On 7 May 2024, the annual general meeting in Alligator Bioscience AB, Reg. No. 556597-8201, resolved on distribution of the company's result in accordance with the board's proposal on page 42 in this annual report.

Annual Report 2023

Alligator Bioscience AB (publ)

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

The Company's formal annual report and consolidated financial statements are included on pages 37–92 in this document.

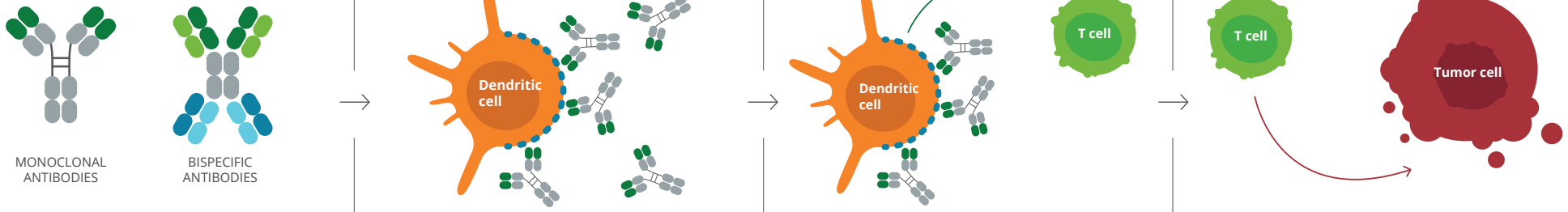
Alligator's Tumor-Directed Treatments have the Potential to Improve Patients' Lives

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

Immunotherapies provide several opportunities to help the immune system defend the body against cancer. Some strategies seek to educate the immune system to better identify tumor cells, while others aim to enhance the capabilities of the immune system to attack the tumor with full force. While the latest immunotherapies provide impressive results in some cancer patients, too many are still not responding to these treatments. There remains a significant need for new immuno-oncology treatments which are more efficacious and can target a larger number of indications, especially in combination with other therapies.

Cancer cells often activate immunosuppressive strategies to hide from the immune system and more diverse therapeutic strategies are therefore needed to target tumors on all fronts.

Alligator aims to deliver new immunotherapies that can help meet this need by focusing on developing antibody-based therapies to help the immune system better detect and more profoundly attack solid tumors. Our most advanced program, mitazalimab, targets a molecule called CD40. Alligator recently reported top-line data from the clinical Phase 2 study with mitazalimab for the treatment of first-line metastatic pancreatic cancer, a disease well known for its poor prognosis and is on track to start its pivotal Phase 3 in 2025.

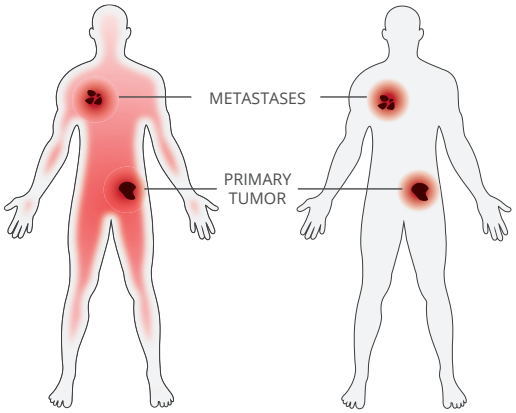


Design of highly efficient antibodies
Alligator has several patent-protected technologies that can generate novel drug candidates with high potential. In addition, the Company has an unique bispecific antibody format, RUBY®, for the development of novel dual-action antibodies.

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

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

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



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

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

Additionally, our diversified pipeline includes two molecules in Phase 1 clinical trial, ATOR-1017, and ALG.APV-527, the latter co-developed with Aptevo Therapeutics and initiated during 2023. Both these antibodies target a molecule called 4-1BB that inhibits activation-induced immune exhaustion.

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

Alligator's Differentiating Technology

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

The proof of concept of our technology was demonstrated by the latest Phase 2 data from our lead asset mitazalimab, demonstrating an unprecendented median Duration of Response* and promising Overall Survival*, compared to standard of care, and a good safety profile. We are confident that our molecules will provide meaningful treatment options for people with hard-to-treat cancer, as stand-alone or combination therapies.

References

* For definitions, see the glossary on page 100 of this Annual Report.

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.

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

Towards a more effective treatment of cancer

In 2020, 19.3 million new cancer cases were diagnosed globally, with the number expected to rise to 30.2 million by 2040.[1] With the continued rise of cancer diagnoses driven by an aging population and improved diagnoses rates, there is a clear unmet need for more effective treatments. Immuno-oncology, also known as immunotherapy, is a form of cancer treatment that stimulates or boosts the natural defenses of the immune system to work harder and attack cancer cells in a smarter way. Fundamentally, immunotherapy educates and activates the immune system to recognize and more efficiently target and attack cancer cells, and is now recognized as the fourth pillar of cancer care alongside surgery, radiotherapy and chemotherapy.[2]

Despite the remarkable breakthroughs in the development of immunotherapies over the last decade, less than half of cancer patients are eligible for existing immunotherapies, such as immune checkpoint inhibitors (ICIs).[3] Of the patients who are eligible, only one in five respond to treatment with durable effects. There is therefore a high medical need for new treatments that can enhance response rates and increase the depth and durability of responses in patient populations that are eligible for immunotherapies, and that can broaden the number of cancer indications where immunotherapies can provide clinical benefits.

CD40-targeting therapies, such as mitazalimab being developed by Alligator, can be used in combination with standard-of-care immunotherapies to provide a unique opportunity to meet both these medical and biological needs.

Beyond immune checkpoint inhibitors

One of the main reasons patients do not respond satisfactorily to ICIs is a lack of or insufficient amounts of T cells within the tumor to mount an efficient immune attack, or to T cells becoming exhausted leading to short duration of response. By addressing the shortfall of T cells, mitazalimab has the potential, when combined with ICIs, to overcome primary and secondary resistance, thereby increasing response rates in indications where ICIs are currently approved.

Furthermore, CD40 agonists synergize with chemotherapy in tumors that are resistant to ICIs, such as pancreatic cancer and colorectal cancer.

The CD40-targeting agonistic antibody mitazalimab is Alligator's most advanced drug candidate. Mitazalimab is being developed for the treatment of solid tumors, initially in first-line metastatic pancreatic cancer. The OPTIMIZE-1 study recently announced strong top-line results demonstrating that mitazalimab combined with chemotherapy (mFOLFIRINOX) has the potential to offer significant clinical benefit for pancreatic cancer patients over chemotherapy alone.

These clinical effects are based on the central role of the CD40 receptor in the education and activation of the immune systems. CD40 agonists have a two-fold mode of action, firstly activating myeloid cells, such as macrophages, and skewing them towards a more tumoricidal phenotype with the potential to reverse the suppressive tumor microenvironment and increase sensitivity to chemotherapy. Secondly, CD40 agonists activate dendritic cells resulting in the priming and expansion of tumor-specific T cells, which attack and kill cancer cells more efficiently and provide long-term benefits to cancer patients.

Alternative therapeutic targets

Another approach is to directly activate T cells residing in the tumor environment. Alligator's assets ATOR-1017 and ALG.APV-527 both target the 4-1BB molecule on the surface of T cells, thereby stimulating them to attack and kill cancer cells more efficiently. ATOR-1017 has demonstrated its therapeutic potential in solid tumors in a Phase 1 dose escalation study confirming its mechanism-of-action and advantageous safety profile. ALG.APV-527 is currently under Phase 1 evaluation in solid tumors having shown in preclinical studies the potential to activate key immune cell populations within the tumor microenvironment and a favorable safety profile.

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

References

1. International Agency for Research on Cancer, 31 January 2024 - Cancer Tomorrow (gco.iarc.fr)
2. Dance, A. (2017). Cancer immunotherapy comes of age. Science - Technology Feature
3. Haslam, A., et al. (2020). Estimation of the Percentage of US Patients With Cancer Who Are Eligible for Immune Checkpoint Inhibitor Drugs. JAMA Netw Open.

2023 in brief

OPTIMIZE-1 delivers positive top-line results

Alligator's lead asset mitazalimab has performed very strongly in the clinic over the last 12 months, meeting all of its milestones and delivering highly encouraging Phase 2 top line results in early 2024. At the start of 2023, OPTIMIZE-1 reported positive interim efficacy data showing an unconfirmed Objective Response Rate (ORR)* of more than 50% in 1st line pancreatic cancer patients treated with mitazalimab in combination with mFOLFIRINOX. In April, Alligator announced the trial was fully enrolled and reconfirmed that full top-line data were expected at the beginning of Q1 2024, nine months ahead of initially scheduled. In June, Alligator announced positive second interim results from OPTIMIZE-1 confirming the response rate from the January readout, and showing promising Duration of Response (DoR)* data.

The full top-line readout was announced in January 2024, which demonstrated a confirmed ORR of 40.4%, an unconfirmed ORR of 50.9% and a Disease Control Rate* of ~79,% thus meeting its primary endpoint. The study showed an unprecedented DoR of 12.5 months, and a a very favorable 14.3 months median Overall Survival*, indicating mitazalimab's highly differentiated response compared to the standard of care in pancreatic cancer. Following constructive discussions with the US Food and Drug Administration, Alligator continues Phase 3-enabling activities and will utilize the OPTIMIZE-1 data to continue mitazalimab's clinical, regulatory and commercial development, with Phase 3 expected to start in 2025.

References

* For definitions, see the glossary on page 100 of this Annual Report.

Alligator strengthens mitazalimab's commercial protection

In 2023, mitazalimab received Orphan Drug Designation in pancreatic cancer from the US Food and Drug Administration (FDA) and Orphan Designation from the European Medicines Agency (EMA). These orphan designations confer significant regulatory and financial benefits, including marketing exclusivity upon approval, giving mitazalimab stronger commercial protection in the two key markets of the US and EU. Building on that protection, Alligator was also granted a new patent by the European Patent Office covering mitazalimab's composition of matter until 2038, providing further vital safeguards for Alligator's lead asset in Europe.

Mitazalimab's OPTIMIZE-2 Phase 2 in urothelial carcinoma receives FDA clearance

In April, the FDA cleared Alligator's Investigational New Drug (IND)* application, allowing the company to initiate the OPTIMIZE-2 Phase 2 trial evaluating mitazalimab in a new indication, urothelial carcinoma.

Last patient dosed in REACTIVE-2 Phase 1 trial

In April, Alligator and Amphera announced the last patient had been treated in the REACTIVE-2 Phase 1 trial evaluating mitazalimab in combination with Amhera's MesoPher in patients with metastatic pancreatic cancer. Preliminary results are expected in Q2 2024.

2023 – a year showcasing the ATOR-4066 potential

In 2023, Alligator showcased ATOR-4066's potential at key conferences, highlighting its ability to reshape the immune environment and activate tumor-infiltrating cells. This supports ongoing efforts to advance the drug towards clinical development. By early 2024, Alligator secured its first US patent for ATOR-4066, protecting cancer treatment methods with the bispecific antibody.

ALG.APV-527 begins clinical evaluation

At the beginning of the year, Alligator and Aptevo Therapeutics announced the dosing of the first patient in the Phase 1 trial evaluating ALG.APV-527 for the treatment of solid tumors expressing the tumor-associated antigen 5T4. On March 7, 2024 the companies reported the first interim data from the dose-escalation trial with the candidate, demonstrating early signs of efficacy and encouraging safety and pharmacokinetics data.

Collaboration with Orion Corporation progresses with milestone achievements

Alligator's research collaboration and license agreement with Orion Corporation to develop new bispecific antibody cancer therapeutics made strong progress during 2023. In May, the companies announced that Orion had selected bispecific lead antibodies for the first program in the collaboration and was exercising its option to develop these molecules further, triggering a milestone payment to Alligator. The initiation of the second program in the collaboration was announced in January and achieved Technical Feasibility in July, with Alligator receiving payments for both milestones.

Successful preferential rights issue and warrant exercise strengthened the Company's financials

In the second quarter of 2023, Alligator held a successful preferential rights issue which raised SEK 181 million before deduction costs, ensuring the company remained financed while keeping dilution to current shareholders to a minimum. The following quarter Alligator, 68 per cent of the warrants issued as part of the preferential rights issues were exercised, raising an additional SEK 13.8 million.

Immuno-oncology pipeline showcased globally to scientists and investors

Throughout 2023, Alligator participated in numerous conferences and events. The company's scientific achievements were showcased in several high-profile presentations at the AACR Annual Meeting, the ASCO Annual Meeting, the 3rd Annual Tumor Myeloid-Directed Therapies Summit, the AACR Special Conference on Pancreatic Cancer, CICON 2023 and the SITC Annual Meeting. Peer-reviewed articles highlighting mitazalimab and ATOR-1017 data were published in the scientific journals *Cancer Immunology, Immunotherapy* and *Cells*, and Alligator also hosted two Key Opinion Leader events on mitazalimab and the OPTIMIZE-1 trial. In December, Alligator's executive management team hosted a Capital Markets Day, giving attendees an overview of the company's strategic outlook, its proprietary and partnered assets and its technology platforms.

Comments from the CEO

The scientific work delivered by the Alligator team this year has led to rapid and significant advances across both our proprietary immuno-oncology pipeline and our strategic partnership agreements. We have much to be proud of, from the outstanding top-line results of our OPTIMIZE-1 trial evaluating our lead asset mitazalimab in pancreatic cancer, to the excellent optionality which our thriving collaborations continue to provide for our shareholders. I am very pleased to present this year's annual report, which contains the details of our achievements and progress so far, as well as the goals and milestones we are aiming to attain in the year ahead.

Our powerful and highly differentiated technology platforms along with our increasing scientific expertise are enabling us to pursue our mission to discover and develop truly innovative and clinically relevant therapeutic solutions in the fight against cancer. Our specialist knowledge in the CD40 space has underpinned our clinical successes with mitazalimab in pancreatic cancer and it has also led to the emergence of Neo-X-Prime®. This platform generates bispecific antibodies which can induce superior anti-tumor immunity and it is showing great promise as the focus of Alligator's next major development project.

Top-line readout confirms mitazalimab's clinical benefit in pancreatic cancer

The favorable overall response rate, median duration of response and overall survival demonstrated by mitazalimab in combination with chemotherapy in first-line metastatic pancreatic cancer, which had been reported in two interim efficacy analyses during 2023, were confirmed by the top-line readout of the OPTIMIZE-1 trial in January 2024. Notably, the median duration of response of 12.5 months is almost a doubling of that seen in previous trials. It translates into a promising median overall survival of 14.3 months, which we expect to increase as patients are still on the trial. These multiple data sets provide compelling evidence of the potential of mitazalimab combined with mFOLFIRINOX to deliver significant clinical benefit for pancreatic cancer patients over standard of care alone and that mitazalimab could be the first treatment approved for 1st line pancreatic cancer since the approval of gemcitabine in 1994.

The outcome of the OPTIMIZE-1 trial is a worthy validation of the differentiated platforms Alligator has built, the hard work put in by the Alligator team and provides us with an excellent basis from which to progress mitazalimab to the last stage of its clinical development. We truly believe that mitazalimab can transform the current treatment paradigm in metastatic pancreatic cancer, which is a view shared by leading specialists in the field. This year we spoke to Professor Jean-Luc Van Laethem from the Erasmus Hospital Brussels, who is also the Principal Investigator of the OPTIMIZE-1 trial, and Dr. Zev Wainberg, Professor of Medicine at UCLA, both of whom described the results as remarkable and recommended the further clinical evaluation of mitazalimab.

This year we also received an important validation of mitazalimab's clinical data by regulators in the US and the EU with the award of two orphan designations for mitazalimab in pancreatic cancer. These designations come with several regulatory and financial benefits for Alligator, including marketing exclusivity upon approval, and they also provide much stronger commercial protection for our lead asset in pancreatic cancer in the US and the EU, our two key markets. We secured a further safeguard for mitazalimab in Europe with a new patent covering its composition of matter until 2038. This is a significant addition to our intellectual property portfolio, which stands at 60 granted patents for mitazalimab and 25 pending patents covering territories including Europe, North America and Asia.

Following discussions with the US Food and Drug Administration (FDA) we have been able to establish a clear development and approval pathway for mitazalimab in pancreatic cancer. Crucially, the FDA endorsed OPTIMIZE-1 as a Phase 3-enabling study and consequently mitazalimab can now proceed directly to a global Phase 3 registration study, which we are preparing to start in early 2025. In combination with these steps, we have also been intensifying our business development activities to identify the commercial partner best suited to assist Alligator in bringing mitazalimab to market as quickly and efficiently as possible in pancreatic cancer and beyond.

Mitazalimab gets go-ahead for clinical evaluation in additional indication

The clearance of our Investigational New Drug (IND) application in April 2023 by the US Food and Drug Administration (FDA) means we can now initiate the OPTIMIZE-2 Phase 2 trial evaluating mitazalimab in a new indication. Urothelial carcinoma accounts for 90% of bladder cancer, which is the most common malignancy involving the urinary system. The IND approval is a further key milestone in our development of mitazalimab, which will allow us to hedge the medical risk and maximize the long-term value of the molecule. Our experience and data gleamed from the mitazalimab program thus far was used to de-risk and enhance the design of OPTIMIZE-2.

ATOR-4066 delivers highly promising preclinical results

Our Neo-X-Prime® first-in-class bispecific CD40 agonist ATOR-4066 continues to demonstrate significant potential during its current preclinical phase of development. This year we presented posters at two prestigious oncology conferences, the American Association for Cancer Research (AACR) Annual Meeting and the Society for Immunotherapy of Cancer (SITC) Annual Meeting. The AACR presentation highlighted the potential of ATOR-4066 to induce strong anti-tumor responses in patients with CEACAM5-expressing tumors. CEACAM5 is a tumor-associated antigen that is highly expressed in many cancers, making it an ideal target.

The second presentation at SITC further underlined ATOR-4066's superior anti-tumor effect compared to CD40 monospecific antibodies. It also detailed the enhanced effect of ATOR-4066 when combined with anti-PD-1, strongly emphasizing its potential not only as a monotherapy but also in combination with checkpoint inhibitors. These encouraging preclinical data sets support Alligator's commitment to continue advancing ATOR-4066 toward the clinic.

Maintaining focus on 4-1BB with ATOR-1017 and ALG.APV-527

While much of our attention and resources were rightly directed toward our CD40 program during 2023, we have also ensured that our other areas of strategic focus have not been neglected. We continue to pursue our research into 4-1BB as a target for cancer immunotherapy and we were pleased to announce the publication of an article highlighting our 4-1BB agonist antibody ATOR-1017 in the renowned scientific journal *Cancer Immunology, Immunotherapy* in October.

The preclinical data presented in the article support the results of our successful Phase 1 dose-escalation study of ATOR-1017 in patients with histologically confirmed, advanced, and/or refractory solid cancer, which demonstrated how ATOR-1017 is both a potent 4-1BB agonist and a safe and well tolerated drug candidate with significant therapeutic potential. We are continuing our efforts to find a partner with whom we can capitalize on these strong clinical foundations and take ATOR-1017 on to its next development milestone.

At the start of 2023, we dosed the first patient in our joint Phase 1 trial evaluating ALG.APV-527 in the treatment of 5T4-expressing tumor antigens in multiple solid tumor types. ALG.APV-527 is a bispecific conditional 4-1BB agonist, which we are co-developing with Aptevo Therapeutics. We are particularly keen to see how ALG.APV-527's tumor-directed 4-1BB function performs in this trial. It promises a broad therapeutic window and, much like ATOR-1017, a highly differentiated safety and efficacy profile compared to first generation 4-1BB agonists. In March 2024 we announced the first interim data from the dose-escalation trial with the candidate, demonstrating early signs of efficacy and encouraging safety and pharmacokinetics data.

Partnerships – an important part of Alligator's business strategy

Our development of ALG.APV-527 with Aptevo is an example of the second pillar of our business strategy, which seeks to build partnerships around our proprietary technologies and assets with international pharmaceutical companies who share our goals and values of bringing innovative, safe and efficacious immunotherapies to patients with hard-to-treat cancers. Over the years we have established a network of strategic partnerships under which Alligator is eligible for milestone and royalty payments when certain targets are met. These partnerships offer a strong validation of Alligator's technology platforms, de-risk and accelerate the development of product candidates, and can provide significant revenue streams.

Our research collaboration and license agreement with Orion Corporation is another great example of this strategy in action. It has made strong progress during 2023, with Orion exercising its development option in the first program of our collaboration as well as initiating a second program, which went on to achieve Technical Feasibility in July. All three of these milestones marked important accomplishments and triggered payments to Alligator.

Successful capital raise ensures stronger financials

Our preferential rights issue closed in May raising SEK 181 million before costs deduction, ensuring we remain financed through the OPTIMIZE-1 top-line readout, while keeping dilution to our current shareholders to a minimum. This was followed by the exercise of the attached warrants, raising an additional SEK 13.8 million. We greatly value the support of all our investors and we are very grateful for the trust they continue to place in our company and our drug candidates.

We were delighted to round out the year by hosting our Capital Markets Day, which was held in Stockholm and streamed live online. Our executive management team held a series of presentations providing an overview of Alligator's strategy, our proprietary and partnered assets, and our technology platforms, with the event also featuring Key Opinion Leader Dr. Gregory Beatty from the University of Pennsylvania. It was very well attended and provided a great chance for us to highlight the progress we are making as a clinical-stage biotechnology company and to engage with attendees in a series of lively discussions.

