29,586	16,070
Total current liabilities		**47,416**	**30,719**
TOTAL EQUITY AND LIABILITIES		**333,200**	**151,938**

Consolidated statement of changes in equity

KSEK	Attributable to Parent Company shareholders			
	Share capital	Other Capital Contributions	Profit/loss for the period	Total Equity
Equity, January 1, 2020	**28,555**	**662,741**	**-432,798**	**258,498**
Profit/loss for the period	-	-	-143,296	-143,296
Comprehensive income for the period	**-**	**-**	**-143,296**	**-143,296**
Transactions with the Group's owner				
Effect of share-based payments to personnel	-	-	42	42
Equity, December 31, 2020	**28,555**	**662,741**	**-576,052**	**115,244**
Equity, January 1, 2021	**28,555**	**662,741**	**-576,052**	**115,244**
Profit/loss for the period	-	-	-141,736	-141,736
Comprehensive income for the period	**-**	**-**	**-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**

*Underwriting expenses specified above consist of the guarantee compensation (SEK 28,165 thousand) and other costs (SEK 22,636 thousand). Underwriting expenses that affect cash flow amounted to SEK 33,897 thousand for year 2021. The difference is explained by the fact that a certain part of the guarantee compensation has been paid with shares.

Consolidated statement of cash flows

KSEK	Note	2021	2020
Cash flow from operating activities			
Operating profit/loss		-141,565	-144,298
Adjustments for items not generating cash flow			
Depreciation and impairments	10,19,20,21,22,23,24	11,144	11,522
Effect from warrant program for personnel		4	42
Other items, no impact on cash flow		65	-
Interest received		-	218
Interest paid		-235	-347
Tax paid		-	-
Cash flow from operating activities before changes in working capital		**-130,587**	**-132,863**
Changes in working capital			
Change in operating receivables		-13,589	2,119
Change in operating liabilities		17,144	-10,608
Cash flow from operating activities		**-127,033**	**-141,352**
Investing activities			
Cash flow from investing activities	22,23,24	-45	-102
Cash flow from investing activities	4	-	53,828
Divestment of other short term investments	4	-	103,160
Investing activities		**-45**	**156,886**
Financing activities			
New share issue		342,665	-
Amortization of leasing liabilities	10	-6,672	-5,794
Amortization of installment purchase		-301	-354
Underwriting expenses		-33,897	-
Option premiums received		-	-
Cash flow from financing activities		**301,795**	**-6,148**
Cash flow for the period		**174,717**	**9,386**
Cash and cash equivalents at beginning of period		103,342	93,890
Exchange rate differences in cash and cash equivalents		60	145
Cash and cash equivalents at end of period	29	**278,148**	**103,342**

Parent Company income statement

KSEK	Note	2021	2020
Operating income			
Net sales	6	12,943	4,352
Other operating income	7	2,183	2,315
Total operating income		**15,126**	**6,666**
Operating costs			
Other external costs	8,9,10	-93,279	-88,416
Personnel costs	11,12	-57,814	-55,710
Depreciation and impairment of tangible assets	20,21,22,23,24	-5,084	-5,658
Other operating costs	13	-751	-1,413
Total operating costs		**-156,928**	**-151,196**
OPERATING PROFIT/LOSS		**-141,802**	**-144,530**
Results from financial items			
Result from participation in Group companies		-	12,500
Result from other securities and receivables	14	-	192
Other interest income and similar income statement items	15	-2	3,012
Interest expense and similar income statement items	16	39	-881
Net financial items		**37**	**14,822**
PROFIT/LOSS AFTER FINANCIAL ITEMS		**-141,765**	**-129,708**
Appropriations			
Group contribution received		-	438
Total appropriations		**-**	**438**
Result before tax		**-141,765**	**-129,270**
Tax on profit for the year	17	-	-
PROFIT/LOSS FOR THE PERIOD		**-141,765**	**-129,270**

Parent Company statement of comprehensive income

KSEK	Note	2021	2020
Profit/loss for the year		-141,765	-129,270
Other comprehensive income		-	-
Profit/loss for the year		**-141,765**	**-129,270**

Parent Company balance sheet

Assets

KSEK	Note	2021-12-31	2020-12-31
ASSETS			
Fixed assets			
Intangible assets			
Patents	20	17	72
Softwares	21	201	332
Total intangible assets		**219**	**405**
Tangible assets			
Improvements in leased premises	22	608	1,217
Equipment, machinery and computers	23	4,355	8,600
Total tangible assets		**4,963**	**9,817**
Financial assets			
Participations in Group companies	25	20,294	20,294
Total financial assets		**20,294**	**20,294**
Total fixed assets		**25,475**	**30,515**
Current assets			
Current receivables			
Accounts receivable	26	7,446	-
Receivables from Group companies		438	438
Other receivables	27	7,044	4,923
Prepayments and accrued income	28	8,796	3,688
Total current receivables		**23,724**	**9,050**
Cash and bank deposits	29	277,288	102,473
Total current assets		**301,012**	**111,523**
TOTAL ASSETS		**326,488**	**142,038**