While we have advanced our key assets, we have continued to align our investments with our long-term objectives. Therefore, in early 2024, we deemed it prudent to reduce our workforce to adjust our burn rate and secure our continued ability to invest in the development in mitazalimab and other key value drivers, thereby positioning Alligator for long-term growth.

Unfortunately, this initiative will affect our most important asset, our colleagues who have strived professionally and diligently to allow Alligator to deliver on our mission. We are grateful for the efforts and commitment to advance mitazalimab and our other innovative options for those who suffer from hard-to-treat cancers, and we remain committed to supporting those colleagues impacted by this initiative.

Looking ahead to 2024

The OPTIMIZE-1 top-line results have given us a very strong start to 2024 and we are looking forward to the year ahead which promises to be packed with several key clinical and regulatory milestones. On behalf of myself and the Board of Directors, I would like to extend our sincerest thanks to the whole Alligator team, who have once again proved themselves to be a highly talented and driven group of people.

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

Søren Bregenholt
CEO Alligator Bioscience AB (publ)

Alligator's Project Portfolio

Mitazalimab, Alligator's most advanced program, entered Phase 2 at the end of Q3 2021 and reported strong top-line Phase 2 data in January 2024. 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. The top-line readout showed that the combination treatment of mitazalimab and chemotherapy has superior efficacy and safety compared to the standard of care. Phase 3-enabling activities for mitazalimab in pancreatic cancer are being advanced.

Mitazalimab

Mitazalimab is an immunostimulatory CD40 antibody for the treatment of metastatic cancer, such as pancreatic cancer. Activation of the CD40 receptor on the immune system's dendritic cells enhances their ability to educate and activate T cells to attack and destroy cancer cells more effectively. Two Phase 1 studies with mitazalimab have generated competitive safety data and shown early signs of clinical efficacy. In 2021, mitazalimab entered the Phase 2 clinical study OPTIMIZE-1 and the first patient was dosed in the third quarter of 2021. The study aims to assess the efficacy and safety profile of mitazalimab in combination with standard-of-care chemotherapy, mFOLFIRINOX, for the treatment of first-line metastatic pancreatic cancer. OPTIMIZE-1 is an open-label, multicenter study that enrolled 57 patients at clinical sites in Belgium, France and Spain.

The top-line data readout reported at the beginning of 2024 demonstrated that combining mitazalimab with chemotherapy leads to an improved Objective Response Rate (ORR)* of 40.4% compared to 32% ORR in standard of care FOLFIRINOX[1] and meeting its primary endpoint. The results also indicate promising long-term effects with a Duration of Response* of 12.5 months and median Overall Survival* of 14.3 months.

Alligator undertook discussions with the US Food and Drug Administration (FDA) and was able to establish a clear development and approval pathway for mitazalimab in pancreatic cancer. Based on the emerging data from the OPTIMIZE-1 study, the FDA provided guidance and endorsed OPTIMIZE-1 as a Phase 3-enabling study. Consequently, mitazalimab can proceed directly to a global Phase 3 registration study, which Alligator is preparing to initiate in early 2025.

In April 2023, Alligator announced FDA clearance for the OPTIMIZE-2 IND, a Phase 2 study evaluating mitazalimab and a PD-1 inhibitor's safety and efficacy in urothelial carcinoma patients who progressed after PD-(L)1 therapy.

ATOR-4066

ATOR-4066 is a tumor-directed bispecific antibody that binds to CD40 and CEACAM5, a tumor-associated antigen that is preferentially expressed in certain cancer types, such as colon and stomach cancer. ATOR-4066 is also the lead asset in the Neo-X-Prime® platform, which is built on Alligator's expertise in immuno-oncology and CD40-targeted therapies, together with our state-of-the-art technology platform and proprietary bispecific antibody format RUBY®. Binding bispecific antibodies simultaneously to CD40 and molecules expressed on tumor cells induces superior anti-tumor immunity.

Alligator has made significant progress in ATOR-4066's pre-clinical characterization and development. In 2022, a preclinical data package supporting ATOR-4066's mode of action and its potent anti-tumor effect in in vivo models was presented at several scientific meetings and a scientific article highlighting the potential of ATOR-4066 and the Neo-X-Prime® platform in treating solid tumor cancers was published in the scientific *Journal for Immunotherapy of Cancer*. In 2023, a presentation at the Society for Immunotherapy of Cancer (SITC) Annual Meeting highlighted the enhanced effect of ATOR-4066 when combined with anti-PD-1, strongly emphasizing the potential of ATOR-4066 as a monotherapy and as a combination partner for checkpoint inhibitors.

ATOR-1017

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

ALG-APV-527

Developed in partnership with Aptevo Therapeutics, Inc.

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

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

Alligator and Aptevo received a "may proceed" notification from the US Food and Drug Administration for their Investigational New Drug (IND) application during Q3 2022 and announced the initiation of the ALG.APV-527 Phase 1 study in February 2023. ALG.APV-527 preclinical data were published in November 2022 in the peer-reviewed journal Molecular Cancer Therapeutics. The publication highlighted the favorable efficacy and safety profile of ALG.APV-527 compared to a first generation 4-1BB antibody. In March 2024, promising interim data were reported from the trial, with early signs of efficacy and a positive safety profile.

References

* For definitions, see the glossary on page 100 of this Annual Report.

1. Conroy et al., N Engl J Med 2011; DOI: 10.1056/NEJMoa1011923

COLLABORATIONS & OUT-LICENSED PROJECTS

Collaboration and License Agreement with Orion Corporation

In August 2021, Alligator entered into a research collaboration and license agreement with Orion Corporation, a global pharmaceutical company based in Finland, to discover new bispecific antibody cancer therapeutics against immuno-oncology targets selected by Orion. The agreement includes an option to develop up to three bispecific antibodies, employing Alligator's proprietary phage display libraries and RUBY® bispecific platform.

During the initial research period of the collaboration programs, Alligator received upfront payments and reimbursements of research costs. As part of the agreement, Alligator is eligible for development, regulatory approval, and sales milestone payments of up to 313 million euros across all three potential programs. Additionally, Alligator will receive royalty payments if Orion exercises its option to continue development and commercialization of the resulting product candidates.

In May 2023, Orion exercised its option to develop the molecules from the first discovery program further, triggering a milestone payment to Alligator.

In January 2023, Alligator announced that Orion had exercised the option for a second research program under the 2021 agreement to generate an additional bispecific antibody. The second program achieved Technical Feasibility in July 2023. Both events triggered milestone payments to Alligator.

Collaboration with US-based MacroGenics

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

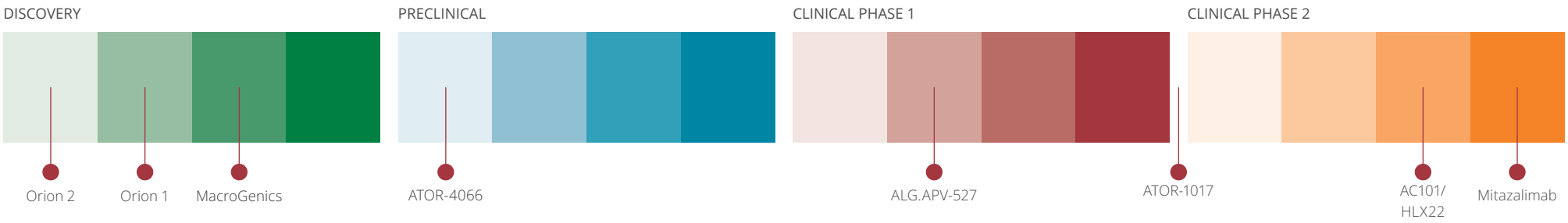
AC101/HLX22

AC101/HLX22 is currently under development by Shanghai Henlius Biotech Inc. through its agreement with AbClon. Alligator has a stake in AC101/HLX22 through its subsidiary Atlas Therapeutics AB, entitling Alligator to 35 per cent of AbClon's revenue resulting from their agreement with Henlius. AC101/HLX22 entered a Phase 2 clinical development in gastric cancer in Q3 2021. In September 2022, Henlius announced the completion of the Phase 1 trial evaluating AC101/HLX22 in patients with HER2 overexpressing advanced solid tumors, demonstrating a good safety and tolerability profile.

In November 2022, Henlius received IND approval in China for a Phase 2 clinical trial of AC101/HLX22 in combination with an anti-PD-1 monoclonal antibody HANSIZHUANG (serplulimab), HANQUYOU (trastuzumab biosimilar) and chemotherapy in 1st line treatment of HER2-positive locally advanced/metastatic gastric cancer.

Technology Agreement with Biotheus

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



Financial summary

In 2023, Alligator has focused existing resources on clinical programs with the greatest potential to develop effective therapies for cancer patients and thereby generate the greatest value for shareholders.

In 2023, Alligator's main costs were related to the Phase 2 study of mitazalimab for pancreatic cancer. The study showed promising results, leading to investments in manufacturing development and toxicology studies for the candidate. Costs also included ongoing Phase 1 studies in the US with the partner program ALG.APV-527. The company incurred an increase of SEK 81.0 million in operating costs compared to 2022, a 35% rise.

Net sales in 2023 were SEK 58.1 million (35.7), including revenue from the license agreement with Orion Corporation and the development cooperation. Alligator's income is irregular, tied to license agreements and milestone achievements. Personnel costs rose by approximately 15%, reaching SEK 79.4 million (68.8), with an increase in employees from 53 to 58 at the end of the year.

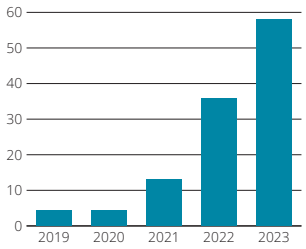
At the end of 2023, Alligator's cash amounted to SEK 66.1 million (97.3). The Company works continuously to secure the financing of the operation. This includes both business development for new partnering agreements, with an upfront payment upon signing, as well as other options.

At the 8 of February 2024 the Board of Directors resolved, subject to the approval of the extraordinary general meeting on 14 of March, to carry out an issue of shares and warrants with preferential rights for the Company-s existing shareholders of initially approximately SEK 150 million. To secure the Company's liquidity needs until the completion of the rights issue, the Company has entered into agreements on bridge loans of a total of approximately SEK 58.8 million with Koncentra and Roxette Photo SA.

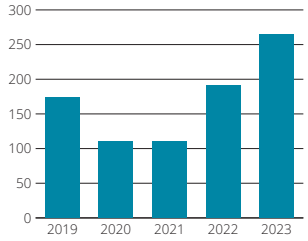
	2023	2022	2021	2020	2019*
Net sales, KSEK	58,107	35,696	12,943	4,352	4,358
Operating profit/loss, KSEK	-248,983	-192,789	-141,565	-144,298	-214,519
Profit/loss for the year, KSEK	-248,586	-193,403	-141,736	-143,296	-210,112
Cash flow for the year, KSEK	-30,184	-180,875	174,717	9,386	-19,572
Cash and cash equivalents, KSEK	66,118	97,305	278,148	103,342	93,890
Equity ratio, %	10%	53%	85%	76%	83%
R&D costs as % of operating costs excluding impairments	85%	81%	70%	72%	79%
Earnings per share before dilution, SEK	-0.55	-0.88	-0.64	-2.01	-2.94
Average number of employees	56	50	45	50	55

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

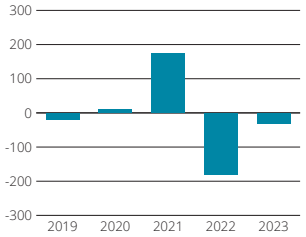
Net sales, SEK million



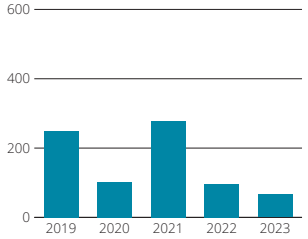
R&D costs, SEK million



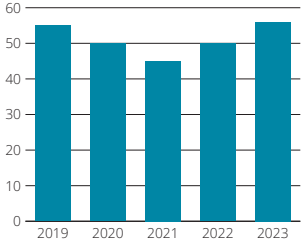
Cash flow, SEK million



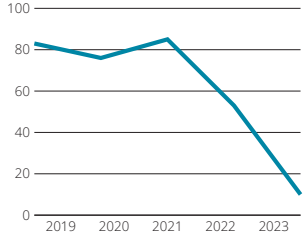
Cash and cash equivalents, SEK million



Average no. of employees



Equity ratio, %



Goals and strategies

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

The regulatory development of mitazalimab – A Discussion with Regulatory Affairs

As Alligator continues to optimize the value of its lead asset mitazalimab, VP of Regulatory Affairs Jonas Henningsen discusses mitazalimab's achievements so far and what's next in its regulatory development.

2023 has been an important year for mitazalimab's development both in the clinic as well as strategically and commercially. What were the highlights from a regulatory affairs point of view?

No doubt the data produced by the OPTIMIZE-1 trial this year have been outstanding and have demonstrated that a CD40 agonist can be both efficacious and safe. They have reinforced our belief in the potential of mitazalimab in combination with chemotherapy to provide meaningful benefit to pancreatic cancer patients over the standard of care currently available to them. We have already begun leveraging mitazalimab's clinical performance and this year the clinical data in conjunction with pharmacological data secured orphan designations for mitazalimab in pancreatic cancer from regulators in the US and the EU. Receiving orphan designation is a key milestone in the development of our drug candidate as they confer several incentives and add significant value to the project moving forward and are a clear recognition of the medical need and the quality of the data generated to date.

What does a drug candidate have to demonstrate in order to qualify for orphan designation?

To achieve orphan drug designation in both the US or the EU, a drug must be designed to treat or prevent a rare, life-threatening or chronically debilitating disease, which metastatic pancreatic cancer is. Additionally, there must be a scientific rationale based on data to support the medical plausibility that the drug candidate may work. Thus, the award of orphan designation is an important validation of the drug candidate's clinical data by the regulatory bodies.

> "Orphan designation is a pivotal milestone, acknowledging the medical need and data quality, and adding substantial value to the project's progress."

What are the key benefits of orphan designation?

As well as validating the OPTIMIZE-1 clinical data, this designation provides Alligator with several regulatory and financial benefits, including most importantly marketing exclusivity upon approval. In the US that can be up to seven years of exclusivity and in the EU the legal frame-work is currently be reviewed - currently it's ten years. This means we have now secured a stronger commercial protection for mitazalimab in pancreatic cancer in our two key markets of the US and EU.

What are the next steps in the regulatory process for mitazalimab?

We have started advancing mitazalimab on to the next stage of its development, including thorough discussions with the US FDA. The latest interactions confirmed that Alligator could initiate a pivotal Phase 3 as soon as the dosing of a few additional patients in the low-dose co-hort of the OPTIMIZE-1 trial is completed. Thus, we expect all the necessary work to be completed over the course of 2024 and for the Phase 3 to be initiated in early 2025 as initially planned. We are looking forward to what promises to be a busy and exciting year 2024 ahead for Alligator generally, and for mitazalimab in particular.

Market Overview

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

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

The Oncology Market

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

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

The Immuno-Oncology Market

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

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

The Pancreatic Cancer Market

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

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

Cancer Treatment Market Trends

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

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

References

1. Database GlobalData (Pharma Intelligence Center - Drug Sales), February 2023.
2. www.keytruda.com/financial-support/, February 2023

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

Preclinical and Clinical Development Strategy

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

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

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

Moving to Phase 2, the patient population in the study grows and more patients are treated with the drug candidate. The aim of the Phase 2 study is to confirm the efficacy, assess the safety profile of the compound and determine the dose which provides the best benefit-risk ratio. Mid-way through a Phase 2 study there is typically an intermediate evaluation point called a futility analysis. The futility analysis includes an assessment of the efficacy and safety to determine if the study can continue based on the fact it has chances of reading out positively or should be stopped because it has too little chance to read-out positively.

Alligator's drug candidate mitazalimab successfully passed a futility analysis in 2023 and the Phase 2 study continued on to deliver top-line results in early 2024.

As a last step before applying for regulatory approval, a drug candidate will be evaluated in a larger Phase 3 clinical study to compare it to the standard of care. At the successful conclusion of this study, a submission is made to the relevant health authorities in each region for authorization to commercialize the drug, making it available to patients and healthcare professionals. Alligator has already undertaken Phase 3-enabling activities for mitazalimab, including manufacturing development, toxicology studies and regulatory integrations.

A key strategic element in our preclinical and clinical development program is the protection of our intellectual property rights. Alligator maximizes protection for all its innovations by obtaining patent protection with multiple patent families in key global markets that are important for commercial launch, safeguarding our assets for many years to come. Our patent portfolio can be found on page 99.

Preclinical

In the preclinical phase, the safety and efficacy of the drug candidate is assessed as well as its clinical potential. These studies are conducted both internally at Alligator and together with external partners.

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

Clinical Phase 1

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

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

Clinical Phase 2

The endpoint of Phase 2 studies is to confirm the desired efficacy of the compound, and to determine the optimal dose. Normally, 100–300 patients are tested.

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

Clinical Phase 3

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

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

By the end of Phase 3, there is convincing evidence of the performance and common side effects of the drug, and the documentation required to register the drug has been compiled.

Value-Creating Business Development

In order to maximize the value generated from Alligator's unique antibody discovery capabilities, we seek to build partnerships around our proprietary technology and assets with international pharmaceutical companies who share our goals and values of bringing innovative, safe and efficacious immunotherapies to patients with hard-to-treat cancers.

A proven track record in collaborations

Over the years we have established a network of strategic partnerships, with five agreements entered into over the last five years in different territories around the world. By working with collaborators we have facilitated rapid preclinical development and we already have two of the five projects in clinical trials. This means we have been able to maximize the number of indications we can target within our pipeline, extend our patient reach as far as possible, reduce the development cost and risk, yet secure long-term financial benefits for the company and our shareholders. Currently, we have stepped up our business development activities to identify the commercial partners best suited to assist Alligator in bringing mitazalimab to market as quickly and efficiently as possible.

Boosting value and balancing risk

Our business development strategy leverages Alligator's significant scientific expertise and innovative drug discovery engines to focus on two important areas. The first seeks to jointly discover and develop new cancer therapeutics through strategic partnerships with pharmaceutical companies. The second involves the out-licensing of promising drug candidates to suitable partners at key inflection points. Securing these strategic partnerships provides both a strong external validation of Alligator's differentiated technology platforms and the ability to de-risk the development of product candidates through the sharing of knowledge and resources.

Co-development with strategic partners

Our joint projects utilize Alligator's proprietary technology platforms to develop immuno-oncology product candidates based on design criteria identified by our partners. We then take the product candidates from the concept stage up to Investigational New Drug (IND) applications. These agreements provide Alligator with development, approval and sales milestone payments in addition to royalties if the partner continues the development and commercialization of the product candidates. Significant revenue can be generated for the company with the potential for these projects to develop into distinct business ventures of their own.

Out-Licensing of drug candidates

Our in-house propriety platforms have proven to be able to generate promising drug candidates, all requiring resources to undergo the necessary drug development steps and studies. A strategic way to develop these drug candidates is by out-licensing the drug candidates to partners at relevant points, such as validation in Phase 1 clinical studies or after Phase 2 Proof-of-Concept has been established. Out-licensing provides short- to medium-term income for Alligator and maximizes the clinical utility and value of the asset in the long-term for the benefit of patients, Alligator and our shareholders.

"Through strategic collaborations and innovative drug development, we're maximizing impact and securing lasting financial benefits. Our approach, balancing scientific expertise and strategic out-licensing, cultivates distinct ventures for patients, Alligator, and shareholders."

The Alligator share

Since 2016, the Alligator share has been listed on Nasdaq Stockholm under the ATORX ticker. Alligator's share capital on December 31, 2023 amounted to SEK 42,169,864.96, made up of 657,954,290 ordinary shares and 949,850 C-shares with a par value of SEK 0.064. On December 31, 2023, Koncentra Holding AB (part of Allegro Investment Fund), was the largest shareholder with 205,840,049 shares corresponding to 31.2 per cent of the share capital and the votes. In 2023, the number of shareholders increased to 10,418 (8,531). The proportion of foreign shareholders was 51.2 per cent (49.3). The ten largest shareholders owned 54.6 per cent (54.6) of the ordinary shares.

Price development and sales

Alligator shares were listed on Nasdaq Stockholm on November 23, 2016. In connection with the listing, a new issue was made at a price of SEK 32.50. The price of the Alligator share was SEK 1.01 (2.61) at the beginning of 2023, and SEK 0.69 (1.55) at year-end. The highest price paid in 2023 was SEK 1.67 (2.67) and the lowest SEK 0.34 (1.30). Alligator's market capitalization was SEK 454 million (342) at the end of 2023. A total of 479 million shares (47) were traded during the year, at a total value of SEK 305 million (91). This corresponds to a turnover of 73 per cent (21) of the Company's shares. The average turnover per trading day was 1,907,765 shares (188,150) at a value of SEK 1.2 million (0.4). On average, 357 transactions (91) were completed on each day of trading.

Ownership, December 31, 2023

In 2023 the number of shareholders increased by 1,887 to 10,418 (8,531). The proportion of foreign shareholders was 51.2 per cent (49.3). The ten largest shareholders owned 54.6 per cent (54.6) of the ordinary shares.

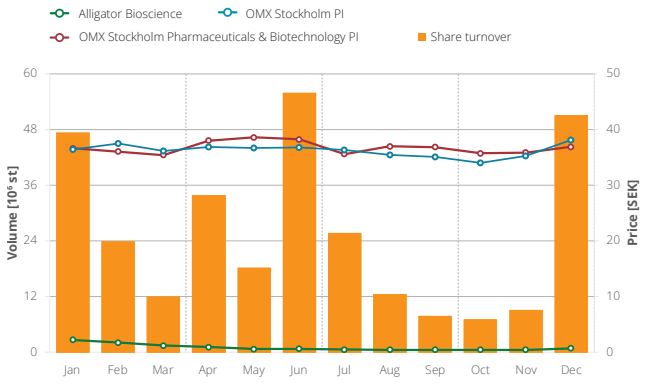
Share capital

The Extraordinary General Meeting on 24 April 2023 resolved to carry out the rights issue and to reduce the share capital within the aggregate SEK 74,435,668.608 from SEK 88,613,891.20 to SEK 14,178,222.592. This reduction means that the quota value per share is reduced from SEK 0.40 to SEK 0.064. The Rights Issue comprised a maximum of 441,169,756 units. Each unit consists of one ordinary share and one warrant. Eight warrants entitle the holder to subscribe for one new ordinary share in the company at a subscription price of SEK 0.40 per share. As a result of the rights issue and through the warrant exercise, the share capital increased by SEK 27,991,642.368 to SEK 42,169,864, resulting in that the total number of shares outstanding in the company increase from 221,534,728 to 658,904,140 whereof 657,954,290 are ordinary shares and 949,850 are series C shares. The total number of votes in the company after the exercise of the warrants amounts to 658,049,275.

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

Alligator has a share saving program and two warrant programs, which is described on page 42 in the administration report. With full dilution of all incentive programs, a further 14,941,206 shares would be subscribed to, yielding a dilution of 2.2 per cent.

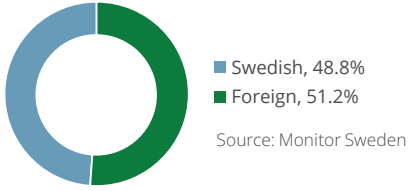
Price and volume development 2023



Brief facts about Alligator shares, Dec 31, 2023

Listed on:	Nasdaq Stockholm Small Cap
Number of shares:	658,904,140
	(657,954,290 ordinary shares och 949,850 C shares)
Market cap:	SEK 454 million (342)
Ticker:	ATORX
ISIN:	SE0000767188

Swedish and foreign ownership



Source: Monitor Sweden

Dividend and dividend policy

Alligator will continue to focus on developing and expanding its product portfolio. Available financial resources and reported profits will therefore be re-invested in the business to finance Alligator's long-term strategy. The Board's intention is therefore not to propose any dividend to shareholders until the Company generates sustainable long-term profitability. Any future dividends, and the amount of these, will therefore be decided in the light of Alligator's long-term growth, financial performance and capital needs taking account of the goals and strategies in place at any given time. Where a dividend is proposed, it will take proper account of the business objectives, scope and risk.

The Board and the CEO propose that no dividend be paid for the 2023 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 46 540 82 00 or e-mailing: info@alligatorbioscience.com.

Future report dates

Interim reports will be published in 2024 on May 6, July 11 and October 24. Year-end report 2024 will be published in February, 2025.

Analysts covering Alligator

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

Largest shareholders, December 31, 2023

Largest shareholders	No. of ordinary shares	%
Koncentra Holding AB (Del av Allegro Investment Fund)	205,840,048	31,2 %
Roxette Photo NV	53,446,475	8,1 %
Avanza Pension	22,953,230	3,5 %
Magnus Petersson	19,124,338	3,1 %
Nordnet Pensionsförsäkring	17,283,888	2,6 %
Johan Zetterstedt	11,187,161	1,7 %
Lars Spånberg	9,641,572	1,5 %
Jonas Sjögren	8,511,419	1,3 %
Öhman Fonder	6,530,782	1,0 %
Pearla Gem Ltd	4,136,681	0,6 %
Other shareholders	299,298,695	45,4 %
Total	**657,954,290**	**100.0**

Source: Shareholder data is based on a report from Monitor as of December 31, 2023.

Shareholder data, December 31, 2023

Size of holding in ordinary shares	No, of shareholders	No, of share-holders, %	No, of shares, %
1-500	3,585	34.41%	0.09%
500-1,000	1,040	9.98%	0.12%
1,001-5,000	2,444	23.46%	0.96%
5,001-10,000	1071	10.28%	1.25%
10,001-15,000	824	7.91%	1.88%
15,001- 20,000	710	6.82%	3.56%
20,001-	744	7.14%	92.14%
Total	**10,418**	**100.00%**	**100,00%**

Source: Shareholder data is based on a report from Monitor as of December 31, 2023.

Our business

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

Important milestones in Alligator's history

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

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

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

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

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

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

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

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

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

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

2019 **ATOR-1017 clinical development**
First patient dosed in Phase 1.

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

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

RUBY®
Novel bispecific format established.

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

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

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

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

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

Neo-X-Prime™
New drug concept launched.

ALLIGATOR-FAB™
New antibody library established.

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

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

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

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

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

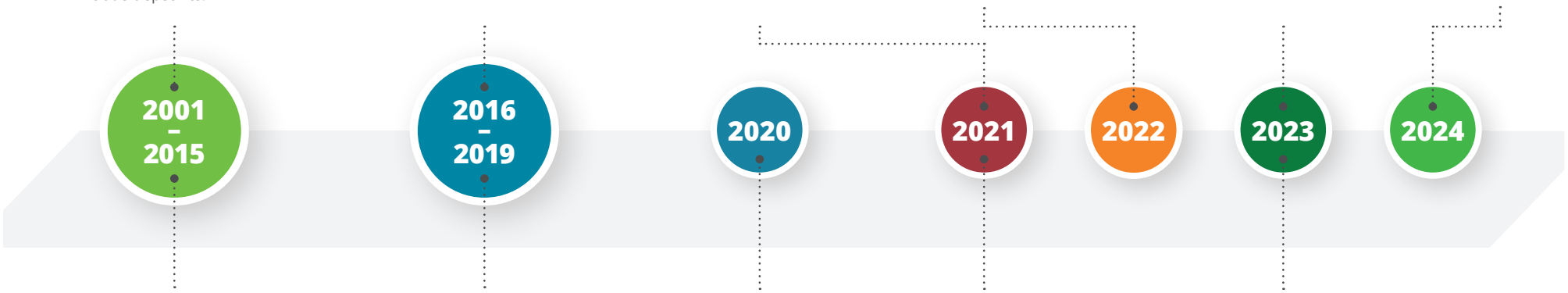
Orion Collaboration
Collaboration expansion to include discovery of additional product candidate, and milestone payment triggered upon achievement of Technical Feasbility in initial project.

OPTIMIZE-1 Phase 2 interim data published
Positive results show 52% ORR* in first January readout, and 44% in June both compare well to 32% in standard of care. Follow-up of patients included in January readout showed deepening of tumor responses and increased ORR* to 57%.

Mitazalimab granted ODD from both FDA and EMA
Key candidate granted Orphan Drug Designation in the US and in the EU for treatment of pancreatic cancer.

Successful rights issue
Rights issue in May and the following warrant period in August generated proceeds of SEK 194 million before issue costs.

OPTIMIZE-1 achieves primary endpoint.
Highly promising mitazalimab data from top-line readout of Phase 2 trial shows an ORR* of 40.4% and a median DoR* of 12.5 months.



References
* For definitions, see the glossary on page 100 of this Annual Report.

How Alligator promotes sustainability

Making sustainability a top priority is essential for Alligator, our employees and other stakeholders. We firmly believe that clearly outlining it in our agenda empowers us to innovation and the growth of the company, as well as improving our brand.

OUR FOCUS:

Improving human health

Alligator is a company strongly committed to corporate responsibility and sustainability, integrating these principles into our day-to-day operations. Operating in an industry where ethical and regulatory considerations play a pivotal role in shaping our activities, we aim to meet established requirements by a significant margin.

The findings from a 2019 assessment of our operations from an ecological, social and economic sustainability perspective have since formed the basis for our sustainability initiatives. As a part of Medicon Village, the first Swedish science park to verify its sustainability efforts according to ISO 26000, we are also pleased to be a part of their initiatives to implement next-generation energy solutions, foster climate-smart constructions and nurture sustainable growth.

Our internal activities have focused on identifying quantifiable metrics that are known to have an impact on sustainability. We now monitor our travels, consumption of heat, cooling, electricity and water, and the amount of waste produced.

In 2023, we have updated our travel policy to emphasize minimizing CO_2 emissions during travels, as well as implemented digital systems where feasible to reduce office waste. This work continues during 2024, as well as assessments to identify additional areas for improvement under our sustainability initiatives.

In 2023, we integrated ESG (Environmental, Social, and Governance) and DEI (Diversity, Equity, and Inclusion) objectives into our corporate goals. Moving forward, they serve as a catalyst for our sustainability commitment.

The United Nations Sustainable Development Goals

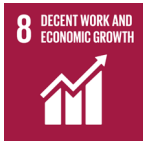
Within the scope of our company's initiatives, we actively contribute to the United Nations' global goals for sustainable development. We identify goals 3, 5, and 8 as the ones where we can effectively exert our positive influence.

3. Good health and well-being

Alligator is a company developing immuno-oncology drugs, and our aspiration to help patients with hard-to-treat cancers is our strongest contribution to society.

5. Gender equality

Alligator strives to be a flexible, inclusive and diverse employer, leveraging the distinct abilities of our employees. Learn more about our team on page 25.



8. Decent work and economic growth

Alligator considers fair working conditions and a balance between work and leisure fundamental. We are convinced that the well-being, safety and development for our employees significantly contributes to innovation and the growth of the company.

Stakeholders

Our primary focus lies in developing best-in-class antibodies for hard-to-treat cancers. Beyond patients, our stakeholders encompass distributors, suppliers, employees, investors, and the public sector. Alligator places a high emphasis on providing transparency to both shareholders and stakeholders.

To fulfill this commitment, up-to-date information is readily accessible on the company's website under the "Investors" tab. This section offers clear, comprehensive, and reliable information tailored different levels of expertise. Communication with shareholders and stakeholders occurs through the website, social media channels, and press releases.

Alligator puts great emphasis on corporate responsibility matters, which you can read more on in the Corporate Governance section of this annual report.

Alligator is also a certified Nasdaq ESG Transparency Partner for 2023, a recognition presented to companies with a high level of transparency to its investors when it comes to Environmental, Social and Governance issues (ESG). The certification is used by Nasdaq to signal engagement in market transparency and in raising environmental standards.

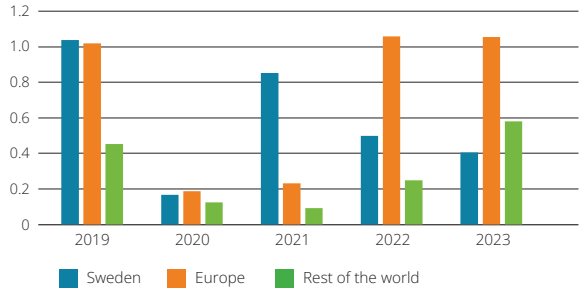
TARGETS FOR 2024

ESG and DEI initiatives continue to be an integrated part of Alligators corporate objectives for Management and employees.

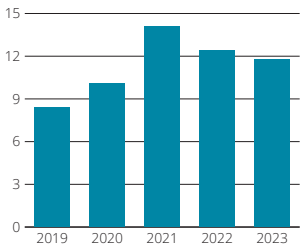
In 2024 we will continue to broaden and structure our sustainability initiatives, and ensure active participation from both employees, Management and and Board members.

Travels

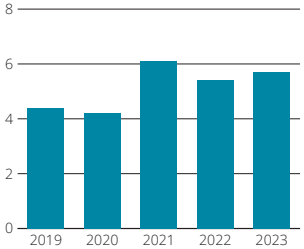
Number of travels per employee



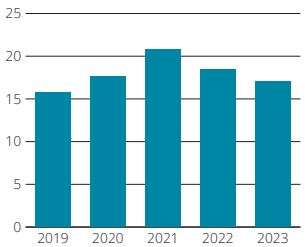
Heat (MWh per FTE)



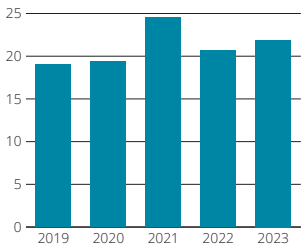
Cooling (MWh per FTE)



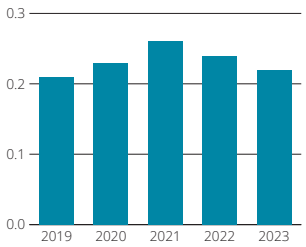
Electricity (MWh per FTE)



Water (m^3 per FTE)



Waste (T per FTE)



Calculations are based on emission data for the company in 2023, as reported to the Company by Medicon Village and SYSAV, and the average number of full-time employees during the year.

References

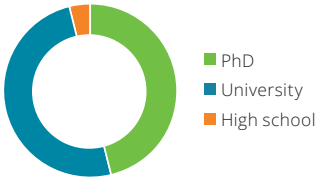
1. Nasdaq ESG Data Portal

We are hard at work
to develop the next generation of tumor-selective immunotherapies

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

Alligator is a clinical-stage biotechnology company that leverages our science and technology to develop tumor-directed immuno-oncology antibody drugs for hard-to-treat cancers. Our organization and success are dependent upon the experience, expertise, commitment, and creativity of our employees. In 2023 the average number of employees in the Group was 56 (50), of whom 39 (36) were women. At the end of the year, the number of employees were 58 (53), of whom 48 (44) were in research and development. Our employees are highly qualified, with more than 96 per cent of our staff having a university education.

Education

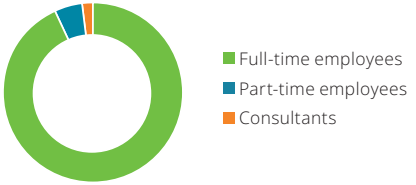


Why Alligator is an attractive employer

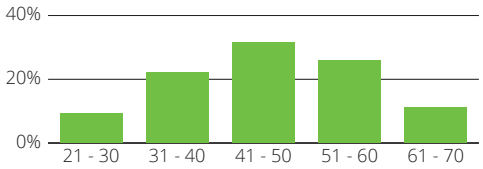
Alligator successfully attracts leading expertise for several reasons. The Company encourages every individual to become an integral part of the world-class research and development conducted by the Company. We also offer everyone the freedom to achieve academic recognition by presenting their research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

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

Employees



Age structure, as a percentage



Gender distribution

In June 2023, the Swedish non-partisan and non-profit foundation Allbright presented its 22st equality report. With the quest to create a more diverse business sector, the Allbright report monitors gender diversity in the management teams of 361 listed companies in Sweden. Alligator was listed number 8 out of 361. Only 25 per cent out of the 361 surveyed companies were green listed. Getting on the green list requires at least a 40/60 split between women and men in senior leadership positions.

In January 2024 Alligator secured a top 15 position on the Nordic Business Diversity Index 2024 by Impaktly, further emphasising our focus on diversity as driving force for innovation.

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

Alligator core values

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

Internal career paths at Alligator

We believe it is important to offer our employees an opportunity to grow and develop within the Company and in their roles. To that end, our yearly employee reviews have a great focus on personal career development, and during 2023, six employees were promoted.

DEI policy

At Alligator Bioscience, we believe that the best way to stimulate innovation is through a diverse, transparent, and psychologically safe working environment. Committed to the Swedish Discrimination Act, our DEI Policy guides our efforts to prevent discrimination and promote workplace equality. This commitment is integral to our business performance, emphasizing a merit-based environment. We've translated this commitment into tangible steps, actively creating a workplace that embodies diversity, equity, and inclusion. This underscores our belief that a diverse workforce is essential for sustained innovation and success.

References

1. Allbright report "The alarm that awakened the stock exchange", June 2023
2. Impaktly "Nordic Business Diversity Index 2024", January 2024

How our core values contribute to the work at Alligator

HR Manager Björn Jonasson joined Scientist Frida Björk Gunnarsdottir and last year's Core Value Award winner Anna-Liv Sandberg, to discuss Alligator's core values and how they shape our company culture.

Björn: Our four core values are collaboration, curiosity, trustfulness, and accountability. We succeed through collaboration, we are driven by curiosity, we build a trustful workplace and we are accountable for our actions. Have you found these values well represented during your time working at Alligator?

Frida: I do think our values are represented in our day-to-day work here at Alligator. As a scientist I collaborate with colleagues every day, not only within my department but broadly within our company. The teamwork is great, and we all work towards our shared goal of designing and applying innovative antibody technologies that will in the end benefit patients. The great part about our organization is that it is compact, and everyone knows each other, which makes collaborating as a team easy. It's a joy to come to work and work with intelligent, highly qualified and driven colleagues that trust each other.

Björn: Would you say that the company benefits from its core values?

Anna-Liv: I believe that these core values have allowed Alligator to be seen as an attractive place to work. And I would say that our core values has been a factor in the recent mitazalimab Phase 2 data - that our collaboration and accountability has helped us deliver a safe and efficacious treatment in this challenging indication where so many other anti-CD40 agonists have failed. Not too mention that we delivered this top-line data 9 months earlier than expected.

Frida: Even though our core values are something everyone should strive to work after, I really do think that we at Alligator make sure that the values are visible, and we bring attention to how they are mirrored in the work we do. It's good to be reminded that our core values unite us and that we are all working towards a mutual goal, which helps us drive the company forward. With one of the core values being curiosity, it highlights the diverse and innovative group of people that work for Alligator. I think what Alligator has delivered over the last few years is a testimony of what this work environment can bring to patients and the world of science. Since I am relatively new at the company, I want to say that it's also inspiring to work with people that have been with the company for a long time, and how they have evolved along with our technology platform.

Björn: I am glad you make that point—we firmly believe it is vital that employees have opportunities to grow and progress. For that reason, our annual employee reviews emphasize personal development within the company.

Anna-Liv: And you can see that in the way that employees have risen-up through the company and taken leadership positions. I believe you can tell that Alligator has a genuine belief that people can do and want to do much more than the specific job description they have been hired for.

Frida: We are also not afraid to present our work to industry and academia at conferences, or through publication of articles in scientific journals, and to connect and collaborate closely with academia. Lund and its universities have some of the greatest potential in our field and having that connection benefits us greatly. With our employee reviews, I think you can feel that we truly believe that we are making a difference, and our work is important. We are accountable for our work because we believe in what we do here at Alligator.

Björn: How do you think that this has affected Alligator in terms of the Company's reputation?

Frida: Certainly, Alligator has a very strong brand within the academic circles I am familiar with, and much of that has to do with the Company's team spirit and its reputation as a rewarding place to work.

Anna-Liv: I would say the same is true for Alligator's standing with regards to our industry collaborators, who are well aware of how capable and dedicated the whole Alligator team is and that the success of the company is built upon the expertise and commitment of its employees. I believe that the many partnerships Alligator is engaged into is a testimony of the quality of the work each of its employees is providing.

Björn: And from our point of view, we can see that by empowering our employees and giving them opportunities to grow and get the most out of their work at Alligator means that the company in turn benefits hugely from their input. Our core values are central to that dynamic.

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

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.

We focus 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 our 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, a concept launched in 2020. We are currently developing a proprietary Neo-X-Prime® molecule, ATOR-4066, in pre-clinical phase 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

Successful Phase 2 in first-line pancreatic cancer with highly differentiated top-line results

Mitazalimab is a fully human CD40 agonistic antibody and is Alligator's most advanced drug candidate, designed for the treatment of metastatic cancers, with pancreatic cancer as the first indication. Positive top-line results from the OPTIMIZE-1 Phase 2 study evaluating mitazalimab combined with mFOLFIRINOX in metastatic pancreatic cancer demonstrated an Objective Response Rate of 40.4%, median Overall Survival of 14.3 months and median Duration of Response of 12.5 months, positioning mitazalimab in combination with mFOLFIRINOX as the potential upcoming standard of care in that indication.

Background

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

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

OPTIMIZE-1

In the third quarter of 2021, the first patient was dosed in OPTIMIZE-1, a Phase 2 study designed to further assess the efficacy and safety of mitazalimab in combination with standard-of-care chemotherapy, mFOLFIRINOX, for the treatment of first-line metastatic pancreatic cancer. OPTIMIZE-1 is a single arm, open-label, multi-center study performed at clinical sites in Belgium, France and Spain, which enrolled 57 patients in total. The chemotherapy cocktail used, mFOLFIRINOX, kills tumor cells leading to increased release of tumor antigens. This, together with the activation of CD40 by mitazalimab leads to improved presentation of tumor antigens, and the consequent induction of T cell-dependent antitumor responses.

During 2023, mitazalimab data were presented at leading medical conferences such as the AACR Special Conference on Pancreatic Cancer, the International Cancer Immunotherapy Conference (CICON), the 3rd Annual Tumor Myeloid-Directed Therapies Summit and the ASCO Annual Meeting, and published in the scientific journal *Cells*.