Parent Company balance sheet

Equity and liabilities

KSEK	Note	2021-12-31	2020-12-31
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital (220,584,878 shares at a par value of SEK 0.40)	30	88,234	28,555
Total restricted equity		**88,234**	**28,555**
Non-restricted equity			
Share premium reserve		911,831	662,741
Retained earnings		-573,877	-444,611
Profit/loss for the period		-141,765	-129,270
Total non-restricted equity		**196,190**	**88,861**
Total equity		**284,424**	**117,416**
Non-current provisions and liabilities			
Other long-term liabilities		143	432
Total non-current provisions and liabilities		**143**	**432**
Current liabilities			
Accounts payable		9,367	6,538
Other liabilities		2,095	1,582
Accrued expenses and deferred income	31	30,459	16,070
Total current liabilities		**41,921**	**24,190**
TOTAL EQUITY AND LIABILITIES		**326,488**	**142,038**

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, 2020	**28,555**	**662,741**	**-233,691**	**-210,963**	**246,643**
Conversion of previous year's results	-	-	-210,963	210,963	-
Profit/loss for the period	-	-	-	-129,270	-129,270
Comprehensive income for the period	**-**	**-**	**-**	**-129,270**	**-129,270**
Other changes in equity					
Effect of share-based payments to personnel	-	-	42	-	42
Equity, Dec 31, 2020	**28,555**	**662,741**	**-444,611**	**-129,270**	**117,416**
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 period	-	-	-	-141,765	-141,765
Comprehensive income for the period	**-**	**-**	**-**	**-141,765**	**-141,765**
Other changes in equity					
New share issue	59,679	299,891	-	-	359,570
Underwriting expenses*	-	-50,801	-	-	-50,801
Effect of share-based payments to personnel	-	-	5	-	5
Equity, Dec 31, 2021	**88,234**	**911,831**	**-573,876**	**-141,765**	**284,424**

*Underwriting expenses specified above consist of the guarantee compensation (SEK 28,165 thousand) and other costs (SEK 22,636 thousand). Underwriting expenses that affect cash flow amounted to SEK 33,897 thousand for year 2021. The difference is explained by the fact that a certain part of the guarantee compensation has been paid with shares.

Parent Company statement of cash flows

KSEK	Note	2021	2020
Cash flow from operating activities			
Operating profit/loss		-141,802	-144,530
Adjustments for items not generating cash flow			
Depreciation and impairments	20,21,22,23	5,084	5,658
Effect from warrant program for personnel		-5	-42
Other items, no impact on cash flow		93	-
Interest received		-	218
Interest paid		-11	-11
Cash flow from operating activities before changes in working capital		**-136,641**	**-138,708**
Changes in working capital			
Change in operating receivables		-14,674	2,522
Change in operating liabilities		17,648	-10,961
Cash flow from operating activities		**-133,667**	**-147,147**
Investing activities			
Cash flow from investing activities	22,23,24	-45	-102
Divestment of securities	4	-	53,828
Divestment of other short term investments	4	-	103,160
Investing activities		**-45**	**156,886**
Financing activities			
New share issue		342,665	-
Underwriting expenses		-33,897	-
Option premiums received		-	12,500
Installment purchase amortization		-301	-354
Cash flow from financing activities		**308,467**	**12,146**
Cash flow for the period		**174,755**	**21,859**
Cash and cash equivalents at beginning of period		102,473	80,470
Exchange rate differences in cash and cash equivalents		60	145
Cash and cash equivalents at end of period	29	**277,288**	**102,473**

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 2021

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 2018 Alligator issued staff options which were granted free of charge and in 2021, a performance-based share savings program was introduced. 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 periods, 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.

During the period 2017-2020, the Company had interest funds which has been recognized as cash and cash equivalents. The interest funds were divested during the first quarter of 2020.

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 19 – 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.

	2021		2020	
	Operating income	**Operating costs**	**Operating income**	**Operating costs**
FOREIGN EXCHANGE EXPOSURE				
USD	20%	9%	100%	6%
EUR	42%	35%	0%	39%
GBP	0%	12%	0%	12%
SEK	38%	42%	0%	41%
Other	0%	2%	0%	1%
Total	**100%**	**100%**	**100%**	**100%**

As can be seen from the table above, most of the Group's transaction exposure is in USD, GBP and EUR. A 5 percent stronger SEK against the USD would have a positive effect on post-tax profits and equity of approx. SEK 434 thousand (290). A 5 percent stronger SEK against the EUR would have a positive effect on post-tax profits and equity of approx. SEK 1,672 thousand (1,897). A 5 percent stronger SEK against the GBP would have a positive effect on post-tax profits and equity of approx. SEK 574 thousand (588).

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 agreements with Biotheus, Orion Corporation and Bioarctic AB 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.

	2021-12-31				2020-12-31			
KSEK	**Within 3 mths**	**3–12 mths**	**1–5 years**	**Total**	**Within 3 mths**	**3–12 mths**	**1–5 years**	**Total**
Lease liabilities	1,931	4,602	3,871	10,404	1,620	4,860	7,609	14,090
Installment purchase	86	57	-	143	110	329	-	439
Accounts payable	9,367	-	-	9,367	6,538	-	-	6,538
Accrued expenses and deffered income	24,038	-	-	24,038	12,382	-	-	12,382
Total	**35,422**	**4,660**	**3,871**	**43,953**	**20,650**	**5,189**	**7,609**	**33,449**

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 2021 or 2020.

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 Covid-19 pandemic.

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	**2021-12-31**	**2020-12-31**
Financial assets valued at amortized cost		
Accounts payable	7,446	-
Other receivables	1,823	832
Liquid assets - Bank accounts	278,148	103,342
Total financial assets	**287,417**	**104,175**

	Group	
Financial liabilities, KSEK	**2021-12-31**	**2020-12-31**
Financial liabilities valued at amortized cost		
Longterm lease liabilities	3,511	5,841
Other longterm installment purchase liabilities	-	135
Accounts payable	9,367	6,538
Short term lease liabilities	6,225	6,232
Other shortterm installment purchase liabilities	143	297
Accrued expenses and deffered income	24,038	10,081
Total financial liabilities	**43,285**	**29,124**

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

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

Net gains/losses from financial assets and liabilities broken down by valuation category in accordance with IFRS 9 are shown in the table below.

	Group	
KSEK	**2021**	**2020**
Financial assets at fair value through profit or loss	-	180
Net gain/loss	**-**	**180**

Other significant risks

Preclinical and clinical development of drug candidates

Clinical studies are expensive and timeconsuming 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.

Ukraine crisis

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 45.

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 on the basis of 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	**2021-12-31**	**2020-12-31**
Cash and cash equivalents	278,148	103,342
Cash and cash equivalents	**278,148**	**103,342**

The increased liquidity during the financial year is mainly explained by two completed share issues.

6. Revenue from contracts with customers

Revenue, Group

KSEK	2021	2020
Out-licensing	4,643	4,352
Reimbursement for development work	8,301	70
Total	**12,943**	**4,352**

Geographical distribution of Net Sales, Group

KSEK	2021	2020
Europe	6,422	-
Asia	2,094	4,352
Sweden	3,519	-
Other	908	-
Total	**12,943**	**4,352**

Revenue, Parent Company

KSEK	2021	2020
Out-licensing	4,643	4,352
Reimbursement for development work	8,301	-
Total	**12,943**	**4,352**

Geographical distribution of Net Sales

KSEK	2021	2020
Europe	6,422	-
Asia	2,094	4,352
Sweden	3,519	-
Other	908	-
Total	**12,943**	**4,352**

For 2021, the Group's net sales came mainly from to the collaboration and licence agreement with Orion Corporation and to the Joint Research Agreement with BioArctic AB. For 2020, the Group's net sales came mainly from Asia where Biotheus is located.

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 2021 or 2020.

7. Other operating income

	Group		Parent Company	
KSEK	2021	2020	2021	2020
Swedish Government grants received	384	1,163	384	1,163
Insurance compensation	1,251	-	1,251	-
Exchange rate gains from operations	547	1,151	547	1,151
Other items	-	1	-	1
Total	**2,183**	**2,315**	**2,183**	**2,315**

Swedish Government grants received include grants for doctoral students SEK 378 thousand (84) and compensation for high sick pay costs SEK 6 thousand (112). No compensation for short-term layoffs was received under 2021 SEK - thousand (967). The insurance compensation is obtained due to damage in transport SEK 1,251 thousand (-).

8. Other external expenses

	Group		Parent Company	
KSEK	2021	2020	2021	2020
Costs of R&D projects	-68,038	-69,102	-68,038	-69,102
Other costs	-18,944	-13,218	-25,241	-19,314
Total	**-86,982**	**-82,320**	**-93,279**	**-88,416**

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

	Group		Parent Company	
KSEK	2021	2020	2021	2020
Ernst & Young				
Audit assignment	750	661	750	661
Audit activities other than the audit assignment	274	3	274	3
Total	**1,024**	**664**	**1,024**	**664**

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 for a lab instrument and a contract with Mercedes Benz for the rental of company car. The lease period for premises extends from 1 to 3 years, the leasing period for the copier extends over 4 years, leasing for the lab instrument 5 years 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 Group, in its valuation of leasing debt and right of use asset, assess and consider the option to use a three-year extension for leasing premises relating to lab premises as the need is deemed to be unchanged going forward. Concerning leases for office premises, no option has been included in the valuation, as the need for office space is considered difficult to forecast in the years to come. The Company's assessment regarding the exercise of options at the end of the year remains unchanged.