Project status: Positive top-line Phase 2 readout

2023 was a very successful year for mitazalimab. Pre-planned interim efficacy analysis from the OPTIMIZE-1 Phase 2 study was announced in January 2023 demonstrating a 52% unconfirmed Objective Response Rate (ORR)* in the first 23 patients . This ORR was subsequently confirmed June, suggesting a durable benefit for pancreatic cancer patients treated with mitazalimab in combination with mFOLFIRINOX .

Top-line results were announced in January 2024, nine months earlier than originally planned, and demonstrated an ORR of 40.4% and a median Overall Survival (mOS)* of 14.3 months in the entire patient population. These strong data are noteworthy, especially in the light of an ORR of 31.6% reported with FOLFIRINOX in a similar patient population and the 11.1 months of mOS demonstrated by FOLFIRINOX over a decade ago[1] and confirmed by the 11.1 months demonstrated by NALIRIFOX in 2023[2].

References

* For definitions, see the glossary on page 100 of this Annual Report.

1. Conroy et al., N Engl J Med 2011; DOI: 10.1056/NEJMoa1011923
2. Wainberg et al., Lancet 2023; DOI: 10.1016/S0140-6736(23)01366-1

Regulatory and Intellectual Property Achievements

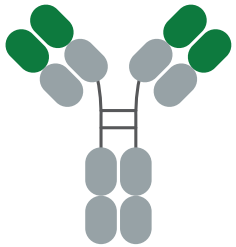
During 2023, Alligator received Orphan Drug Designation for mitazalimab in pancreatic cancer from the US Food and Drug Administration (FDA) and Orphan Designation from the European Medicines Agency (EMA). These orphan designations confer significant regulatory and financial benefits, including marketing exclusivity upon approval, giving mitazalimab stronger commercial protection in the two key markets of the US and EU.

Alligator also strengthened the mitazalimab Intellectual Property position in 2023 with a new patent granted by the European Patent Office covering mitazalimab's composition of matter until 2038. This new patent provides vital further protection for Alligator's lead asset in Europe and is a significant addition to the mitazalimab patent portfolio, which now stands at 48 granted patents and 25 pending patents covering multiple territories, including Europe, North America, Asia and more. Protecting its intellectual property is a key pillar of Alligator's business strategy and provides a strong foundation for its drug development program and partnering discussions.

In April 2023, the FDA cleared Alligator's Investigational New Drug (IND) application for the OPTIMIZE-2 Phase 2 trial to evaluate mitazalimab in urothelial carcinoma, which will hedge the medical risk and maximize the long-term value of mitazalimab.

Mechanism of action

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



Interim pharmacodynamic analyses have demonstrated that increases in CD4 effector T cells correlate with treatment outcomes, suggesting a mitazalimab-specific contribution to tumor responses in patients with metastatic pancreatic cancer. Preclinical results have also shown that mitazalimab can be used to treat many different types of cancer.

Clinical development objectives in 2024

Alligator undertook discussions with the US Food and Drug Administration (FDA) and was able to establish a clear development and approval pathway for mitazalimab in pancreatic cancer. Based on the emerging data from the OPTIMIZE-1 study, the FDA provided guidance and endorsed OPTIMIZE-1 as a Phase 3-enabling study. Consequently, mitazalimab can proceed directly to a global Phase 3 registration study. Alligator expects to complete all the necessary preparations during 2024 with the Phase 3 study due to initiate in early 2025.

ATOR-4066

Our Next Generation CD40-agonist

ATOR-4066 is a preclinical first-in-class Neo-X-Prime® bispecific antibody which targets CD40 and carcinoembryonic antigen 5 (CEACAM5), a tumor-associated antigen (TAA)* that is highly expressed in many cancers. Alligator has demonstrated the potential of ATOR-4066 to induce strong anti-tumor responses in CEACAM5-expressing tumors along with the ability to remodel the tumor microenvironment through myeloid cell activation, allowing for the more efficient treatment of cancer.

Background

Cancer indications with poor T cell infiltration or deficiencies in T cell priming and associated unresponsiveness to established immunotherapies represent an unmet medical need in oncology. In a bid to meet this need, Alligator leveraged its Neo-X-Prime® technology platform to create CD40 × TAA bispecific antibodies to efficiently enhance the priming of tumor neoantigen-specific T cells, thereby increasing the quantity and/or quality of the tumor-targeting T cell pool and enhancing anti-tumor activity.

In a scientific article published in the *Journal for ImmunoTherapy of Cancer* in November 2022, Alligator demonstrated how the anti-tumor activity of the Neo-X-Prime® bispecific antibodies was significantly superior to monospecific CD40 antibodies. The data also showed that the CD40 × TAA bispecific antibodies induced TAA-conditional CD40 activation both in vitro and in vivo, indicating the potential for a wide therapeutic window for Neo-X-Prime® antibodies.

Project status: Encouraging preclinical data featured in high-profile presentations

In April 2023, Alligator presented a poster at the American Association for Cancer Research (AACR) Annual Meeting which highlighted the potential of ATOR-4066 to induce strong anti-tumor responses in patients with CEACAM5-expressing tumors. CEACAM5 is overexpressed in many cancers, including colorectal, gastric, pancreatic and non-small cell lung cancer, with only limited expression in normal adult tissue. Alligator believes that makes CEACAM5 an ideal target for a tumor-directed bispecific conditional CD40 agonist like ATOR-4066.

A second poster presentation at the Society for Immunotherapy of Cancer (SITC) Annual Meeting in November 2023, further underlined ATOR-4066's superior anti-tumor effect compared to CD40 monospecific antibodies. The data presented also highlighted the enhanced effect of ATOR-4066 when combined with anti-PD-1 agent, strongly emphasizing the potential of ATOR-4066 as a monotherapy and as a combination partner for checkpoint inhibitors.

Mechanism of action

ATOR-4066 is a bispecific antibody aimed at very specifically remodeling the tumor microenvironment and activating tumor-infiltrating immune cells in CEACAM5-expressing tumors.

Clinical development objectives in 2024

ATOR-4066 has demonstrated significant potential during its preclinical phase of development and Alligator remains committed to advancing the drug candidate into a Phase 1 trial as the next step of its development.

References

* For definitions, see the glossary on page 100 of this Annual Report.

ATOR-1017

Promising tumor-directed therapy for metastatic cancer

ATOR-1017 is a monoclonal antibody designed to selectively stimulate immune responses within tumors by binding to the 4-1BB molecule on T cells and Natural Killer (NK) cells, directly stimulating these cells to attack and kill cancers cells more effectively. ATOR-1017 is being clinically developed for the treatment of metastatic cancer, either as stand-alone or in combination with standard-of-care.

Background

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

Project status: Final results from clinical Phase 1 study

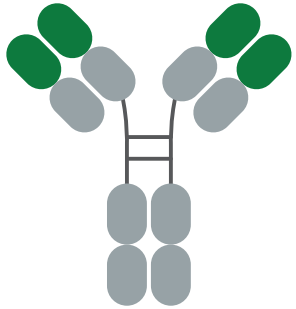
The safety, tolerability, and pharmacology of ATOR-1017 was evaluated in a Phase 1, first-in-human, dose escalation study in patients with advanced and/or refractory solid cancer. The primary objective of the study was to investigate the safety and tolerability of ATOR-1017, and to determine the recommended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

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

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

Mechanism of action

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



Clinical development objectives in 2024

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

ALG.APV-527

Innovative bispecific antibody with potential in solid tumors

ALG.APV-527 is a bispecific antibody which Alligator has been co-developing with our partners Aptevo Therapeutics since 2017. ALG.APV-527 contains both tumor-binding (5T4) and immunomodulatory (through 4-1BB) effects in one molecule and is only active upon simultaneous binding to its two target molecules.

Background

The immunomodulatory part of ALG.APV-527 recognizes and activates 4-1BB, while the tumor-binding part targets the tumor-associated antigen 5T4. Immune cell stimulation through 4-1BB is likely clinically important as 4-1BB is able to stimulate tumor-specific T cells and NK cells involved in tumor control. 5T4 is a protein expressed in multiple tumor types, including certain types of aggressive tumors, however, its expression in normal tissue is absent or low making it a compelling target molecule for cancer therapy.

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

Project status: Phase 1 clinical study underway

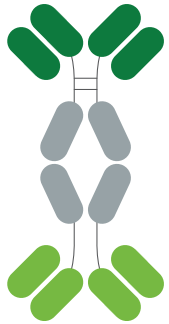
In September 2022, the US Food and Drug Administration (FDA) issued a "may proceed" notification for our investigational new drug (IND) application for ALG.APV-527, allowing us to initiate Phase 1 clinical trial. The first patient was dosed at the start of 2023 in this Phase 1 aimed at evaluating the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

This was an important milestone in the development of ALG.APV-527 demonstrating not only the strength and effectiveness of our partnership with Aptevo, but also providing us with the opportunity to clinically assess ALG.APV-527's tumor-directed 4-1BB function, its promise of a broad therapeutic window and its highly differentiated safety and efficacy profile compared to the first generation of 4-1BB agonists.

In March 2024 the first interim data from the dose-escalation trial with the candidate were announced, demonstrating early signs of efficacy and encouraging safety and pharmacokinetics data.

Antibody

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



Clinical development objectives in 2024

Alligator and Aptevo are continuing the ongoing Phase 1 multi-center, multi-cohort, open label trial evaluating the safety, tolerability, and clinical activity of ALG.APV-527 in adult patients with solid tumors expressing the 5T4 antigen, with additional results expected during the second half of 2024.

Exploring the Potential of Mitazalimab in Pancreatic Cancer: Insights from OPTIMIZE-1 Data with Dr. Zev Wainberg

Dr. Zev Wainberg is Professor of Medicine at University of California, Los Angeles (UCLA) and co-director of the UCLA Gastrointestinal (GI) Oncology Program. He is an academic medical oncologist specializing in gastrointestinal malignancies and has led several early phase, translational as well as global confirmatory clinical trials with novel therapeutic approaches over the past years. We spoke to him about the current treatment landscape in pancreatic cancer and what insights the OPTIMIZE-1 data give about mitazalimab's potential to provide clinically relevant benefit to patients.

What are the challenges and the current unmet medical need in pancreatic cancer?

While patients with many cancers have benefited from great therapeutic advancements over the last few decades, pancreatic cancer has remained the one with very limited therapeutic alternatives and still extremely poor prognosis and one of the lowest survival rates. Only a small proportion of patients (approximately 15-20 %) have a localized tumor at diagnosis that can be surgically removed, aimed at cure. In the remaining 80% of cases, the diagnosis is made at an unresectable stage with many presenting with advanced, metastatic disease. Symptoms are usually vague and may not appear until the disease is at an advanced stage, and thus, a large majority of patients for whom surgery is not possible have very few effective treatment options open to them, with chemotherapy regimens being the standard of care. Thus, metastatic pancreatic cancer, also known as mPDAC is an indication with a great medical need for novel innovative immunotherapies, such as mitazalimab.

What's caught your eye in the OPTIMIZE-1 data so far?

While we cannot be certain that a high Overall Response Rate will translate into actual therapeutic benefit, I have been particularly interested in the Duration of Response which has been impressive in the OPTIMIZE-1 trial. Better Duration of Response usually corresponds with better overall survival benefit which is clearly notable with mitazalimab in combination with mFOLFIRINOX. It's also worth highlighting the tolerable safety profile demonstrated by mitazalimab both as a single agent but more importantly in combination with mFOLFIRINOX. This could potentially allow patients with poorer performance status (i.e. worse ECOG scores), to be treated with this immuno-chemotherapeutic combination, which is especially important in the context of metastatic disease. An important point as well was the way mitazalimab was used in the OPTIMIZE-1 study. Instead of combining mFOLFIRINOX with mitazalimab from the get go, the Alligator trial starts with a priming dose of mitazalimab alone, which allows the immune system to be activated. This is followed by the mFOLFIRINOX chemotherapy a week later, which then is able to penetrate the tumor as profoundly as possible, translating into a deeper tumor reduction. I believe that continued mitazalimab together with mFOLFIRINOX (in many cases with reduced doses as required) contributes to a longer duration of response. This treatment sequencing allows maximum efficacy of mFOLFIRINOX, combined with optimal safety and would become standard of care should that combination confirm its efficacy in a pivotal study and be approved.

> "Mitazalimab shows promise in pancreatic cancer, enhancing mFOLFIRINOX effects with a notably extended Duration of Response. I believe it could be a game-changer in pancreatic cancer."

What role do you think mitazalimab has to play in the current treatment landscape for pancreatic cancer?

I believe that mitazalimab has the potential to be a game-changer in pancreatic cancer. The data indicate that the addition of mitazalimab to the chemotherapy regimen of mFOLFIRINOX increases its anti-tumor effect, maintained over a longer time. The response rates from the OPTIMIZE-1 trial are either comparable or higher to the current standard of care (around 32 to 42%). Whereas, the duration of response in the OPTIMIZE-1 study is especially longer than most trials, almost double the duration reported by most frontline therapies including standard of care as well as experimental therapies. More importantly the median Overall Survival is more than 14 months, comparing favorably to the 11.1 months demonstrated by standard of care FOLFIRINOX, as well as a more recently studied chemo-therapy NALIRIFOX which was approved by the FDA in February 2024. These are very exciting results which highlight the clinical significance of the mitazalimab-mFOLFIRINOX combination, particularly when compared to current therapeutic options and their outcomes.

What needs to happen next in the development of mi-tazalimab for it to achieve its potential?

I would like to see mitazalimab developed further in combination with mFOLFIRINOX in a global randomized Phase 3 trial. This is considered as the gold standard for a treatment to be considered practice changing and becoming the new standard of care. A large study like this will also provide additional important insights into molecular features of the tumor which may have an impact on the outcomes such as response and overall survival. Lastly, these data also open the door for broadening mitazalimab's development into various other tumor types where there is a clear unmet need, making it a valuable therapeutic option for multiple cancer patients.

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 2023 financial year for the Parent Company and the Group.

Overview of business 2023

Alligator's business

Alligator Bioscience AB is a public Swedish biotechnology company that develops novel immuno-oncology drugs for tumor-directed immunotherapy, with the aim of providing more effective treatment with fewer side effects. The strategy is to develop drug candidates that selectively stimulate the immune system in the tumor region, rather than the whole body. There is a major unmet medical need for novel and improved therapies in this area.

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

Focus

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

Employees

The average number of employees in the Group in 2023 was 56 (50), of whom 39 (36) were women. At the end of the year, the number of employees was 58 (53), of whom 48 (44) were in research and development. Salaries, remuneration and other employee-related expenses totaled SEK 79.3 million (68.8).

Significant events in 2023

Continued focus on the clinical development portfolio.

During the year, the continued work of taking the clinical portfolio through clinical trials have resulted in the Company running its first Phase 2 study with mitazalimab towards an efficacy readout, and invested in process developement of Phase 3 material. In co-operation with Aptevo Therapeutics, the Company has also started a Phase 1 dose escalation study with ALG.APV-527.

During 2023 the company continued working with ATOR-4066, developed using Alligator's proprietary technology platform Neo-X-Prime®.

In 2021, the Company entered into a research and licensing agreement with Orion Corporation. The agreement includes an opportunity to develop three bispecific antibodies and in December 2022, Orion used the option to expand the agreement and initiate the second program. According to the agreement, Orion Corporation had selected bispecific lead antibodies in the first program and exercised its option to develop these molecules further. Furthermore, the Company achieved a Technical Feasibilty milestone in the second program under the agreement. This means that Alligator received a total of 1 million euros in license fees during 2023.

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

Mitazalimab – positive interim efficacy analysis in OPTIMIZE-1

The Phase 2 clinical trial OPTIMIZE-1 is assessing the efficacy and safety of mitazalimab as a first-line treatment for disseminated pancreatic cancer in combination with the standard chemo-therapy treatment mFOLFIRINOX. OPTIMIZE-1 is a one-armed, open multicenter study conducted in clinics in Belgium, France and Spain which recruited 57 evaluable patients. This is the first Phase 2 study with mitazalimab to evaluate the efficacy and safety of the drug in combination with chemotherapy in patients with advanced pancreatic cancer.

Following the release of two sets of highly encouraging interim efficacy data in January and June 2023, the full top-line readout from OPTIMIZE-1 was announced on January 29, 2024, with the study meeting its primary endpoint with an Objective Response Rate of 40,4%, a Duration of Response of 12.5 months and a median Overall Survival of 14.3 months. The results indicate a highly differentiated effect of mitazalimab in combination with mFOLFIRINOX in pancreatic cancer compared to the standard of care.

Based on the OPTIMIZE-1 data, Alligator has held discussions with the FDA to establish a clear development and approval pathway for mitazalimab in pancreatic cancer. The FDA advised on the design of the proposed Phase 3 registration study, which Alligator expects to initiate in early 2025, as well as the necessary steps for mitazalimab to receive regulatory approval.

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

ATOR-1017 is Alligator's second most advanced program and successfully completed Phase 1 dose escalation study during 2022. The study was designed to assess the safety and tolerability of ATOR-1017 in patients with advanced, solid cancers, and to establish a recommended Phase 2 dose for future studies. Clinical data generated to date have shown a favorable pharmacokinetic profile and proof-of-mechanism biomarker responses.

Data published in the journal *Cancer Immunology, Immunotherapy* in October 2023 demonstrated how the design, detailed binding epitope (binding site) on 4-1BB and molecular properties of ATOR-1017 translate into very potent activity both in vitro and in vivo, as monotherapy and in combination with anti-PD-1 treatment, while being very well tolerated in preclinical models. The preclinical data presented in the article support the results of the recent successful Phase 1 dose-escalation study of ATOR-1017 warrant further development of the molecule. Alligator is now in the process of identifying a partner before the initiation of phase 2 clinical trials with ATOR-1017.

ALG.APV-527 first patient dosed in phase 1 dose escalation study

ALG.APV-527 is a bispecific antibody co-developed with Aptevo Therapeutics Inc. The candidate binds the target molecules 4-1BB and 5T4, and is intended for the treatment of advanced solid tumors. The ongoing clinical Phase 1 trial is conducted in the US, and dosed its first patient in February, 2023.

In March 2024 the first interim data from the dose-escalation trial were announced, demonstrating early signs of efficacy and encouraging safety and pharmacokinetics data.

ATOR-4066 a pre-clinical program
ATOR-4066 is the company's most recent molecule, a tumor-directed bispecific antibody that binds CD40 and CEACAM5. CEACAM5 is a tumor-associated antigen, preliminary expressed by certain tumor types such as colorectal-, gastric- and pancreatic cancer. In 2023, Alligator presented preclinical ATOR-4066 data at the 2023 AACR Annual Meeting, the Annual Tumor Myeloid-Directed Therapies Summit, and the 2023 SITC Annual Meeting. The presented data show the ability of ATOR-4066 to remodel the immune microenvironment and activate tumor-infiltrating immune cells, demonstrating the promise of this new drug candidate and strongly supporting further development towards the clinic.

Neo-X-Prime®
Neo-X-Prime® is a drug concept for patient-specific 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 parallel with driving ATOR-4066 forward, Alligator has initiated the design of novel Neo-X-Prime® molecules against a set of validated tumor associated antigens. As a part of our proprietary pipeline, we believe these molecules provide future growth opportunities for Alligator.

In April 2021, Alligator entered a research collaboration with MacroGenics, Inc., an American biopharmaceutical company. Within this research collaboration, the companies have in 2023 continued with activities to develop the candidate molecule and prepare for preclinical studies that enable clinical studies. Thereafter, the companies can continue the development of the resulting bispecific molecule under a separate agreement on co-development and licensing.

Conflicts in the world
Many wars and conflicts are raging around the world, resulting in enormous human suffering. The Russian invasion of Ukraine has worsened the political security situation in the rest of the world and created great uncertainty in the financial markets, which may affect the Company's ability to finance clinical trials in the future. The conflict between Israel and Palestina has been going on for decades and has flared up many times over the years. Recently, the violence has escalated and caused enormous suffering. Some other countries around the world are also at war right now.

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

Organization and management strengthened
In February the company announced the promotion of Laura von Schantz to Chief Technology Officer and her joining the executive management team. Laura joined Alligator in 2014 and was most recently Vice President, Discovery.

Significant events after the end of the period
Positive initial interim results from ALG.APV-527 Phase 1 dose-escalation trial
On March 7, Alligator and Aptevo announced initial interim data from the Phase 1 dose-escalation trial with ALG.APV-527. The data demonstrated early signs of efficacy and encouraging safety and pharmacokinetics data.

Annoucement of planned restructuring
On February 8, the Company announced that it plans to adjust the size of its organization. The planned restructuring remains subject to negotation with the relevant trade unions, but would result in a reduction od approximately 20-25% of the current workforce.

Announcement of rights issue
On February 8, the Company announced that they will perform a rights issue, which was approved by the Extraordinary General Meeting on March 14, 2024.