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			2021			2020
KSEK	**Buildings**	**Equipment**	**Total**	**Buildings**	**Equipment**	**Total**
Acquisitions						
As at 1 January	24,294	729	25,023	23,401	729	24,130
Additions	-	-	-	893	-	893
New leasing contracts	-	4,392	4,392	-	-	-
As at 31 December	**24,294**	**5,121**	**29,415**	**24,294**	**729**	**25,023**
Depreciation brought-forward						
As at 1 January	-11,308	-292	-11,600	-5,590	-146	-5,735
Depreciation in the period	-6,611	-748	-7,359	-5,718	-146	-5,864
As at 31 December	**-17,919**	**-1 040**	**-18,959**	**-11,308**	**-292**	**-11,600**
Reported value carried-forward	**6,374**	**4,082**	**10,456**	**12,986**	**438**	**13,423**

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

Lease Liabilities	2021	2020
KSEK	**Total**	**Total**
As at 1 January	12,073	17,053
Additions	-	893
New leasing contracts	4 969	-
Interest expenses	203	310
Payments	-7,508	-6,184
As at 31 December	**9,736**	**12,073**
Current lease liabilities	6,225	6,232
Non-current lease liabilities	3,511	5,841
As at 31 December	**9,736**	**12,073**

The following are the amounts recognised in profit or loss:

	2021	2020
KSEK	**Total**	**Total**
Depreciation expenses of right-of-use assets	-7,359	-5,864
Interest expenses on lease liabilities	-211	-310
Expenses relating to leases of low-value assets	-544	-545
Variable lease payments	-	-57
Total amount recognised in profit or loss	**-8,114**	**-6,777**

The Group's total cashflow for leasing contract for 2021 amounted to SEK -7,020 thousand (-6,786).

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	2021-12-31	2020-12-31
Within 1 year	8,264	7,026
Between 1 and 5 years	5,247	8,155
Later than 5 years	-	-
Total	**13,510**	**15,181**

The total amount on the reporting date of future minimum leasing charges for non-terminable leasing agreements was SEK 13,510 thousand (15,181) for the Parent Company.

The Parent Company's expensed leasing fees during the financial year amounted to SEK 7,326 thousand (7,005).

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

	2021		2020	
Average number of employees	No. of employees	Of which men	No. of employees	Of which men
Parent Company				
Sweden	45	10	50	8
Total in Parent Company	**45**	**10**	**50**	**8**
Subsidiaries have no employees	-	-	-	-
Total in the group	45	10	50	8

	Group		Parent Company	
Breakdown of senior executives on the reporting date	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Women				
Board members	3	3	-	3
Other members of management incl. CEO	2	5	-	5
Men				
Board members	4	6	-	6
Other members of management incl. CEO	2	2	-	2
Total	**11**	**16**	**-**	**16**

	2021		2020	
KSEK	Salaries and other remunieration	Soc.sec.costs (of which pen-sions costs)	Salaries and other remunieration	Soc.sec.costs (of which pen-sions costs)
Parent Company	**38,365**	**15,244**	**38,303**	**15,892**
		(6,538)		(7,173)
Subsidiaries	**-**	**-**	**-**	**-**
		(-)		(-)
Total Group	**38,365**	**15,244**	**38,303**	**15,892**
		(6,538)		(7,173)

12. Payments to senior executives

Salaries and remuneration broken down between board members etc. and employees, KSEK	2021		2020	
	Board and CEO (of which bonus etc.)	Other employees	Board and CEO (of which bonus etc.)	Other employees
Parent Company	**7,453**	**30,911**	**4,557**	**33,746**
	(377)	(1,373)	(158)	(275)
Total Group	**7,453**	**30,911**	**4,557**	**33,746**
	(377)	(1,373)	(158)	(275)

Subsidiaries have no employees.

Of the parent company's and the Group's pension costs, SEK 841 thousand (611) pertains to the Board and CEO.

Pensions

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 2020 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 172 percent (148) as per 2021-12-31.

The Group's and Parent Company's total cost for defined contribution pension plans amounts to SEK 5,382 thousand (5,087).

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 June 1, 2021 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 sharerelated 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 on the basis of 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.

12. Payments to senior executives, cont'd

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.

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 (CEO 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 (720) according to the specification in Note 33 – Transactions with related parties.
**Per Norlén left his position as CEO 17 of March 2021 and severence 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 SEK 448 thousand.

12. Payments to senior executives, cont'd

2020, KSEK	Basic salary/fee	Variable remuneration	Other benefits	Pension costs	Share-based remuneration	Total
Peter Benson (Chairman)	477	-	-	-	-	477
Anders Ekblom	282	-	-	-	-	282
Carl Borrebaeck*	260	-	-	-	-	260
Kenth Peterson	286	-	-	-	-	286
Jonas Sjögren	286	-	-	-	-	286
Ulrika Danielsson	368	-	-	-	-	368
Kirsten Drejer	260	-	-	-	-	260
Graham Dixon	260	-	-	-	-	260
Per Norlén (CEO)	1,949	158	-	611	-	2,719
Other senior executives (6 persons)	7,023	275	20	2,505	-	9,824
Total	**11,451**	**434**	**20**	**3,117**	**-**	**15,021**

*In 2021, Carl Borrebaeck received payment for consulting services of SEK 480 thousand (720) according to the specification in Note 33 – Transactions with related parties.

12. Payments to senior executives, cont'd

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.

Severance payments

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

Warrent program compensation refers to employee stock options and share saving program assigned to employees in 2018 and 2021. For more information about the warrant program see Note 30.

13. Other operating costs

	Group		Parent Company	
KSEK	**2021**	**2020**	**2021**	**2020**
Exchange rate losses from operations	-751	-1,413	-751	-1,413
Total	**-751**	**-1,413**	**-751**	**-1,413**

14. Profit/loss from other securities and receivables

	Group		Parent Company	
KSEK	**2021**	**2020**	**2021**	**2020**
Return on corporate bonds	-	192	-	192
Total	**-**	**192**	**-**	**192**

Profit and loss from other securities and receivables is attributable to the return on corporate bonds valued as financial assets valued at amortized cost.

15. Financial income

	Group		Parent Company	
KSEK	**2021**	**2020**	**2021**	**2020**
Income from divest of interest fund	-	1,457	-	2,468
Exchange rate gains	-2	544	-2	544
Total financial income	**-2**	**2,001**	**-2**	**3,012**

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.

16. Financial costs

	Group		Parent Company	
KSEK	**2021**	**2020**	**2021**	**2020**
Exchange rate losses	62	-877	62	-877
Interest costs on lease liabilities	-208	-309	-	-
Other interest costs	-23	-4	-23	-4
Total financial costs	**-169**	**-1,191**	**39**	**-881**

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

17. Tax

KSEK	Group		Parent Company	
	2021	2020	2021	2020
Current tax on profit/loss for the period	-	-	-	-
Deferred tax attributable to temporary differences	-	-	-	-
Total reported tax	**-**	**-**	**-**	**-**

Income Tax in Sweden is calculted with 20.6 percent (21.4 percent) 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

KSEK	Group		Parent Company	
	2021	2020	2021	2020
Profit before tax	-141,736	-143,296	-141,766	-129,270
Reported tax for the year				
Tax reported at Swedish tax rate 20.6% (21.4%)	30,332	30,665	30,338	27,664
Tax effect of non-deductible costs	-230	-225	-	-233
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	-30,102	-30,441	-30,338	-27,431
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, 2021 amounted to SEK 1,057 million (866), of which SEK 230 million (231) are Group contribution-locked. 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.

18. 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	
	2021	2020
Profit/loss for the year attributable to Parent Company shareholders, KSEK	-141,736	-143,296
Weighted average number of ordinary shares before dilution, number of shares	220,584,878	71,388,615
Earnings per share before dilution, SEK	**-0.64**	**-2.01**

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	
	2021	2020
Profit/loss for the year attributable to Parent Company shareholders, KSEK	-141,736	-143,296
Weighted average number of ordinary shares before dilution, number of shares	220,584,878	71,388,615
Weighted average number of ordinary shares after dilution, number of shares	220,740,173	71,388,615
Earnings per share after dilution, SEK	**-0.64**	**-2.01**

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 in 2018. 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.

For details of changes in the number of ordinary shares, see Note 30 Equity.

19. Participations in development projects

KSEK	Group 2021-12-31	Group 2020-12-31
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 KSEK 50,149 was paid; this was classified under 'Participations in development projects'. The acquisition of the subsidiary Atlas Therapeutics AB brought the Group 35 percent (originally 50 percent that was later re-negotiated) of a project together with the Korean company AbClon Inc. (80 percent of the total value) and exclusive rights to all therapeutic targets from the Human Protein Atlas (HPA) project (20 percent 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 2021, as described below. The Board considers that the reported value of this project as of the December 31, 2021 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 2021 and 2020.
- 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 12.7 percent (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.

20. Patent

	Group		Parent Company	
KSEK	2021-12-31	2020-12-31	2021-12-31	2020-12-31
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	-13,780	-13,620	-13,780	-13,620
Disposal/scrapping	-	-	-	-
Depreciation in the period	-55	-160	-55	-160
Cum. depreciation carried-forward	**-13,835**	**-13,780**	**-13,835**	**-13,780**
Reported value carried-forward	**17**	**72**	**17**	**72**

21. Softwares

	Group		Parent Company	
KSEK	2021-12-31	2020-12-31	2021-12-31	2020-12-31
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	-324	-192	-324	-192
Disposal/scrapping	-	-	-	-
Depreciation in the period	-131	-131	-131	-131
Cum. depreciation carried-forward	**-455**	**-324**	**-455**	**-324**
Reported value carried-forward	**201**	**332**	**201**	**332**

22. Improvements in leased premises

	Group		Parent Company	
KSEK	2021-12-31	2020-12-31	2021-12-31	2020-12-31
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	-1,857	-1,248	-1,857	-1,248
Disposal/scrapping	-	-	-	-
Depreciation in the period	-608	-608	-608	-608
Cum. depreciation carried-forward	**-2,465**	**-1,857**	**-2,465**	**-1,857**
Reported value carried-forward	**608**	**1,217**	**608**	**1,217**