Positive top-line results from mitazalimab OPTIMIZE-1 Phase 2 trial in 1st line pancreatic cancer Phase 2 trial in 1st line pancreatic cancer
On January 29, the top-line readout from the trial demonstrated that mitazalimab achieved a 40.4% Objective Response Rate, meeting the study's primary endpoint and confirming the benefit of mitazalimab combined with mFOLFIRINOX. Median Overall Survival and Duration of Response data also showed that mitazalimab provides significant survival advantage to pancreatic cancer patients, compared to standard of care FOLFIRINOX.

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 58,107 thousand (35,696). Income for the year ware generated primarily based on the research and licensing agreement with Orion Corporation. The previous annual income was also generated from the research and licensing agreement with Orion Corporation.

Other operating income of SEK 3,795 thousand (1,439) relates mainly to exchange gains in the Company's operations and government grants for doctoral positions and projects. In the year-earlier period, revenue comprised of insurance compensation, exchange gains in the Company's operations and government grants for a doctoral position.

Operating costs amounted to SEK -310,884 thousand (-229 925). The costs increased compared with the previous year and are mainly attributable to staff and external costs for ongoing clinical studies as well as preparing for a future clinical Phase 3.

The operating loss amounted to SEK -248,983 thousand (-192,789).

Total financial items amounted to SEK 397 thousand (-614) and pertain to exchange gains/losses as a result of liquidity positions in EUR, GBP, and USD. In the year-earlier period it also pertained to exchange rate gains/losses in operations.

The Group had no tax cost for 2023 (-). At the end of 2023, the Group's cumulative tax loss carryforwards amounted to SEK 1,522 million (1,250).

Loss before and after tax was SEK -248,586 thousand (-193,406). Loss per share before and after dilution was SEK -0.55 (-0.88).

Financial position

At year-end, equity amounted to SEK 11,855 thousand (89,051). At the end of the period, this corresponded to equity per share outstanding of SEK 0.02 (0.40) before and after dilution.

The board has noted that more than half of the booked registered equity is below half of the registered share capital. The company has considered the provisions in Chap. 25 in the Swedish Companies Act and concluded that the company has large un-booked values (in amongst others, the mitazalimab project) that with good margin restores the share capital.

Consolidated cash comprised bank balances and totaled SEK 66,118 thousand (97,305) at the end of the period. The Company works continuously to secure the financing of the operation. This include both business development for new partnering agreements, with an upfront payment upon signing, as well as other options. On February 8, 2024, the Board of Directors resolved to carry out an issue of shares and warrants with preferential rights for the Company's exisiting shareholders of initially approximately SEK 150.9 million, which was approved at the extraordinary general meeting on March 14, 2024. To secure the Company's liquidity needs until the completion of the rights issue, the Company has entered into agreements on bridge loans of a total of approximately SEK 58.8 million with Koncentra and Roxette Photo SA. If the Rights issue is oversubscribed, the Board of Directors of the Company may carry out an Over-Allotment issue, corresponding to initially approximately SEK 100.0 million before issue costs, directed to investors who have subscribed for units in the Rights issue without receiving full allotment.

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

Investments and cash flow

Investments for the full-year totaled SEK 2,459 thousand (440). Of these, SEK 1,727 thousand (440) was invested in laboratory equipment. Cash flow for the year amounted to SEK -30,183 thousand (-180,875).

Future outlook

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

The Company works continuously to secure the financing of the operation. This includes both business development for new partnering agreements, with an upfront payment upon signing, as well as other financing options. In February 2024, the Company announced that they will perform a rights issue, which was approved at the Extraordinary General Meeting on March 14, 2024. Following the rights issue, the Company's assessment is that the financial resources are sufficient for the coming 12 months.

Environmental information

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

Guidelines for remuneration of senior executives

According to the Swedish Companies Act, the Annual General Meeting shall decide on guidelines for remuneration to the CEO and other senior executives. Guidelines were adopted at the Annual General Meeting on May 5, 2020. No deviations from these guidelines have been made. The Board of Directors proposes that unchanged principles for remuneration to the CEO and other senior executives shall apply from the Annual General Meeting 2024. 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, CMO, CSO and CTO. The guidelines also encompass any remuneration to members of the board of directors, in addition to board remuneration.

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

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

The Company's business model is based on proprietary drug development. To maximize the value of the portfolio, the Company intends to bring molecules from drug discovery and preclinical studies to demonstration of Proof-of-Concept in human clinical Phase 2 trials and beyond. To generate income, limit portfolio risk, and maximize long-term value, the Company seeks strategic global and regional partnerships for certain programs and technologies.

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

Long-term share-based incentive programs have been implemented in Alligator. For further information about these programs, see page 42 of this report. The share-based incentive programs have been approved by the general meeting and are therefore not covered by these guidelines.

Types of remuneration, etc.

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

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

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

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

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

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

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

Additional variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are only made on an individual basis, either for the purpose of recruiting or retaining senior executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 30 per cent 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 per cent of the fixed annual cash salary.

Other benefits
Other benefits may include i.a. life insurance, medical insurance, and a company car. Premiums and other costs relating to such benefits may amount to a total of not more than the lower of SEK 15.000 per month or 20 per cent 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 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 per cent of the fixed cash salary at the time of termination of employment, unless otherwise provided by mandatory collective bargaining agreements, and shall be paid during the time as the non-compete undertaking applies, however not for more than 12 months following termination of employment.

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

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

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

Deviation from these guidelines

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

Share capital and ownership

Alligator's share capital on December 31, 2023 totaled SEK42,169,864.96, made up of 657,954,290 ordinary shares and 949,850 C-shares with a par value of SEK 0.064. Each ordinary share entitles the holder to one vote and the and series C shares shall carry one-tenth of a vote per share at the Annual General Meeting. On December 31, 2022, Koncentra Holding AB (part of Allegro Investment Fund), was the largest shareholder with 205,840,049 shares corresponding to 31.2 per cent of the share capital and the votes.

Share incentive programs

Share saving program LTI 2021

At the annual general meeting 2021 it was resolved to implement a long-term incentive program by way of a performance-based share saving program for employees in the company ("LTI 2021"). For each ordinary share acquired by the participant on Nasdaq Stockholm, so called saving shares, the participant has a right to receive so called matching shares. In addition, given that a requirement related to the development of the company's share price from the day of the annual general meeting 2021 up until 30 September 2024 has been achieved, the participant has a right to receive further shares in the company free of charge, so called performance shares. After recalculation due to a completed rights issue in 2021, each saving share entitles to 1.4406 matching shares. The thresholds for the receipt of one, two or four performance shares per saving share amounts to SEK 13.39 for receipt of one performance share, SEK 26.78 for receipt of two performance shares and SEK 44.63 for receipt of four performance shares.

Possible dilution from share saving program

The maximum number of ordinary shares that can be issued in relation to LTI 2021 amount to 1,419,206, whereby 1,079,901 for the deliverance of matching shares and performance shares to participants and 339,305 to hedge payments of future social security contributions, which corresponds to a dilution of approximately 0.22 per cent of the company's share capital and votes.

Warrant programs, LTI 2022 I/II

At the annual general meeting 2022 it was resolved to implement a long-term incentive program by way of a warrant program for employees in the company ("LTI 2022-I"). The annual general meeting 2022 also resolved to adopt a warrants program for certain board members of the company, (LTI 2022- II").

Each warrant in LTI 2022-I/II entitle to subscription of 1.32 ordinary shares in the company. Subscription of shares by virtue of the warrants may be effected as from 1 June 2025 up to and including 30 June 2025. Due to the rights issue in 2023 the subscription price per share for above warrant programs, was recalculated to SEK 2.57.

Possible dilution from share saving program

In case all warrants issued within the Warrant program LTI 2022I/II program are utilized for subscription of new ordinary shares, a total of 3,786,132 new ordinary shares will be issued, which corresponds to a dilution of approximately 0.57 per cent of the company's ordinary shares after full dilution. Each option entitles to 1.32 shares. All warrants have been transferred to the participants at fair market value.

Warrant programs 2023/2023-II

At the annual general meeting 2023 it was resolved to implement another long-term incentive program by way of a warrant program for employees in the company and for certain board members ("Warrant program 2023", respectively "Warrant program 2023-II"). In case all warrants issued within the Warrant program 2023/2023- II program are utilized for subscription of new ordinary shares, a total of 10,395,000 new ordinary shares will be issued, which corresponds to a dilution of approximately 1.56 per cent of the company's ordinary shares after full dilution.

Possible dilution from share saving program and warrant programs

In case both the existing incentive programs as well as the warrant programs proposed for the annual general meeting are exercised in full, a total of 14,941,206 ordinary shares will be issued, which corresponds to a total dilution of approximately 2.22 per cent of the company's ordinary shares.

Proposal for treatment of accumulated loss

The Board proposes that sums available to the shareholders' meeting:

Share premium reserve	1,055,223,542
Accumulated losses	-836,952,651
Loss for the year	-248,586,086
Total	-30,315,195

The Board of Directors proposes that Alligator Bioscience does not pay dividends for the financial year 2023.

Carried forward to new account	**-30,315,195**

Multi-year overview of the Group

Performance measures, Group	2023	2022	2021	2020	2019*
Profit/loss (KSEK)					
Net Sales	58,107	35,696	12,943	4,352	4,358
Operating profit/loss	-248,983	-192,789	-141,565	-144,298	-214,519
Profit/loss for the year	-248,586	-193,403	-141,736	-143,296	-210,112
R&D Costs	-264,585	-186,945	-110,123	-110,252	-173,601
R&D Costs as a percentage of operating costs excluding impairments	85.1%	81.3%	70.3%	73.0%	78.9%
Capital (KSEK)					
Cash and cash equivalents including securities at end of year	66,118	97,305	278,148	103,342	249,886
Cash flow from operation activities	-189,285	-172,607	-127,004	-141,352	-181,089
Cash flow for the year	-30,184	-180,875	174,746	9,386	-19,572
Equity	11,855	89,051	282,273	115,244	258,498
Equity ratio, %	10%	53%	85%	76%	83%
Data per share (SEK)					
Earnings per share before and after dilution**	-0.55	-0.88	-0.64	-2.01	-2.94
Equity per share before and after dilution**	0.02	0.40	-0.88	1.61	3.62
Share Price, December 31	0.69	1.55	2.57	7.63	10.56
Staff					
Number of employees at end of year	58	53	46	43	55
Average number of employees	56	50	45	50	55
Average number of employees in Research and Development	46	41	38	43	46

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

Derivation of performance indicators

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 mile-stones. 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 98.

Derivation of performance indicators	**2023**	**2022**	**2021**	**2020**	**2019***
Profit/loss for the year, KSEK	-248,586	-193,403	-141,736	-143,296	-210,112
Average number of shares before dilution**	448,489,815	220,584,878	89,670,050	71,388,615	71,388,615
Earnings per share before dilution, SEK**	**-0.55**	**-0.88**	**-1.58**	**-2.01**	**-2.94**
Average number of shares after dilution**	448,489,815	220,584,878	89,670,050	71,388,615	71,388,615
Earnings per share after dilution, SEK**	**-0.55**	**-0.88**	**-1.58**	**-2.01**	**-2.94**
Operating costs, KSEK	-310,884	-229,925	-156,691	-150,964	-219,915
Operating costs excl. Impairment, KSEK	**-310,884**	**-229,925**	**-156,691**	**-150,964**	**-219,915**
Reduce of administrative expenses, KSEK	35,810	31,213	35,423	29,191	34,766
Reduce of depreciation, KSEK	10,489	11,767	11,144	11,522	11,548
Research and development costs, KSEK	**-264,585**	**-186,945**	**-110,123**	**-110,252**	**-173,601**
R&D costs / Operating Costs % excluding impairments	**85%**	**81%**	**70%**	**73%**	**79%**
Equity, KSEK	11,855	89,051	282,273	115,244	258,498
Number of shares before dilution	657,954,290	220,584,878	220,584,878	71,388,615	71,388,615
Equity per share before dilution, SEK	**0.02**	**0.40**	**1.28**	**1.61**	**3.62**
Number of shares after dilution	657,954,290	220,584,878	220,740,173	71,388,615	71,388,615
Equity per share after dilution, SEK	**0.02**	**0.40**	**1.28**	**1.61**	**3.62**
Equity, KSEK	11,855	89,051	282,273	115,244	258,498
Total assets, KSEK	118,450	169,584	333,200	151,938	311,128
Equity ratio, %	**10%**	**53%**	**85%**	**76%**	**83%**
Other investments held as fixed assets (publicly traded corporate bonds), KSEK	-	-	-	0	53,016
Other short-term financial assets (interest funds), KSEK	-	-	-	0	102,980
Cash and cash equivalents, KSEK	66,118	97,305	278,148	103,342	93,890
Cash and cash equivalents including securities at the end of the year, KSEK	**66,118**	**97,305**	**278,148**	**103,342**	**249,886**

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

Risk and risk management

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

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

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

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

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

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

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

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

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

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

Alligator's dependence on collaboration carries a number of risks, such as: the Company cannot control the volume of resources or the time when these resources are to be dedicated to the drug candidates; the Company may be required to waive significant rights, including intellectual property rights and marketing and distribution rights; and the ability of the Company's partners to meet their commitments under the collaboration agreement may be affected by changes in a partner's business strategy.

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

Conflicts in the world

Many wars and conflicts are raging around the world, resulting in enormous human suffering. The Russian invasion of Ukraine has worsened the political security situation in the rest of the world and created great uncertainty in the financial markets, which may affect the company's ability to finance clinical trials in the future. The conflict between Israel and Palestina has been going on for decades and has flared up many times over the years. Recently, the violence has escalated and caused enormous suffering. Some other countries around the world are also at war right now.

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

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

Market acceptance

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

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

Competition

The development and commercialization of novel drug candidates is highly competitive and characterized by rapid technology development. Alligator is exposed to competition in relation to its current drug candidates and will be exposed to competition in relation to all drug candidates that it may try to develop or commercialize in the future, from large pharmaceutical companies, specialized drug companies and biotech firms all over the world. Currently, there are some 20 approved pharmaceutical products on the market for immuno-oncology and a lot of pharmaceutical and biotech companies engaged in research and development of drugs for immunotherapy of cancer, these include several large, pharmaceutical companies. Competitors, including those referred to above, may have greater financial resources than Alligator and its partners, which may offer them advantages in research and development, contacts with licensing authorities, marketing, and product launch. There is a risk that the Company's competitors successfully commercialize products before Alligator and its partners, or that competitors develop products that are more effective, have a better side effect profile and is more affordable than Alligator's drug candidates, which may mean Alligator's competitors establish a strong market position before the Company can enter the market. Such competing products may restrict Alligator's opportunities to commercialize its drug candidates and therefore generate future revenue.

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

Key persons and qualified employees

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

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

Financing risk

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

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

Currency fluctuations

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

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

Corporate governance report

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

This corporate governance report has been drawn up in accordance with the rules in the Annual Accounts Act and in the Code. The corporate governance report has been reviewed by the Company's auditors in accordance with the provisions of the Annual Accounts Act, and the auditor's opinion is included in the auditor's report on page 93.

Legal structure

Shareholders

At the end of 2023, Alligator had 10,418 shareholders. On December 31, 2023, was 658,904,140 of which 657,954,290 (220,584,878) are ordinary shares with one vote per share and 949,850 (949,850) are series C shares with one-tenth of a vote per share. The total number of votes in the company amounts to 658,049,275 votes.

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

Further details of Alligator's shareholder structure, shares etc. are presented on page 19.

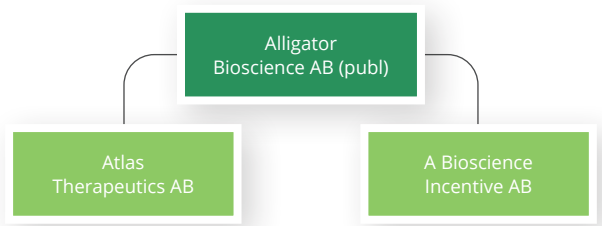
Shareholders' meeting

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

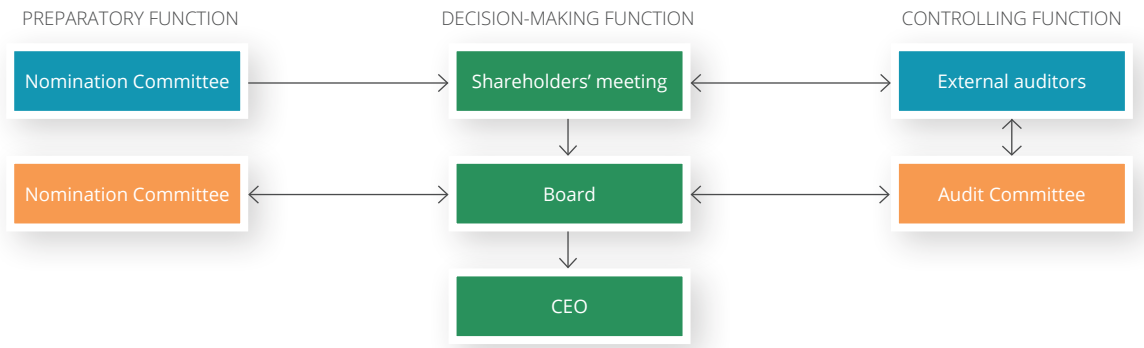
Shareholders may raise a given issue for discussion at the shareholders' meeting. Shareholders who wish to exercise this right must submit a written request to the Board of the Company. Such requests must normally reach the Board no later than seven weeks before the shareholders' meeting.

The shareholders' meeting is held in Lund, Sweden. Invitations to the Annual General Meeting and any extraordinary general meeting which is to discuss changes to the Articles of Association must be sent out no more than six weeks and no later than four weeks before the meeting. Invitations to other extraordinary general meetings must be sent out no more than six weeks and no less than three weeks before the meeting. Invitations are published in Post- och Inrikes Tidningar (the Swedish government gazette) and on the Company's website. The issuing of invitations is also advertised in Dagens Industri.

Legal structure



Overview of corporate governance in the Alligator Group



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

Annual General Meeting 2023

At the Annual General Meeting held on May 26, 2023, it was decided in accordance with the Nomination Committee's proposal to re-elect Anders Ekblom, Hans-Peter Ostler, Eva Sjökvist Saers, Graham Dixon, Staffan Encrantz and Denise Goode as Board members. Furthermore, it was decided to elect Öhrlings PricewaterCoopers AB as the new 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 2024 Annual General Meeting has been constituted consisting of Bertil Brinck representing Koncentra Holding AB, (Chairman of the Nomination Committee), Lars Bergkvist representing Roxette Photo NV, Magnus Petersson representing himself 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 26, 2023, Öhrlings PricewaterCoopers Aktiebolag was elected as the Company's auditor, with certified public accountant Ola Bjärehäll as chief auditor. The Annual General Meeting also decided that fees should be paid to the auditor in accordance with the usual charging rules and approved invoices. The auditor's fee for the 2023 financial year was SEK 1,548 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 per cent or more of all shares and votes in the Company. To determine a member's independence, the extent of that member's direct and indirect relationships with the major shareholder should be taken into consideration. A Board member who is an employee or board member in a company that is a major shareholder is not considered to be independent.

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

Chairman of the Board

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

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

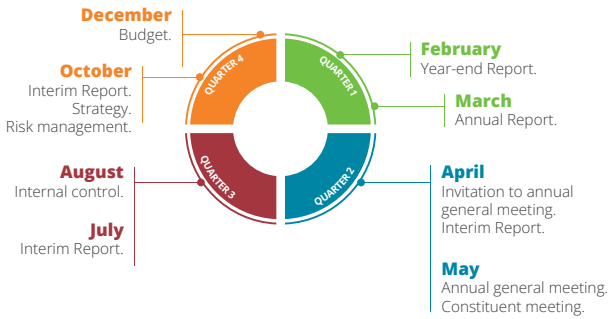
Work of the Board

The Board follows written rules of procedure that are reviewed each year and adopted by the constituent Board meeting. Among other things, the rules of procedure govern the Board's working methods, tasks, decision-making within the Company, the meeting schedule for the Board, the tasks of the Chairman and the breakdown of responsibilities between the Board and 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 2023, the Board met on a total of 17 occasions.

Board meetings 2023



Board and committee members 2023

Name	Position	Attendance		
		Board	Audit Committee (AC)	Remuneration Committee (RC)
Anders Ekblom	Chairman of the Board, Chair of the RC	17/17		2/2
Hans-Peter Ostler	Vice Chairman of the Board, Chair of the AC	17/17	6/6	
Graham Dixon	Board member, Member of the RC	16/17		1/2
Eva Sjökvist Saers	Board member, Member of the AC	16/17	6/6	
Veronica Wallin	Board member, Member of the AC	17/17	6/6	
Staffan Encrantz	Board member	17/17		
Denise Goode	Board member, Member of the RC	17/17		2/2
Laura von Schantz	Board member*, Employee representative*	3/17*		
Tova Landström	Board member**, Employee representative**	6/17**		
Anette Sundstedt	Board member***, Employee representative***	10/17***		

*) January - February 2023, **) March - May 2023, ***) As of July 2023.