23. Equipment, machinery and computers

	Group		Parent Company	
KSEK	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Historical cost brought-forward	31,889	30,662	31,889	30,662
Acquisitions in the period	44	1,227	44	1,227
Disposal/scrapping	-	-	-	-
Cum. historical cost carried-forward	**31,933**	**31,889**	**31,933**	**31,889**
Depreciation brought-forward	-23,290	-18,531	-23,290	-18,531
Disposal/scrapping	-	-	-	-
Depreciation in the period	-4,289	-4,758	-4,289	-4,758
Cum. depreciation carried-forward	**-27,579**	**-23,290**	**-27,579**	**-23,290**
Reported value carried-forward	**4,355**	**8,600**	**4,355**	**8,600**

24. Construction in progress and advance payments for tangible assets

	Group		Parent Company	
KSEK	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Historical cost brought-forward	-	1,125	-	1,125
Acquisitions in the period	-	-	-	-
Disposal/scrapping	-	-	-	-
Reclassification	-	-1,125	-	- 1,125
Cum. historical cost carried-forward	**-**	**-**	**-**	**-**
Depreciation brought-forward	-	-	-	-
Disposal/scrapping	-	-	-	-
Depreciation in the period	-	-	-	-
Cum. depreciation carried-forward	**-**	**-**	**-**	**-**
Reported value carried-forward	**-**	**-**	**-**	**-**

25. Participations in Group companies

	Parent Company	
KSEK	2021-12-31	2020-12-31
Historical cost brought-forward	52,494	52,494
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**

		2021-12-31	2020-12-31	2021-12-31	2020-12-31
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	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Equity	266	271	157	161
Profit/loss for the period	-5	-	-4	-2

26. Accounts receivable

	Group		Parent Company	
KSEK	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Accounts receivable, gross	7,446	-	7,446	-
Total accounts receivable	**7,446**	**-**	**7,446**	**-**

Accounts receivable include receivables from Orion Corporation for reseach collaboration SEK 5,573 thousand and receivables from Bioarctic AB SEK 1,875 thousand (-).

27. Other receivables

	Group		Parent Company	
KSEK	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Value-added tax	1,750	1,586	1,750	1,586
Receivables from business partners	839	-	-	-
Other items	4,455	3,338	4,455	3,338
Total	**7,044**	**4,924**	**6,205**	**4,924**

Receivables from business partners include a claim on supplier for reimbursement of costs SEK 839 thousand (823). Other items include tax receivables SEK 3,313 thousand (2,505), claims on lessor for discount according to agreement SEK 962 thousand (-) and other minor items SEK 180 thousand (10).

28. Prepayments and accrued income

	Group		Parent Company	
KSEK	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Prepaid rents	-	-	1,582	1,625
Prepaid insurance premiums	456	542	456	542
Prepaid R&D costs	4,700	372	4,700	372
Other items	1,820	1,165	2,059	1,149
Total	**6,975**	**2,079**	**8,796**	**3,688**

Other items include mostly expenses for databases, software and licences.

29. Cash and cash equivalents

	Group		Parent Company	
KSEK	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Disposable bank deposits				
SEK	276,515	100,739	275,655	99,870
USD	695	2,192	695	2,192
EUR	547	329	547	329
GBP	392	82	392	82
Total	**278,148**	**103,342**	**277,288**	**102,473**

30. Equity

Share capital and other capital contributions

	No of ordinary shares	Share capital KSEK	Other contributions KSEK
As at 31 December 2019	71,388,615	28,555	662,741
As at 31 December 2020	71,388,615	28,555	662,741
New share issue Q1 2021	14,277,723	5,711	69,024
New share issue Q4 2021	134,918,540	53,967	180,066
As at 31 December 2021	**220,584,878**	**88,234**	**911,831**

During the year, the Company carried out two rights issues. In connection with the rights issue in December, Alligator also carried out a directed new issue of shares to the guarantors in the rights issue who have chosen to receive guarantee compensation in the form of newly issued ordinary shares in the company. The value of this share-based payment was based on the average price on November 8, the day when the Annual General Meeting decided on an authorization for this share issue, times the number of shares that the guarantors could use as maximum guarantee compensation, a total of SEK 24,136 thousand. The value of this option was calculated on the basis of the cost if all guarantors chose shares as compensation minus the value of the compensation if everyone chose cash compensation, SEK 6,020 thousand. Through this issue, the number of shares in Alligator increased by 6,419,033 shares.

As of December 31, 2021, the registered share capital totaled 220,584,878 ordinary shares with a par value of SEK 0.40. All shares are of the same type, fully paid-up and entitling the holder to one vote. No shares are reserved for transfer under option contracts or other agreements. No shares are held by the company itself or its subsidiaries.

30. Equity, cont'd

Other capital contributions

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

Share saving program LTI 2021

At the 2021 AGM, it was decided to implement a long-term incentive program in the form of a performance-based share saving program (the "LTI 2021") for employees in the Company. Following a predefined time period, the participants will, free of charge, have the right to receive additional shares in the Company, matching shares. In addition, conditional upon fulfilment of a goal related to the development of the share price, the participants will further, free of charge, have the right to receive additional shares in the Company, performance shares. The total number of shares possible to issue in LTI 2021 amounted to 1,153,211, of which 877,500 for the delivery of matching and performance shares to the participants and 275,711 for securing the payment of future social security contributions. Actual investments in saving shares made through acquisition of ordinary shares on the stock market before 30 November 2021, amounted to 141,866 shares. After recalculation following the rights issue, each saving share in this program entitles the holder to 1.09 matching shares. The threshold share price for issuance of 1,2 or 4 performance shares per savings share amounts currently to SEK 15.74 to receive one performance share, SEK 31.65 to receive two performance shares and finally SEK 52.89 to receive four performance shares. Thus, the total number of matching shares will not exceed 155,295 and the total number of performance shares will not exceed 425,598. The maximum number of shares that can be issued in relation to LTI 2021 is 763,409 where of 580,893 for the delivery of matching and performance shares to the participants and 182,517 related to hedging of cash flow for social security contributions, which corresponds to a dilution of approximately 0.4 percent of the Company's share capital and votes after full dilution, calculated on the number of shares that will be added upon full issuance of shares in connection with LTI 2021.

Option programs

At the AGM held in 2018, a resolution was passed regarding an additional employee stock option program in which a total of 2,275,000 warrants were allotted to employees free of charge. The warrants are being earned in turns until May 1, 2021. To be entitled to the warrants the employee must still be employed on these dates and not have given notice to terminate the employment. If a participant ceases to be employed or resigns from the Company before a qualifying date, any staff options already accrued may be exercised in the normal exercise period, but no more rights will be accrued. Each option in these programs entitles the holder to subscribe for one share at a price of SEK 75. The warrants can be exercised one month after the quarterly reports for the first quarters of 2021 and 2022 have been issued. At the end of the financial year, 1,072,500 option rights has been earned by the staff, 755,000 option rights are still possible to earn, and 447,500 option rights have become due when employees have left the Company.

In case both the existing employee option program and the proposed LTI 2021 are exercised in full, a total of 3,527,600 new shares will be issued, which corresponds to a total dilution of approximately 1.6 percent of the Company's share capital and votes, calculated on the number of shares that will be added upon full exercise of the outstanding employee options as well as the share saving program.

Proposed appropriation of profits (SEK)

The Board propose that sums available to the shareholders' meeting:	
Share premium reserve	911,831,182
Retained earnings	-573,876,065
Profit/loss for the period	-141,765,673
Total	**196,189,444**

Be allocated as follows:	
Dividend to shareholders (SEK 0 per share)	-
Carried forward to new account	196,189,444
Total	**196,189,444**

31. Accrued expenses and deferred income

	Group		Parent Company	
KSEK	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Accrued salaries	2,163	781	2,163	781
Accrued vacation pay	4,005	3,893	4,005	3,893
Accruad social security changes	2,953	1,393	2,953	1,393
Accrued development costs	4,302	4,037	4,302	4,037
Prepaid income	6,556	110	6,556	110
Other items	9,608	5,856	10,481	5,856
Total	**29,586**	**16,070**	**30,459**	**16,070**

Prepaid income include receivables from Orion Corporation for research collaboration which is invoiced in advance for each quarter SEK 5,573 thousand, a receivable for a discount included in leasing agreement SEK 873 thousand and other minor items. The amounts are expected to be utilized during the first quarter of 2022.

Other items include accrued special pension tax SEK 3,463 thousand (3,154), accrued underwriting expenses SEK 6,398 thousand (-) and other accrued expenses SEK 620 thousand (2,345).

32. Securities and contingent liabilities

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

33. 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.

Until August 31, Alligator had a consulting agreement with former board member Carl Borrebaeck through the company Ocean Capital AB pertaining to expert assistance with the evaluation of early-phase research projects and new antibodies. 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	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Consulting services from former Board member Carl Borrebaeck through Ocean Capital	480	720	480	720
Consulting services from former Chief Business Officer Gayle Mills	1,054	198	1,054	198
Total	**1,534**	**918**	**1,534**	**918**

Assets and liabilities at end of period resulting from sales and purchases of goods and services

Assets resulting from sales of goods and services

There are no claims from related parties.

Loans to related parties

No loans have been granted to related parties.

Payments to senior executives

Details of payments to senior executives are presented in Note 12.

34. 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. The operations in the project will be conducted in both Lund at Alligator and in Seattle at Aptevo.

	Group	
KSEK	**2021-12-31**	**2020-12-31**
Costs in the project ALG.APV-527	5,351	4,057
Total	**5,351**	**4,057**

35. Events after reporting date

- In January, the Company announced that the composition of the Nomination Committee prior to the Annual General Meeting on 5 May 2022 had changed as a result of a change in ownership.