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 2024 Annual General Meeting, the Nomination Committee will submit proposals regarding the fee. At the Annual General Meeting on May 26, 2023, it was resolved that board remuneration shall be paid with SEK 650,000 to the Chairman of the board of directors (SEK 650,000 previous year), with SEK 400,000 to the Vice Chairman of the board of directors (SEK 400,000 previous year) and with SEK 300,000 to each of the other board members who are not employed by the company (SEK 300,000 previous year). Furthermore, remuneration for committee work is proposed with SEK 125,000 to be paid to the Chairman of the Audit Committee (SEK 125,000 previous year), with SEK 50,000 to each of the other members of the Audit Committee (SEK 50,000 previous year), with SEK 50,000 to the Chairman of the Remuneration Committee (SEK 50,000 previous year) and with SEK 25,000 to each of the other members of the Remuneration Committee (SEK 25,000 previous year). See also Note 12, Payments to senior executives.

Audit Committee

The Audit Committee monitors the Company's financial position and the effectiveness of its internal control and risk management. It keeps itself informed of the audit of the annual accounts and consolidated accounts, and reviews and monitors the impartiality and independence of the auditor. The Audit Committee should also assist the Nomination Committee with resolutions on the election of and fees payable to the auditor. Following the Annual General Meeting on May 26, 2023, 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 May 26, 2023, the Remuneration Committee consists of Anders Ekblom (Chairman), Graham Dixon and Denise Goode.

CEO and other senior executives

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

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

Alligator's Management Team consists of five persons: CEO, Chief Financial Officer, Chief Scientific Officer, Chief Technology Officer and Chief Medical 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 2023 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 80.

Internal control

The Board's responsibility for internal control is laid down in the Companies Act, the Annual Accounts Act, and the Code, 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. Among other things, the Board is required to ensure that Alligator has good internal control and formalized procedures to ensure that the established principles for financial reporting and internal control are adhered to and that there are suitable systems for follow-up and control of the Company's activities and the risks inherent in the Company and its operations.

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

Control environment

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

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

Risk assessment

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

Control activities

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

Information and communication

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

Follow-up

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

Board of Directors

Anders Ekblom

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

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

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

Holdings in Alligator: 302,809 shares, 100,000 warrants in program TO 2022/2025 II, and 240,000 warrants in program TO 2023/2026 II.

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

Hans-Peter Ostler

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

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

Other ongoing assignments: Chairman of the Board in Ectin Research AB and Improve Tec Hönö AB, board member of, Hoodin AB, InorbitTX, Oblique Therapeutics AB and Lennart Ekerholms Stiftelse. Deputy board member in O Mgmt AB.

Holdings in Alligator: 3,411,884 shares, 100,000 warrants in program TO 2022/2025 II, and 240,000 warrants in program TO 2023/2026 II.

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

Graham Dixon

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

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

Other ongoing assignments: Chairman of Apaxen BV.

Holdings in Alligator: No holdings

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

Eva Sjökvist Saers

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

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

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

Holdings in Alligator: 100,000 warrants in program TO 2022/2025 II and 240,000 warrants in program TO 2023/2026 II.

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

Veronica Wallin

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

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

Other ongoing assignments: Board member for a number of subsidiaries within the Episurf Group, Board member in IRLAB Therapeutics AB, Board member in Integrative Research Laboratories Sweden AB.

Holdings in Alligator: 101,550 shares, 100,000 warrants in program TO 2022/2025 II and 240,000 warrants in program TO 2023/2026 II.

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

Staffan Encrantz

Born 1951. Board member since 2022.

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

Other ongoing assignments: Chairman of AnaMar AB, Sweden, a company engaged in the research and development of drugs for fibrosis, Koncentra AB, Sweden, a contract manufacturing group, Creston Inc., Philadelphia GA, a company in the water treatment business, GovX Inc., San Diego, an e-commerce company, Oxymetal SAS, France a laser and plasma steel cutting business and Sight Sciences Inc., Menlo Park CA, an public company (NASDAQ: SIGHT) developing and selling devices for surgical treatment of glaucoma and dry eye. Board member of KS Large Bore Pistons GmBH.

Holdings in Alligator: 205,840,049 shares.

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

Information regarding individuals' own and related parties' shareholdings pertain to the situation on December 31, 2023.

Denise Goode

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

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

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

Holdings in Alligator: 100,000 warrants in program TO 2022/2025 II and 240,000 warrants in program TO 2023/2026 II.

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

Anette Sundstedt

Born 1967. Board member since 2023.

Employee representative.

Anette Sundstedt has a PhD in Tumour immunology from Lund University and works as a Principal Scientist at Alligator Bioscience AB since 2021. She has more than 20 years of experience in research and development in the pharmaceutical industry, with a major focus in immunology and immunotherapy. Previous roles includes CSO of Idogen AB, CDO of CanImGuide Therapeutics AB, and senior research positions at Active Biotech AB and the University of Bristol.

Other ongoing assignments: None.

Holdings in Alligator: 13,000 shares, 50,000 warrants in program TO 2022/2025 I, and 120,000 warrants in program TO 2023/2026 I.

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

Information regarding individuals' own and related parties' shareholdings pertain to the situation on December 31, 2023.

Management

Søren Bregenholt

Born 1971. CEO since 2021.

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

Other ongoing assignments: Chairman of A Bioscience Incentive AB and Atlas Therapeutics AB, and Board member of Oblique Therapeutics AB (publ).

Holdings in Alligator: 908,353 shares, 500,000 warrants in program TO 2022/2025 I, and 1,200,000 warrants in program TO 2023/2026 I.

Sumeet Ambarkhane

Born 1968. CMO since 2023.

Sumeet Ambarkhane is an MD with a Bachelor of Medicin and a Bachelor of Surgery from Seth G.S. Medical College and King Edward Memorial Hospital, University of Mumbai i Indien. Sumeet is a seasoned professional with over 20 years of drug development experience in academia and in the biotechnology and pharmaceutical industries. Part of senior management since 2022.

Other ongoing assignments: None.

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

Marie Svensson

Born 1964. Chief Financial Officer since 2020.

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

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

Holdings in Alligator: 251,250 shares, 250,000 warrants in program TO 2022/2025 I, and 600,000 warrants in program TO 2023/2026 I.

Peter Ellmark

Born 1973. Chief Scientific Officer since 2021.

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

Other ongoing assignments: None

Holdings in Alligator: 83,720 shares, 250,000 warrants in program TO 2022/2025 I, and 600,000 warrants in program TO 2023/2026 I.

Laura von Schantz

Born 1982. Chief Technology Officer since 2022.

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

Other ongoing assignments: None

Holdings in Alligator: 10,504 shares and 77,000 warrants in program TO 2022/2025 I.

Information regarding individuals' own and related parties' shareholdings pertain to the situation on December 31, 2023.

Financial statements

Consolidated income statement

KSEK	Note	2023	2022
Operating income			
Net sales	6	58,107	35,696
Other operating income	7	3,795	1,439
Total operating income		**61,902**	**37,135**
Operating costs			
Other external costs	8,9,10	-218,792	-147,725
Personnel costs	11,12	-79,377	-68,836
Depreciation and impairment of tangible and intangible assets	10,18,19,20	-10,489	-11,767
Other operating costs	13	-2,227	-1,597
Total operating costs		**-310,884**	**-229,925**
Operating profit/loss		**-248,983**	**-192,789**
Financial items			
Financial income	14	1,788	32
Financial costs	15	-1,391	-646
Net financial items		**397**	**-614**
Profit/loss before tax		**-248,586**	**-193,403**
Tax on profit for the year	16	-	-
Profit/loss as well as comprehensive income/loss for the year attributable to Parent Company shareholders		**-248,586**	**-193,403**
Earnings per share, SEK			
Before dilution	17	-0.55	-0.88
After dilution	17	-0.55	-0.88

Consolidated statement of financial position

Assets

KSEK	Note	2023-12-31	2022-12-31
ASSETS			
Fixed assets			
Intangible assets			
Participations in development projects	18	17,949	17,949
Softwares	19	15	70
Tangible assets			
Right of use assets	10	17,613	25,550
Equipment, machinery and computers	20	2,699	1,386
Financial noncurrent assets			
Depositions	22	1,986	1,815
Total fixed assets		**40,262**	**46,770**
Current assets			
Accounts receivables	23	2	13,930
Other receivables	24	4,521	3,636
Prepayments and accrued income	25	7,547	7,942
Cash and cash equivalents	26	66,118	97,305
Total current assets		**78,188**	**122,814**
TOTAL ASSETS		**118,450**	**169,584**

Consolidated statement of financial position

Equity and liabilities

KSEK	Note	2023-12-31	2022-12-31
EQUITY AND LIABILITIES			
Equity			
Share capital (658,904,140 shares at a par value of SEK 0.064)	27	42,170	88,614
Other Capital contributions	27	1,055,224	911,901
Retained earning		-1,085,539	-911,463
Equity attributable to Parent Company shareholders		**11,855**	**89,051**
Non-current provisions and liabilities			
Lease Liabilities	10	7,516	16,003
Total non-current provisions and liabilities		**7,516**	**16,003**
Current liabilities			
Accounts payable		21,273	13,343
Other liabilities		3,261	3,032
Lease Liabilities	10	8,581	8,499
Accrued expenses and deferred income	28	65,964	39,655
Total current liabilities		**99,079**	**64,529**
TOTAL EQUITY AND LIABILITIES		**118,450**	**169,584**

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, 2022	**88,234**	**911,831**	**-717,792**	**282,273**
Profit/loss for the period	-	-	-193,403	-193,403
Comprehensive income for the period	**-**	**-**	**-193,403**	**-193,403**
Transactions with the Group's owner				
New share issue	380	-	-	380
Underwriting expenses	-	-343	-	-343
Treasury shares	-	-	-380	-380
Warrants*	-	413	-	413
Warrants repurchase*	-	-	13	13
Effect of share-based payments to personnel	-	-	99	99
Equity, December 31, 2022	**88,614**	**911,901**	**-911,463**	**89,051**
Equity, January 1, 2023	**88,614**	**911,901**	**-911,463**	**89,051**
Profit/loss for the period	-	-	-248,586	-248,586
Comprehensive income for the period	**-**	**-**	**-248,586**	**-248,586**
Transactions with the Group's owner				
New share issue	27,992	167,106	-	167,106
Underwriting expenses	-	-24,142	-	-24,142
Warrants*	-	440	-	440
Warrants repurchase*	-	-82	-	-
Effect of share-based payments to personnel	-	-	74	74
Reduction of share capital to cover losses	-50,000	-	50,000	-
Reduction of share capital for allocation to unrestricted equity	-24,436	-	24,436	-
Equity, December 31, 2023	**42,170**	**1,055,223**	**-1,085,540**	**11,855**

* The item refers to cash compensation for issuing warrants. For more information on the Warrant Program, see Note 27 Equity.

Consolidated statement of cash flows

All amounts in KSEK	Note	2023	2022
Cash flow from operating activities			
Operating profit/loss		-248,983	-192,789
Adjustments for:			
Depreciation and impairments	10,19,20	10,489	11,767
Effect from warrant program for personnel		74	99
Other items, no impact on cash flow		-1	-19
Interest received		1,883	0
Interest paid		-483	-646
Tax paid		-	-
Cash flow from operating activities before changes in working capital		**-237,020**	**-181,588**
Changes in working capital			
Change in operating receivables		13,267	-5,859
Change in operating liabilities		34,468	14,840
Cash flow from operating activities		**-189,285**	**-172,607**
Investing activities			
Acquisition of tangible assets	20	-2,459	-440
Acquisition of other short term investments		-50,000	-
Divestment of other short term investments		50,000	-
Investing activities		**-2,459**	**-440**
Financing activities			
Amortization of leasing liabilities		-9,754	-7,806
Amortization of installment purchase	10	-	-104
New share issue		195,097	380
Transaction costs		-24,142	-343
Warrants		440	-
Repurchase of warants		-82	-
Purchase of treasury shares		-	-380
Option premiums received		-	426
Cash flow from financing activities		**161,561**	**-7,827**
Cash flow for the period		**-30,184**	**-180,875**
Cash and cash equivalents at beginning of period		97,305	278,148
Exchange rate differences in cash and cash equivalents		-1,004	32
Cash and cash equivalents at end of period	26	**66,118**	**97,305**

Parent Company income statement

All amounts in KSEK	Note	2023	2022
Operating income			
Net sales	6	58,107	35,696
Other operating income	7	3,795	1,439
Total operating income		**61,902**	**37,135**
Operating costs			
Other external costs	8,9,10	-228,487	-155,785
Personnel costs	11,12	-79,377	-68,836
Depreciation and impairment of tangible assets	10,18,19,20	-1,200	-4,165
Other operating costs	13	-2,227	-1,597
Total operating costs		**-311,291**	**-230,383**
OPERATING PROFIT/LOSS		**-249,389**	**-193,248**
Results from financial items			
Other interest income and similar income statement items	14	1,788	35
Interest expense and similar income statement items	15	-910	-4
Net financial items		**878**	**31**
PROFIT/LOSS AFTER FINANCIAL ITEMS		**-248,511**	**-193,217**
Appropriations			
Group contribution received		354	407
Total appropriations		**354**	**407**
Result before tax		**-248,158**	**-192,810**
Tax on profit for the year	16	-	-
PROFIT/LOSS FOR THE YEAR		**-248,158**	**-192,810**

Parent Company statement of comprehensive income

All amounts in KSEK	Note	2023	2022
Profit/loss for the year		-248,158	-192,810
Other comprehensive income		-	-
Profit/loss for the year		**-248,158**	**-192,810**

Parent Company balance sheet

Assets

KSEK	Note	2023-12-31	2022-12-31
ASSETS			
Fixed assets			
Intangible assets			
Softwares	19	15	70
Total intangible assets		**15**	**70**
Tangible assets			
Equipment, machinery and computers	20	2,699	1,386
Total tangible assets		**2,699**	**1,386**
Financial assets			
Participations in Group companies	21	20,294	20,294
Depositions	22	1,986	1,815
Total financial assets		**22,280**	**22,109**
Total fixed assets		**24,995**	**23,565**
Current assets			
Current receivables			
Accounts receivable	23	2	13,930
Receivables from Group companies		1,199	845
Other receivables	24	4,520	3,636
Prepayments and accrued income	25	9,961	10,037
Total current receivables		**15,681**	**28,447**
Cash and bank deposits	26	64,510	96,046
Total current assets		**80,191**	**124,494**
TOTAL ASSETS		**105,186**	**148,059**

Parent Company balance sheet

Equity and liabilities

KSEK	Note	2023-12-31	2022-12-31
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital (658,904,140 shares at a par value of SEK 0.064)	27	42,170	88,614
Total restricted equity		**42,170**	**88,614**
Non-restricted equity			
Share premium reserve		1,054,452	911,488
Retained earnings		-834,223	-715,923
Profit/loss for the period		-248,158	-192,810
Total non-restricted equity		**-27,928**	**2,755**
Total equity		**14,241**	**91,369**
Non-current provisions and liabilities			
Other long-term liabilities		-	-
Total non-current provisions and liabilities		**-**	**-**
Current liabilities			
Accounts payable		21,273	13,343
Other liabilities		3,262	3,032
Accrued expenses and deferred income	28	66,410	40,314
Total current liabilities		**90,944**	**56,690**
TOTAL EQUITY AND LIABILITIES		**105,186**	**148,059**

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, January 1, 2022	**88,234**	**911,831**	**-573,877**	**-141,765**	284,423
Conversion of previous year's results	-	-	-141,765	141,765	-
Profit/loss for the period	-	-	-	-192,810	-192,810
Comprehensive income for the year	**-**	**-**	**-**	**-192,810**	**-192,810**
Other changes in equity					
New share issue	380	-	-	-	380
Transaction costs	-	-343	-	-	-343
Effect of share-based payments to personnel	-	-	99	-	99
Treasury shares*	-	-	-380	-	-
Equity, December 31, 2022	**88,614**	**911,488**	**-715,923**	**-192,810**	**91,369**
Equity, January 1, 2023	**88,614**	**911,488**	**-715,923**	**-192,810**	**91,369**
Conversion of previous year's results	-	-	-192,810	192,810	-
Profit/loss for the year	-	-	-	-248,158	-248,158
Comprehensive income for the year	**-**	**-**	**-**	**-248,158**	**-248,158**
Other changes in equity					
New share issue	27,992	167,106	-	-	195,097
Underwriting expenses	-	-24,142	-	-	-24,142
Effect of share-based payments to personnel	-	-	74	-	74
Reduction of share capital to cover losses	-50,000	-	50,000	-	-
Reduction of share capital for allocation to unrestricted equity	-24,436	-	24,436	-	-
Equity, December 31, 2023	**42,170**	**1,054,452**	**-834,223**	**-248,158**	**14,241**

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

Parent Company statement of cash flows

KSEK	Note	2023	2022
Cash flow from operating activities			
Operating profit/loss		-249,389	-193,248
Adjustments for items not generating cash flow			
Depreciation and impairments	19, 20	1,200	4,165
Effect from warrant program for personnel		74	99
Other items, no impact on cash flow		-	-36
Interest paid		-4	-4
Cash flow from operating activities before changes in working capital		**-246,235**	**-189,023**
Changes in working capital			
Change in operating receivables		12,511	-6,132
Change in operating liabilities		34,254	14,769
Cash flow from operating activities		**-199,469**	**-180,386**
Investing activities			
Cash flow from investing activities	20	-2,459	-440
Acquisition of other short term investments		-50,000	-
Divestment of other short term investments		50,000	-
Cash flow from investing activities		**-2,459**	**-440**
Financing activities			
Amortization of installment purchase		-	-104
New share issue		195,097	380
Transaction costs		-24,142	-343
Warrants		440	-
Purchase of treasury shares		-	-380
Cash flow from financing activities		**171,396**	**-447**
Cash flow for the year		**-30,532**	**-181,273**
Cash and cash equivalents at beginning of year		96,046	277,288
Exchange rate differences in cash and cash equivalents		-1,004	60
Cash and cash equivalents at end of year	26	**64,510**	**96,046**

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 2023

The International Accounting Standards Board (IASB) has issued a number of new and amended standards that have taken effect during 2023. Management believes that new and amended standards and interpretations have not had a significant impact on the Group's financial statements.

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

The International Accounting Standards Board (IASB) has issued a number of new and amended standards that have not yet taken effect. None of these has been applied in advance. Management believes that other new and amended standards which have not yet taken effect will not have any material impact on the Group's financial statements in the period when they are first applied.

Consolidated reporting

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

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

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

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

Joint operations

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

Business acquisitions

Business acquisitions are reported by the acquisition method.

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

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

Segment reporting

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

Revenue from contracts with customers

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

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

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

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

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

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

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

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

Alligator will report future sales-based royalties first when the related sales has taken place.

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

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

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

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

Government grants

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

Dividends and interest income

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

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

Leases

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

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

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

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

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

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

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

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

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

Right-of-use assets are presented on a separate line in the statement of financial position.

The Group applies the same principles for impairment of right-of-use assets in accordance with the accounting policy for tangible assets.

Variable lease payments that are not dependent on an index or price are not included in the measurement of lease liabilities and right-of-use assets. Such lease payments are recognized as a cost under operating profit in the period in which they arise.The Group has chosen not to apply the possibility of not separating service components from leasing fees.

Foreign currencies

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

Payments to employees

Short-term payments to employees

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

Severance payments

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

Pensions

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

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

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

Share-related payments

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

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 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.

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.

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.

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 where depreciation has not yet started because the asset is not yet ready for use, a number of key assumptions and estimates have to be taken into account in order to calculate a recoverable value. Among other things, the assumptions and estimates relate to the expected sale price for the company's products, expected market penetration, expected development, sales and marketing costs and the probability of the product passing through the remaining development stages. The assumptions are based on industry and market-specific data and are produced by management and reviewed by the Board. For more information on impairment testing of intangible assets with an indeterminate period of use, see Note 18 – Intangible assets. The going concern principle is based on an assumption that the company will be able to continue with its operations for an indefinite period of time in the future. In order to assess how long the company will be able to survive, the lifetime of the company's assets and the agreements to which the company has committed itself are reviewed. According to the principle, assets must be valued at the future benefit they are expected to provide when they are sold or alternatively used within the business.

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.

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 below for exposures in each currency.

	2023		2022	
	Operating income	**Operating costs**	**Operating income**	**Operating costs**
FOREIGN EXCHANGE EXPOSURE				
USD	0%	31%	0%	20%
EUR	94%	24%	79%	29%
GBP	0%	14%	0%	12%
SEK	6%	31%	21%	37%
Other	0%	1%	0%	2%
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 % stronger SEK against the USD would have a positive effect on post-tax profits and equity of approx. SEK 3,520 thousand (1,633). A 5 % stronger SEK against the EUR would have a positive effect on post-tax profits and equity of approx. SEK 2,688 thousand (2,354). A 5 % stronger SEK against the GBP would have a positive effect on post-tax profits and equity of approx. SEK 1,558 thousand (1,003).

Interest rate risks

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

Liquidity and financing risk

Liquidity risk refers to the risk that the Group will encounter difficulties in meeting its commitments related to the Group's financial liabilities. Liquidity risks are limited by liquidity planning.

Financing risk is the risk that cash and cash equivalents might not be available and that financing could be only partly obtainable, if at all, or only at increased cost. The Group now has funds mainly from the agreement with Orion Corporation and the share issue done in 2023. Alligator has used and will continue to need to use substantial sums to carry out research and development.

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

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

	2023-12-31				2022-12-31			
KSEK	Within 3 mths	3–12 mths	1–5 years	Total	Within 3 mths	3–12 mths	1–5 years	Total
Lease liabilities	2,154	6,248	7,695	16,097	2,107	6,392	15,943	24,442
Accounts payable	21,273	-	-	21,273	13,343	-	-	13,343
Accrued expenses and deffered income	61,474	-	-	61,474	36,072	-	-	36,072
Total	**84,901**	**6,248**	**7,695**	**98,844**	**51,522**	**6,392**	**15,943**	**73,857**

The Company works continuously to secure the financing of the operation. This includes both business development for new partnering agreements, with an upfront payment upon signing, as well as other options. As the company within the next 12 months has additional financing needs that have not yet been secured, the Board is continuously working on evaluating various financing options to ensure continued operation. It is the Board´s assessment that the company has good prospects of securing future financing, for example, through a new share issue, however, the absence of assurance at the same time of submission of this report means that there is a significant uncertainty factor regarding the company´s ability to continue operation.

The Group's contractual and undiscounted interest payments and repayments of financial liabilities can be seen in the table above. 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.

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 2023 or 2022.

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.

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	2023-12-31	2022-12-31
Financial assets valued at amortized cost		
Other long term financial fixed assets	1,986	1,815
Accounts receivable	2	13,930
Other receivables	24	-
Liquid assets - Bank accounts	66,118	97,305
Total financial assets	**68,130**	**113,050**

	Group	
Financial liabilities, KSEK	2023-12-31	2022-12-31
Financial liabilities valued at amortized cost		
Long term lease liabilities	7,516	16,003
Accounts payable	21,273	13,343
Short term lease liabilities	8,581	8,499
Accrued expenses and deffered income	61,474	36,072
Total financial liabilities	**98,844**	**73,917**

There were no reclassifications between the valuation categories above during the period. The fair value of short-term receivables and liabilities is considered to correspond to their reported values, as they are by nature short-term.

For more information on other significant risks, see 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	31-12-2023	31-12-2022
Cash and cash equivalents	66,118	97,305
Cash and cash equivalents	**66,118**	**97,305**

For both 2023 and 2022, the Group's net sales came mainly from to the collaboration and licence agreement with Orion Corporation.

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 2023 or 2022.

6. Revenue from contracts with customers

Revenue, Group

KSEK	2023	2022
Out-licensing	11,500	13,910
Reimbursement for development work	46,607	21,786
Total revenue, Group	**58,107**	**35,696**

Geographical distribution of Net Sales, Group

KSEK	2023	2022
Finland	58,107	35,696
Total	**58,107**	**35,696**

Revenue, Parent Company

KSEK	2023	2022
Out-licensing	11,500	13,910
Reimbursement for development work	46,607	21,786
Total revenue, Parent Company	**58,107**	**35,696**

Geographical distribution of Net Sales

KSEK	2023	2022
Finland	58,107	35,696
Total	**58,107**	**35,696**

7. Other operating income

	Group		Parent Company	
KSEK	2023	2022	2023	2022
Swedish Government grants received	1,144	305	1,144	305
Insurance compensation	-	6	-	6
Exchange rate gains from operations	2,632	1,103	2,632	1,103
Other items	18	25	18	25
Total	**3,795**	**1,439**	**3,795**	**1,439**

Swedish Government grants received include grant from Vinnova project SEK 874 thousand (-), grant for doctoral students SEK 252 thousand (252) and compensation for fee paid for adjustment support SEK 18 thousand (-). Other items relate to further invoicing of inventory SEK 18 thousand (16).

8. Other external expenses

	Group		Parent Company	
KSEK	2023	2022	2023	2022
Costs of R&D projects	-203,405	-134,926	-203,405	-134,926
Other costs	-15,387	-12,799	-25,083	-20,858
Total	**-218,792**	**-147,725**	**-228,487**	**-155,785**

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

	Group		Parent Company	
KSEK	2023	2022	2023	2022
Ernst & Young AB				
Audit assignment	370	764	370	764
Audit activities other than the audit assignment	214	17	214	17
Total	**584**	**781**	**584**	**781**
Öhrlings PricewaterhouseCoopers AB				
Audit assignment	865	-	825	-
Audit activities other than the audit assignment	16	-	16	-
Tax advice	24	-	24	-
Other services	59	-	59	-
Total	**964**	**-**	**924**	**-**

10. Leases

Leases - The Group

The Group has leases with Medicon Village for the lease of office and lab premises, leases with Ikano Bank regarding the rental of copier used in the Company's daily operations, a contract with 3 Step IT Sweden AB and Becton Dickinson AB for two lab instruments and a contract with Mercedes Benz for the rental of company car. The lease period for premises extends from 1 to 3 years, the leasing period for the copier extends over 4 years, leasing for the lab instrument 5 and 3 years respectively and the company car 3 years. None of the contracts require the Group to maintain any financial ratios. For lease of premises, notice must be given in writing no later than 9 months before the end of the rental period. Unless the contracts are terminated in time, the lease of premises are each extended by 3 years. The contract for office rent was due to on December 31, 2022 but has been extended for another 3 years. The contract relating to lab premises was due to expire at the end of October 2023 and has now been extended for further 3 years. The contract for copier was due to expire at the end od December 2023 but has been extended for an additional year.

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			2023			2022
KSEK	**Buildings**	**Equipment**	**Total**	**Buildings**	**Equipment**	**Total**
Acquisitions						
As at 1 January	43,582	8,831	52,414	24,294	5,121	29,415
Additions	-	-	-	19,289	1,512	20,800
New leasing contracts	1259	-	1,259	-	2,198	2,198
As at 31 December	**43,582**	**8,831**	**53,672**	**43,582**	**8,831**	**52,414**
Depreciation brought-forward						
As at 1 January	-24,281	-2,582	-26,863	-17,919	-1,040	-18,959
Depreciation in the period	-7,410	-1,786	-9,196	-6,362	-1,542	-7,904
As at 31 December	**-31,692**	**-4,368**	**-36,060**	**-24,281**	**-2,582**	**-26,863**
Reported value carried-forward	**13,149**	**4,463**	**17,613**	**19,301**	**6,249**	**25,550**

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

Lease Liabilities	2023	2022
KSEK	**Total**	**Total**
As at 1 January	24,502	9,736
Additions	-	20496
New leasing contracts	868	2,076
Interest expenses	481	642
Payments	-9,754	-8,448
As at 31 December	**16,097**	**24,502**
Current lease liabilities	8,581	8,499
Non-current lease liabilities	7,516	16,003
As at 31 December	**16,097**	**24,502**

The following are the amounts recognised in profit or loss:

	2023	2022
KSEK	**Total**	**Total**
Depreciation expenses of right-of-use assets	-9,288	-7,806
Interest expenses on lease liabilities	-481	-642
Expenses relating to leases of low-value assets	-481	-516
Total amount recognised in profit or loss	**-10,251**	**-8,964**

The Group's total cashflow for leasing contract for 2023 amounted to SEK -10,716 thousand (-8,964).

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	2023-12-31	2022-12-31
Within 1 year	8,581	8,624
Between 1 and 5 years	7,454	16,374
Later than 5 years	-	-
Total	**16,035**	**24,998**

The total amount on the reporting date of future minimum leasing charges for non-terminable leasing agreements was SEK 16,035 thousand (24,998) for the Parent Company.

The Parent Company's expensed leasing fees during the financial year amounted to SEK 10,090 (7,706) thousand.

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

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

	2023		2022	
Average number of employees	No. of employees	Of which men	No. of employees	Of which men
Parent Company				
Sweden	56	17	50	14
Total in Parent Company	**56**	**17**	**50**	**14**
Total in the group	**56**	**17**	**50**	**14**

Subsidiaries have no employees.

	Group		Parent Company	
Breakdown of senior executives on the reporting date	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Women				
Board members	3	3	3	3
CEO and other senior executives	2	2	2	2
Men				
Board members	4	4	4	4
CEO and other senior executives	3	2	3	2
Total	**12**	**11**	**12**	**11**

	2023		2022	
Salaries, remuneration etc. KSEK	Salaries and other remunieration	Soc.sec.costs (of which pensions costs)	Salaries and other remunieration	Soc.sec.costs (of which pensions costs)
Parent Company	**58,281**	**18,117**	**48,317**	**16,844**
		(6 970)		(6706)
Total Group	**58,281**	**18,117**	**48,317**	**16,844**
		(6 970)		(6706)

Subsidiaries have no employees

12. Payments to senior executives

Salaries and remuneration broken down between board members etc. and employees, KSEK	2023		2022	
	Board and CEO (of which bonus etc.)	Other employees	Board and CEO (of which bonus etc.)	Other employees
Parent Company	**8,077**	**50,204**	**7,174**	**31,190**
	(936)	(4 250)	(570)	(2 688)
Total Group	**8,077**	**50,204**	**7,174**	**31,190**
	(936)	(4 250)	(570)	(2 688)

Subsidiaries have no employees.

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 2023 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 178% (189) as per 2023-12-31.

The Group's and parent company's total cost for defined contribution pension plans amounts to KSEK 7,035 (6,780). Of the parent company's and the Group's pension costs, SEK 496 thousand (457) pertains to the Board and CEO.

12. Payments to senior executives, cont'd

2023, KSEK	Basic salary/fee	Variable remuneration	Other benefits	Pension costs	Share-based costs	Total
Anders Ekblom	700	-	-	-	-	700
Graham Dixon	325	-	-	-	-	325
Hans-Peter Ostler	525	-	-	-	-	525
Eva Sjökvist Saers	350	-	-	-	-	350
Veronica Wallin	350	-	-	-	-	350
Denise Goode	325	-	-	-	-	325
Staffan Encrantz	300	-	-	-	-	300
Søren Bregenholt (CEO)	3,585	936	184	496	-	5,202
Other senior executives (5 persons)	9,951	2,729	4	2,028	-	14,712
Total	**16,411**	**3,665**	**188**	**2,525**	**-**	**22,789**

12. Payments to senior executives, cont'd

2022, KSEK	Basic salary/fee	Variable remuneration	Other benefits	Pension costs	Share-based remuneration	Total
Anders Ekblom	696	-	-	-	-	696
Graham Dixon	342	-	-	-	-	342
Hans-Peter Ostler	569	-	-	-	-	569
Eva Sjökvist Saers	381	-	-	-	-	381
Veronica Wallin	371	-	-	-	-	371
Denise Goode	217	-	-	-	-	217
Staffan Encrantz	200	-	-	-	-	200
Søren Bregenholt (CEO)	3,201	570	172	457	-	4,399
Other senior executives (3 persons)	5,131	839	10	1,739	-	7,719
Total	**11,107**	**1,409**	**182**	**2,196**	**-**	**14,894**

Payments to senior executives

Guidelines

According to the Swedish Companies Act, the shareholders' meeting should decide on guidelines for payments to the CEO and other senior executives. The annual general meeting on May 26, 2023 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.

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

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

Pensions

The retirement age for the CEO is 66. 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 66. 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

Warrant program compensation refers to employee stock options and share saving program assigned to employees in 2021. For more information about the warrant program see note 27.

13. Other operating costs

	Group		Parent Company	
KSEK	**2023**	**2022**	**2023**	**2022**
Exchange rate losses from operations	-2,227	-1,597	-2,227	-1,597
Total	**-2,227**	**-1,597**	**-2,227**	**-1,597**

14. Financial income

	Group		Parent Company	
KSEK	2023	2022	2023	2022
Interest income	1,883	3	1,883	3
Exchange rate gains	-96	32	-96	32
Total financial income	**1,788**	**35**	**1,788**	**35**

All interest income is attributable to financial assets valued at amortized cost. Exchange rate gains refers to foreign exchange gains as a result of cash and cash equivalents in USD, EUR and GBP.

15. Financial costs

	Group		Parent Company	
KSEK	2023	2022	2023	2022
Exchange rate losses	-908	-	-908	-
Interest costs on lease liabilities	-481	-642	-	-
Other interest costs	-2	-4	-2	-4
Total financial costs	**-1,391**	**-646**	**-910**	**-4**

All interest costs are attributable to financial liabilities valued at amortized cost. Exchange rate losses refers to foreign exchange gains as a result of cash and cash equivalents in USD, EUR and GBP.

16. Tax

	Group		Parent Company	
KSEK	2023	2022	2023	2022
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% (20.6%) on the years taxable result. In the table below a reconciliation between the accounted result and the accounted tax for the year:

Reconciliation of reported tax for the year

	Group		Parent Company	
KSEK	2023	2022	2023	2022
Profit before tax	-248,586	-193,403	-248,158	-192,810
Reported tax for the year				
Tax reported at Swedish tax rate 20.6% (20.6%)	51,209	39,841	51,120	30,338
Tax effect of non-deductible costs	-133	-228	-133	-228
Tax effect of non-taxable income	-73	-	-	-
Tax effect of deductible costs reported directly against equity	-	-	-	-
Loss carry-forwards during the year whose taxable values is not reported as an asset	-51,003	-39,614	-50,987	-30,147
Other	-	-	-	-
Reported tax for the year	**-**	**-**	**-**	**-**

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

The Group's cumulative loss carry-forwards as of December 31, 2023 amounted to SEK 1,522 million (1,250), of which SEK 230 million (230) 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.

Deferred tax asset and tax liability related to IFRS 16 Leasing

New rules for reporting derred tax on leasing agreements according to IFRS have taken effect as of 1 January 2023.

According to IAS 12 Income Taxes, the company must report deferred tax on all temporary differences.

The Company has not reported the deferred tax receivables and deferred tax liabilities attributable to leasing agreements since the tax liability linked to IFRS 16 can be offset against the deficit. The Company has a legal right of set-off and thus does not report tax in either the income statement or the balance sheet.

Set out below is the tax receivable and tax liability related to IFRS 16, gross:

KSEK	Group	
	Deferred tax liability on right-of-use assets	Deferred tax claim on lease liabilities
As at 31 December 2023	17,613	16,097
Tax reported at Swedish tax rate 20.6%	3,628	3,316

17. Earnings per share

Earnings per share before dilution

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

	Group	
	2023	2022
Profit/loss for the year attributable to parent company shareholders, KSEK	-248,586	-193,403
Weighted average number of ordinary shares before dilution, number of shares	448,489,815	220,584,878
Earnings per share before dilution, SEK	**-0.55**	**-0.88**

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	
	2023	2022
Profit/loss for the year attributable to parent company shareholders, KSEK	-248,586	-193,403
Weighted average number of ordinary shares after dilution, number of shares	448,489,815	220,584,878
Earnings per share after dilution, SEK	**-0.55**	**-0.88**

To calculate earnings per share after dilution, the weighted average number of outstanding ordinary shares is adjusted for the dilution effect or all potential ordinary shares. These potential ordinary shares relate to the options acquired at market value by management and employees in the company. If the profit/loss for the year is negative, the options are not regarded as diluting. Nor are the options diluting if the exercise price including mark-up for the value of outstanding future services to be reported during the qualifying period exceeds the average quotation for the period. In 2021, a performance-based share savings program was introduced, divided into the possibility of both matching and performance shares, where the matching shares are considered dilutive, while the performance shares are only when the performance targets are reached. At the annual general meeting 2022 it was resolved to implement a long-term incentive program by way of a warrant program for employees and certain Board members in the company ("LTI 2022-I", respectively "LTI 2022-II") and at the annual general meeting 2023 it was resolved to implement another long-term incentive program by way of a warrant program for employees in the company and for certain board members ("Warrant program 2023", respectively "Warrant program 2023-II").

For details of changes in the number of ordinary shares, see Note 27 Equity.

KSEK	Group	
	2023-12-31	2022-12-31
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**

18. Participations in development projects

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% (originally 50% that was later re-negotiated) of a project together with the Korean company AbClon Inc. (80% of the total value) and exclusive rights to all therapeutic targets from the Human Protein Atlas (HPA) project (20% of the total value). The rights to targets from the HPA project was written down to zero in 2015, when that part of the project was discontinued. Regarding the share in the Biosynergy project, an impairment test was performed in 2016. During the test, it was decided to make a write-down that was caused by changed assessments regarding the market conditions for the project and that changed contract terms were agreed, which gave Alligator a smaller share of future revenue.

Subsequently, AbClon licensed the Biosynergy project (AC101 / HLX22) to the Chinese company Shanghai Henlius, which is now developing the drug candidate. Under current regulations, a reversal of write-downs made can only be relevant when there have been changes in the assessments that formed the basis for the write-down. It is the company's assessment that a reversal cannot be relevant as the market conditions and the changed contract terms on which the write-down was based, have not been reversed during 2023.

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 2023,respectively 2022 as described below.

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.
- 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 change in the discount rate by 2% would not lead to impairment.
- A discount rate before tax of 14.28% (13.86%).

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 2% change in the discount rate or in the estimated probability would not result in a write-down, nor a reduced market share by 2%.

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 and in this case does not fall below the reported value.

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

19. Softwares

	Group		Parent Company	
KSEK	**2023-12-31**	**2022-12-31**	**2023-12-31**	**2022-12-31**
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	-586	-455	-586	-455
Disposal/scrapping	-	-	-	-
Depreciation in the period	-55	-131	-55	-131
Cum. depreciation carried-forward	**-641**	**-586**	**-641**	**-586**
Reported value carried-forward	**15**	**70**	**15**	**70**

20. Equipment, machinery and computers

	Group		Parent Company	
KSEK	**2023-12-31**	**2022-12-31**	**2023-12-31**	**2022-12-31**
Historical cost brought-forward	32,373	31,933	32,373	31,933
Acquisitions in the period	2,459	440	2,459	440
Disposal/scrapping	-	-	-	-
Cum. historical cost carried-forward	**34,832**	**32,373**	**34,832**	**32,373**
Depreciation brought-forward	-30,987	-27,579	-30,988	-27,579
Disposal/scrapping	-	-	-	-
Depreciation in the period	-1,146	-3,409	-1,146	-3,409
Cum. depreciation carried-forward	**-32,132**	**-30,987**	**-32,134**	**-30,987**
Reported value carried-forward	**2,699**	**1,386**	**2,699**	**1,386**

21. Participations in Group companies

	Parent Company	
KSEK	2023-12-31	2022-12-31
Historical cost brought-forward	52,494	52,494
Historical cost carried-forward	**52,494**	**52,494**
Impairments brought-forward	-32,200	-32,200
Cum.impairments carried-forward	**-32,200**	**-32,200**
Reported value carried-forward	**20,294**	**20,294**

		2023-12-31	2022-12-31	2023-12-31	2022-12-31
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	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Equity	258	258	157	157
Profit/loss for the year	-4	-8	-	-

22. Other long-term receivables

	Group		Parent Company	
KSEK	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Deposits	1,986	1,815	1,986	1,815
Total	**1,986**	**1,815**	**1,986**	**1,815**

Deposits consist of receivables from a supplier of SEK 2,057 thousand (1,815). Deposit is expected to be repaid in Q1 2025.

23. Accounts receivable

	Group		Parent Company	
KSEK	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Accounts receivable, gross	2	13,930	2	13,930
Total accounts receivable	**2**	**13,930**	**2**	**13,930**

Accounts receivable for the Group consists of minor posts for onward billion SEK 2 thousand. During 2022, accounts receivable consisted of the receivable from Orion Corporation for research collaboration SEK 13,930 thousand, and a receivable from Malmö University for the re-invoicing of a computer SEK 20 thousand.

24. Other receivables

	Group		Parent Company	
KSEK	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Value-added tax	2,601	1,741	2,601	1,741
Other items	1,919	1,895	1,919	1,895
Total	**4,521**	**3,636**	**4,520**	**3,636**

Other items consist of tax receivables SEK 1,883 thousand (1,882), and other smaller items SEK 36 thousand (12).

25. Prepayments and accrued income

	Group		Parent Company	
KSEK	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Prepaid rents	-	-	1,863	1,750
Prepaid insurance premiums	603	491	603	491
Prepaid R&D costs	2,129	6,552	2,232	6,552
Accrued income	3,799	629	3,799	629
Other items	1,017	269	1,464	614
Total	**7,547**	**7,942**	**9,961**	**10,037**

Accrued income is related to research collaboration and the license agreement with Orion Corporation and refers to compensation for the work during the last quarter of 2023.

Other items include mostly expenses for databases, software and licences, but even one upfront payment for recruitment service.

26. Cash and cash equivalents

	Group		Parent Company	
KSEK	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Disposable bank deposits				
SEK	61,448	93,425	59,841	92,166
USD	829	1,087	829	1,087
EUR	2,066	1,860	2,066	1,860
GBP	1,775	933	1,775	933
Total	**66,118**	**97,305**	**64,510**	**96,046**

27. Equity

Share capital and other capital contributions

	No of ordinary shares	No of C-shares	Share capital KSEK	Other contributions KSEK
As at 31 December 2021	220,584,878	-	88,234	911,831
As at 31 December 2022	220,584,878	949,850	88,614	911,901
As at 31 December 2023	**657,954,290**	**949,850**	**42,170**	**1,055,224**

The Extraordinary General Meeting on 24 April 2023 resolved to carry out the rights issue and to reduce the share capital within the aggregate SEK 74,435,668.608 from SEK 88,613,891.20 to SEK 14,178,222.592. This reduction means that the quota value per share is reduced from SEK 0.40 to SEK 0.064. The Rights Issue comprised a maximum of 441,169,756 units. Each unit consists of one ordinary share and one warrant. Eight warrants entitle the holder to subscribe for one new ordinary share in the company at a subscription price of SEK 0.40 per share. A total of 275,027,774 warrants were exercised, corresponding to approximately 68 percent of all warrants of series TO 6, for the subscription of a total of 34,378,471 ordinary shares. As a result of the rights issue and through the warrant exercise, the share capital increased by SEK 27,991,642.368 to SEK 42,169,864.960.