  Following the change, the Nomination Committee for the 2022 Annual General Meeting consists of the following persons:

  - Jan Lundström, representing Allegro Investment Fund, L.P.;
  - Lars Bergkvist, representing Jonas Sjögren;
  - Hans-Peter Ostler, representing Lars Spånberg; and
  - Anders Ekblom, Chairman of the Board.

  Lars Bergkvist remains as chairman of the nomination committee.

- Dr. Sumeet Ambarkhane was appointed CMO in February 2022.

36. Dividends

No dividends were paid in 2021 or 2020.

No dividend will be proposed to the annual general meeting on May 5, 2022.

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 5, 2022.

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 22, 2022

Anders Ekblom
Chairman of the Board

Hans-Peter Ostler
Board member

Eva Sjökvist Saers
Board member

Veronica Wallin
Board member

Graham Dixon
Board member

Laura von Schantz
Employee representative

Søren Bregenholt
CEO

Our audit report was submitted on March 22, 2022
Ernst & Young AB

Ola Larsmon
Authorized Public Accountant

Auditor's report

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 49-55 for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 37-94 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 2021 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 2021 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 49-55. 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 period. 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, 2021 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 19 "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 1-36, 99-104. The remuneration report for the financial year 2021 also constitutes other information. 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 2021 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 2021.

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

In our opinion, the ESEF report #66006efbecff992443d3006fdc-8f0899e828fed143fd4b1ecda4df5b71018db0 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 require-ments.

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. Mis-statements 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 circum-stances, 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 technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 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 Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

The auditor's examination of the corporate governance statement
The Board of Directors is responsible for that the corporate governance statement on pages 49-55 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. Dis-closures 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 1st June 2021 and has been the company's auditor since the 4th January 2001. Alligator Bio-science AB (publ) has been a public interest entity since 23rd November 2016.

Malmö 22 March 2022

Ernst & Young AB

Ola Larsmon
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
				88,233,951.20	**220,584,878.00**	**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	Europe	United States	China	Japan	Expiration[1]
Mitazalimab	Three patent families related to antibodies targeting CD40, and combination therapies involving these families	2 granted EP patents: 1 validated in 17 European territories and 1 validated in 13 European territories[2], 3 applications	3 patents granted[3], 2 applications	1 patent granted, 2 applications	2 patents granted, 1 application	2032-2035
ATOR-1017	Two patent families related to antibodies targeting 4-1BB and combination therapies (targeting these)	1 application	1 patent granted, 1 application	1 application	1 application	2037-2041
ALG.APV-527	Two patent families related to bispecific antibodies targeting 4-1BB/5T4	Granted EP to be validated in 11 territories[4], 1 application	1 patent granted, 1 patent allowed, 2 applications	2 applications	2 applications	2037-2038
Technologies						
ALLIGATOR-GOLD®	One patent family related to an antibody library	1 granted EP validated in Germany, France, UK and Sweden	1 patent granted	-	-	2035
RUBY™	One patent family related to a bispecific antibody format	1 application	1 application	1 application	-	2039
Neo-X-Prime™	Three patent families related to bispecific antibodies targeting dendritic cells and overexpressed tumor antigen (including CD40-CEA bispecific GB priority filing)	2 applications	2 applications	2 applications	-	2039

References

1 Additional protection possible to obtain for certain territories through patent term extension for up to 5.5 years.
2 CD40 monoclonal antibodies EP validated in 17 territories. Combination therapy EP validated in 13 territories.
3 Note that one US patent in the mitazalimab family expires later on 18 November 2033 due to 439 days of patent term adjustment (PTA); and a further US patent in the mitazalimab combination therapy family expires on 28 September 2035 due to 47 days of PTA. Therefore, some of the US applications for the mitazalimab family have a later expiration that corresponding territories.
4 Awaiting validation in the 11 pipeline territories (Austria, Ireland, Italy, Netherlands, Spain, Switzerland, Germany, France, Sweden, Denmark and the UK).

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

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

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

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

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

R&D. Research & Development

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

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

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

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

Tumor cell. A cell that divides relentlessly.

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

Other information

Financial reports 2022
Alligator intends to give financial statements as follows:

- Q1 interim report: April 27, 2022
- Q2 interim report: July 12, 2022
- Q3 interim report: October 20, 2022
- Year-end report 2022 in February 2023

Annual General Meeting
The Annual General Meeting will be held on Thursday, May 5, 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 2022

Alligator's Annual General Meeting 2022 will be held on Thursday May 5, 2022. In light of the ongoing Covid-19 pandemic and in order to reduce the risk of infection spreading, the board of directors has decided that the Annual General Meeting will be held only by advance voting (postal vote) in accordance with temporary legislation.

This means that the Annual General Meeting will be conducted without the physical presence of shareholders, proxies or external parties and that shareholders' exercise of voting rights at the Annual General Meeting can only take place by shareholders voting in advance in the order prescribed.

Further information regarding the Annual General Meeting and instructions for the advance voting can be found in the notice to the Annual General Meeting and on Alligator's website, *https://alligatorbioscience.se/en/corporate-governance/general-meeting/*

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