As of December 31, 2023, the total number of outstanding shares in the Company at the end of the quarter was 658,904,140 whereof 657,954,290 are ordinary shares and 949,850 are series C shares. The total number of votes in the company after the exercise of the warrants amounts to 658,049,275.

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 annual general meeting 2021 it was resolved to implement a long-term incentive program by way of a performance-based share saving program for employees in the company ("LTI 2021"). For each ordinary share acquired by the participant on Nasdaq Stockholm, so called saving shares, the participant has a right to receive so called matching shares. In addition, given that a requirement related to the development of the company's share price from the day of the annual general meeting 2021 up until 30 September 2024 has been achieved, the participant has a right to receive further shares in the company free of charge, so called performance shares. After the recalculation due to rights issue the maximum number of ordinary shares that can be issued in relation to LTI 2021 amount to 1,419,206 whereby 1,079,901 for the deliverance of matching shares and performance shares to participants and 339,305 to hedge payments of future social security contributions, which corresponds to a dilution of approximately 0.22 per cent of the company's share capital and votes.

The total cost of the program in 2023 amounts to SEK 98 thousand, of which SEK 23 thousand refers to social security contributions.

Warrant programs, LTI 2022 I/II

At the annual general meeting 2022 it was resolved to implement a long-term incentive program by way of a warrant program for employees in the company and for certain board members ("LTI 2022-I", respectively "LTI 2022-II"). Each warrant in LTI 2022-I/II entitle to subscription of 1.316 ordinary shares in the company. Subscription of shares by virtue of the warrants may be effected as from 1 June 2025 up to and including 30 June 2025. Due to the rights issue the subscription price per share for above warrant programs, was recalculated to SEK 2.57. In case all warrants issued within the Warrant program LTI 2022I/II program are utilized for subscription of new ordinary shares, a total of 3,786,132 new ordinary shares will be issued, which corresponds to a dilution of approximately 0.52 per cent of the company's ordinary shares after full dilution. Each option entitles to 1.316 shares. All warrants have been transferred to the participants at fair market value.

Warrant programs 2023/2023-II

At the annual general meeting 2023 it was resolved to implement another long-term incentive program by way of a warrant program for employees in the company and for certain board members ("Warrant program 2023", respectively "Warrant program 2023-II"). In case all warrants issued within the Warrant program 2023/2023-II program are utilized for subscription of new ordinary shares, a total of 10,395,000 new ordinary shares will be issued, which corresponds to a dilution of approximately 1.56 per cent of the company's ordinary shares after full dilution. All warrants have been transferred to the participants at fair market value.

In case both the existing incentive programs as well as the warrant programs proposed for the annual general meeting are exercised in full, a total of 14,941,206 ordinary shares will be issued, which corresponds to a total dilution of approximately 2.22 per cent of the company's ordinary shares.

Proposal for treatment of accumulated loss (SEK)

The Board propose that sums available to the shareholders' meeting:	
Share premium reserve	1,055,223,542
Retained earnings	-836,952,651
Profit/loss for the period	-248,586,086
Total	**-30,315,195**

Be allocated as follows:	
Carried forward to new account	-30,315,195
Total	**-30,315,195**

28. Accrued expenses and deferred income

	Group		Parent Company	
KSEK	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Accrued salaries	5,187	3,565	5,187	3,565
Accrued vacation pay	5,688	4,701	5,688	4,701
Accruad social security changes	3,233	2,632	3,233	2,632
Accrued development costs	49,190	26,021	49,190	26,021
Prepaid income	555	769	555	769
Other items	2,111	1,967	2,557	2,626
Total	**65,964**	**39,655**	**66,410**	**40,314**

Prepaid income consists of claim for a discount included in a leasing agreement SEK 445 thousand (659) and other smaller items SEK 109 thousand (109). In 2022, the amount included receivables from Orion Corporation for research collaboration, which is invoiced in advance for each quarter of SEK 769 thousand. Accrued development costs have increased compared to the previous year and are primarily related to project mitazalimab and ALG.APV-527: 49,190 (26,021).

Other items include accrued special pension tax SEK thousand 1,703 (1,610), and other accrued expenses SEK 854 thousand (87).

29. Securities and contingent liabilities

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

30. 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.

In connection with the rights Issue, Alligator has in March 2023 entered into an agreement on a top guarantee of MSEK 10 with the Company's largest shareholder Koncentra Holding AB, in which company board member Staffan Enkrantz is chairman of the board of directors. Furthermore, Alligator has in March 2023 entered into an agreement of a top guarantee of MSEK 0.5 and a bottom guarantee of MSEK 0.5 with board member Hans-Peter Ostler. For the guarantee commitments, cash compensation of 11% of the guaranteed amounts is paid for the bottom guarantee, and of 14% of the guaranteed amount for the top guarantees. The guarantee compensation was paid in June 2023 after the Swedish Companies Registration Office has registered the rights Issue. In addition to the above, the Company has not carried out any other related party transactions during the 2023 or during the previous year.

31. 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. For this project financing and revenues are shared equally between parts. ALG.APV-527 is now rapidly progressing to Phase 1 clinical development in the US for evaluation in treatment of solid tumors after receipt of a "may proceed" notification of the Investigational New Drug (IND) application from the US Food and Drug Administration (FDA) in September 2022. The first patient was dosed in February 2023 and the study itself is conducted in USA. The operations in the project will be conducted in both Lund at Alligator and in Seattle at Aptevo.

	Group	
KSEK	2023-12-31	2022-12-31
Costs in the project ALG.APV-527	28,761	20,015
Total	**28,761**	**20,015**

32. Events after reporting date

Positive initial interim results from ALG.APV-527 Phase 1 dose-escalation trial

On March 7, 2024, Alligator and Aptevo announced initial interim data from the Phase 1 dose-escalation trial with ALG.APV-527. The data demonstrated early signs of efficacy and encouraging safety and pharmacokinetics data.

Announcement of rights issue

On the 8 of February 2024 the Board of Directors has resolved to carry out an issue of shares and warrants with preferential rights for the Company-s existing shareholders of initially approximately SEK 150 million. This was subject for approval of the Extraordinary General Meeting held on 14 of March 2024. To secure the Company's liquidity needs until the completion of the rights issue, the Company has entered into agreements on bridge loans of a total of approximately SEK 58.8 million with Koncentra and Roxette Photo SA. If the rights issue is oversubscribed, the Board of Directors may carry out an over-allotment issue directed to investors who have subscribed for units in the Rights Issue without receiving full allotment.

Annoucement of planned restructuring
On February 8, 2024, the Company announced that it plans to adjust the size of its organization. The planned restructuring remains subject to negotation with the relevant trade unions, but would result in a reduction od approximately 20-25% of the current workforce.

Positive top-line results from mitazalimab OPTIMIZE-1 Phase 2 trial in 1st line pancreatic cancer
On January 29, 2024, the top-line readout from the trial demonstrated that mitazalimab achieved a 40.4% Objective Response Rate, meeting the study's primary endpoint and confirming the benefit of mitazalimab combined with mFOLFIRINOX. Median Overall Survival and Duration of Response data also showed that mitazalimab provides significant survival advantage to pancreatic cancer patients compared to standard of care FOLFIRINOX.

33. Dividends
No dividends were paid in 2023 or 2022.

No dividend will be proposed to the annual general meeting on May 7, 2024.

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 7, 2024.

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.

On March 21, 2024, the Board of directors approved the financial reports for publication.

Signature page follows.

Lund March 21, 2024

Anders Ekblom
Chairman of the Board

Hans-Peter Ostler
Board member

Eva Sjökvist Saers
Board member

Veronica Wallin
Board member

Graham Dixon
Board member

Denise Goode
Board member

Staffan Encrantz
Board member

Anette Sundstedt
Employee representative

Søren Bregenholt
CEO

Our audit report was submitted on March 21, 2024
Öhrlings PricewaterhouseCoopers AB

Ola Bjärehäll
Authorized Public Accountant

Auditor's report

UNOFFICIAL TRANSLATION OF THE SWEDISH ORIGINAL

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Alligator Bioscience AB for the year 2023 except for the corporate governance statement on pages 49-56. The annual accounts and consolidated accounts of the company are included on pages 37-92 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 parent company as of 31 December 2023 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 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 49-56. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our audit approach

Material Uncertainty Related to Going Concern

We would like to draw attention to the administration report where it is described that there is ongoing work related to the continued financing of the operations of Alligator Bioscience. The ongoing work means that the company does not, at the time of issuing our audit report, have a secured funding. This condition indicate that there is a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They 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 consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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.

Key audit matter
Valuation of participations in development projects and valuation in participations in group companies
The carrying value of participations in development projects as of December 31, 2023 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 cash flow model in which the present value of expected future cash flows is estimated after taking the development risk into account. The business of the subsidiary Atlas Therapeutics AB consists of the group´s participation in development projects and it is the same expected cash flows that are used in the assessment of the valuation of participations in development projects as for the valuation in participations in group companies. Critical assumptions are those concerning market size, market share, and the likelihood of the projects reaching a point where they can obtain market approval.

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 amounts of value in use. We therefore considered that the valuation of participations in development projects and participations in group companies is a key audit matter of the audit.

A description of the impairment test is disclosed in Note 18 "Participations in development projects" and in Note 3 "Important estimates and judgments". In note 18 disclosure is made related to a write down in 2015 and 2016. No further write down has been made by the Board of Directors during 2023. The Board of Directors assesses that the value of the project likely exceeds the carrying value, and in each case not falls below the carrying value.

How our audit addressed the Key audit matter
Audit procedures have included, but not limited to, the following:

- 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 have evaluated the reasonability in future cash flows and the critical assumptions made by the company together with 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
The audit of the annual accounts and consolidated accounts for year 2022 was performed by another auditor who submitted an auditor´s report dated 24 March 2023, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

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 and 97-101. Other information also includes the remuneration report that we collected prior to the date of this auditors report. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Director's 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 intend 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.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The auditor's examination of the administration of the company 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 Director's and the Managing Director of Alligator Bioscience AB for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the loss be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's 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 Director's 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' 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.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

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 2023 .

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

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

Basis for Opinion

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

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

Responsibilities of the Board of Director's and the Managing Director

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

Auditor's responsibility

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

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

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

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable 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 accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

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

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

The auditor's examination of the corporate governance statement

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

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

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

Öhrlings PricewaterhouseCoopers AB, 113 97 Stockholm, was appointed auditor of Alligator Bioscience AB by the general meeting of the shareholders on the 26 May 2023 and has been the company's auditor since 26 May 2023.

Malmö, March 21, 2024

Öhrlings PricewaterhouseCoopers AB

Ola Bjärehäll
Authorized Public Accountant
Auditor in charge

Change in share capital

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

Year	Transaction	Increase in share capital, SEK	Increase in no. of shares	Share capital total, SEK	No. of shares	Par value, SEK
2000	Formation of company			100,000.00	1,000.00	100.00
2000	Split 250:1		249,000.00	100,000.00	250,000.00	0.40
2001	New share issues	1,230,869.60	3,077,174.00	1,330,869.60	3,327,174.00	0.40
2002	Non-cash issue	8,000.00	20,000.00	1,338,869.60	3,347,174.00	0.40
2001	New share issue	269,130.40	672,826.00	1,608,000.00	4,020,000.00	0.40
2003	New share issue	176,291.60	440,729.00	1,784,291.60	4,460,729.00	0.40
2004	New share issues	380,858.00	952,145.00	2,165,149.60	5,412,874.00	0.40
2004	Subscription options exercised	64,000.00	160,000.00	2,229,149.60	5,572,874.00	0.40
2005	New share issues	650,502.00	1,626,255.00	2,879,651.60	7,199,129.00	0.40
2005	Options exercised	33,600.00	84,000.00	2,913,251.60	7,283,129.00	0.40
2006	New share issues	973,901.20	2,434,753.00	3,887,152.80	9,717,882.00	0.40
2007	New share issues	987,432.00	2,468,580.00	4,874,584.80	12,186,462.00	0.40
2009	New share issues	1,105,743.20	2,768,358.00	5,980,328.00	14,950,820.00	0.40
2010	New share issue	134,000.00	335,000.00	6,114,328.00	15,285,820.00	0.40
2011	New share issues	2,240,874.40	5,602,186.00	8,355,202.40	20,888,006.00	0.40
2012	New share issue	849,405.20	2,123,513.00	9,204,607.60	23,011,519.00	0.40
2013	Convertible bonds	400,000.00	1,000,000.00	9,604,607.60	24,011,519.00	0.40
2013	Subscription options exercised	1,188,596.00	2,971,490.00	10,793,203.60	26,983,009.00	0.40
2013	New share issues	4,666,316.00	11,665,790.00	15,459,519.60	38,648,799.00	0.40
2013	Non-cash issue	2,880,000.00	7,200,000.00	18,339,519.60	45,848,799.00	0.40
2014	New share issue	1,056,749.20	2,641,873.00	19,396,268.80	48,490,672.00	0.40
2014	Subscription options exercised	48,628.80	121,572.00	19,444,897.60	48,612,244.00	0.40
2015	New share issues	4,160,856.00	10,402,140.00	23,605,753.60	59,014,384.00	0.40
2016	Subscription options exercised	132,000.00	330,000.00	23,737,753.60	59,344,384.00	0.40
2016	New share issue	4,307,692.40	10,769,231.00	28,045,446.00	70,113,615.00	0.40
2017	Subscription options exercised	1,275,000.00	12,750.00	28,555,446.00	71,388,615.00	0.40
2021	New share issues	59,678,505.20	149,196,263.00	88,233,951.20	220,584,878.00	0.40
2022	C-share issue	379,940.00	949,850.00	88,613,951.20	221,534,728.00	0.40
2023	Reduction of share capital	-74,435,668.61	-	14,178,282.59	221,534,728.00	0.064
2023	New share issue	25,791,420.22	402,990,941.00	39,969,702.82	624,525,669.00	0.064
2023	Subscription options exercised	2,200,222.14	34,378,471.00	42,169,924.96	658,904,140.00	0.064
				42,169,924.96	**658,904,140.00**	**0.064**

Financial definitions

Equity per share after dilution
Equity divided by the total number of shares at the end of the period and any outstanding options where the Company's share price on the reporting date is at least equal to the conversion price of the option.

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

R&D costs
The Company's direct costs for research and development. Refers to costs for personnel, materials and external services.

R&D costs as a percentage of operating costs excluding impairments
R&D costs as a percentage of operating costs excluding impairments.

Average number of shares before and after dilution
Average number of outstanding shares during the period. The number of shares after dilution also takes account of outstanding options where the Company's share price on the reporting date is at least equal to the conversion price of the option.

Average number of employees
Average number of employees at the beginning and end of the period.

Average number of employees within R&D
Average number of employees within the Company's R&D departments at the beginning and end of the period.

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

Cash and cash equivalents, including securities
Cash and cash equivalents consists of bank balances, interest funds and publicly traded corporate bonds.

Cash flow for the period
Net change in cash and cash equivalents excluding the impact of unrealized foreign exchange gains and losses.

Earnings per share before and after dilution
Earnings divided by the weighted average number of shares during the period before and after dilution respectively. If the result is negative, the number of shares before dilution is also used for the calculation after dilution.

Operating costs excluding impairments
Other external costs, personnel costs and depreciation (excluding impairments of tangible and intangible assets).

Operating profit/loss
Profit/loss before financial items and taxes.

Equity ratio
Equity as a percentage of total assets.

Total assets
Total of the Company's assets.

Patent overview

Drug candidate	Description	Summary	Projected expiry dates
Mitazalimab	Four patent families related to anti-CD40 antibodies (including Mitazalimab), and combination therapies.	The portfolio relating to Mitazalimab comprises 4 families, 25 pending applications and 60 granted filings. The filings are in 34 countries and includes key territories such as Australia, Canada, China, Europe (including Germany, Denmark, France, United Kingdom, Netherlands and Sweden), Japan, Mexico, New Zealand, Russia, Singapore, South Korea, and the United States.	2032-2043
ATOR-1017	Four patent families related to anti-4-1BB antibodies (including ATOR-1017), and combination therapies.	The portfolio relating to ATOR-1017 comprises 4 families, 16 pending applications (including 2 PCT applications), 2 allowed applications and 6 granted patents. The filings are in 17 countries and includes key territories such as Australia, Canada, China, Europe, Hong Kong, India, Israel, Japan, Mexico, New Zealand, Russia, Singapore, South Korea, and the United States.	2037-2043
ALG.APV-527	Two patent families related to bispecific antibodies targeting 4-1BB/5T4 (including ALG.APV-527).	The portfolio relating to ALG.APV-527 comprises two families, 13 pending applications and 20 granted filings. The filings are in 18 countries and includes key territories such as Australia, Canada, China, Europe (including Germany, France, Denmark, Switzerland, United Kingdom, the Netherlands, Sweden), Japan, Mexico, New Zealand, Russia, Singapore, South Korea, and the United States.	2037-2038
ATOR-4066	Two patent famlies related to CD40×CEA bispecific antibodies (including ATOR-4066).	The portfolio relating to ATOR-4066 comprises 2 family with 1 granted (US) and 4 pending applications. The filings are in the United Kingdom and the United States, plus an International PCT application that can be used to obtain protection in a wide range of territories.	2042-2044
Technologies			
ALLIGATOR-GOLD®	One patent family related to an antibody library.	The portfolio relating to ALLIGATOR GOLD® comprises one family with 5 granted filings in the following key territories: Europe (Germany, France, United Kingdom and Sweden) and the United States.	2035-2036
RUBY®	Two patent families related to a bispecific antibody format.	The portfolio relating to RUBY® comprises two families with 3 pending applications in the following key territories: Europe, China, and the United States. There is an international PCT application that can be used to obtain protection in a wide range of territories by May 2024.	2039-2042
Neo-X-Prime®	Two patent families related to bispecific antibodies targeting dendritic cells and overexpressed tumor antigen.	The portfolio relating to Neo-X-Prime® comprises two families with a total of 6 pending applications in the following key territories: Europe, China, and the United States.	2039

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.

CEACAM5. A well-known clinical target for cancer therapy that is overexpressed on the cell surface of many cancers including colorectal, gastric, pancreatic, and non-small cell lung cancer, with limited expression in normal adult tissue.

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.

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.

Disease Control Rate (DCR). Proportion of patients with an objective response or stable disease upon treatment.

Duration of Response (DoR). Time a patient responds to treatment without disease progression.

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.

Objective Response Rate (ORR) . Percentage of people in a study or treatment group who have a partial response or complete response to the treatment within a certain period of time.

Oncology. Term for the field of medicine concerned with the diagnosis, prevention and treatment of tumor diseases.

Overall Survival (OS) . Length of time from either the date of diagnosis or the start of treatment for a disease that patients diagnosed with the disease are still alive.

Patent. Exclusive rights to a discovery or invention.

PD-1 (Programmed Death-1). Immune-inhibiting receptor on the surface of certain cells, for example tumor cells.

PD-L1 (Programmed Death-Ligand-1). The ligand that binds to PD-1, helping the cancer evade the body's immune defense.

Phase 1, 2 and 3. The various stages of studies on the efficacy of a pharmaceutical in humans.

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.

Progression Free Survival (PFS). The length of time during and after the treatment of a disease, such as cancer, that a patient lives with the disease but it does not get worse.

Proof of Concept (PoC). 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.

Other information

Financial reports 2024
Alligator intends to give financial statements as follows:

- Q1 interim report: May 6, 2024
- Q2 interim report: July 11, 2024
- Q3 interim report: October 24, 2024
- Year-end report 2024 in February 2025

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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®, ALLIGATOR-GOLD®, RUBY® and Neo-X-Prime® 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 2024

Alligator's Annual General Meeting 2024 will be held on Tuesday, May 7, 2024 at 2.00 p.m. at Medicon Village, conference room Bengt, Scheelevägen 4 in Lund, Sweden.
The invitation will be published in Post- och Inrikes Tidningar (the Swedish government gazette) and on the company's website.

Shareholders who wish to attend the AGM must

- be entered in the register of shareholders maintained by Euroclear as of Friday April 26, 2024.
- notify Alligator of their intention to attend no later than Tuesday April 22, 2024 by letter to Alligator Bioscience AB, Att: Greta Eklund, Medicon Village, SE-223 81 Lund Sweden, or by e-mail to anmalan@alligatorbioscience.com.

Shareholders whose shares are registered with fund managers must request temporary entry in the Euroclear register of shareholders in order to participate in the AGM. Re-registration must be completed by Tuesday, April 22, 2024, and the manager must be informed of this in good time before this date.

Notification
The notification should include the name, personal or corporate ID number, shareholding, telephone number and the number of any representatives (maximum two). For shareholders to be represented by a proxy, authorization must be sent together with the notification. Anyone representing a legal person must carry a copy of the registration certificate or equivalent authorization documents showing authorized signatories. The company will provide authorization forms to shareholders who require them.

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