Q2 Alligator Bioscience AB (publ)
Interim report January-June 2020

ALLIGATOR bioscience

A revolution for life.

Promising safety data for ATOR-1015.

Significant events April-June

- **ATOR-1015:** The Phase I clinical study progressed well with eleven dose levels evaluated for initial safety. Interim data from up to 21 cancer patients was presented at the oncology conferences AACR and ASCO, showing a promising safety and tolerability for ATOR-1015. Currently, patients are given doses of 750 mg, approximately 12.5 mg/kg, every two weeks.
- **Mitazalimab:** A preclinical collaboration agreement was signed with the Danish biotech company Scandion Oncology. The collaboration will further validate mitazalimab's potential in combination therapy with diverse chemotherapeutic agents. Preparations are ongoing for a clinical phase II study with the aim to submit a CTA before year-end.
- **ATOR-1017:** A first patent within the development program was approved by the U.S. Patent Office, and its earliest expiry year is 2037.
- **ALG.APV-527:** Preclinical data, supporting that ALG.APV-527 has the potential to induce a strong anti-tumor immune response without systemic toxicity, was presented at PEGS Interactive Virtual Summit.
- **Biotheus agreement:** Our collaboration partner Biotheus has chosen to continue the antibody collaboration after a thorough technical evaluation, resulting in a payment to Alligator of USD 0.5 million.
- **New CFO:** Marie Svensson was appointed as the new CFO starting September 1, 2020.
- **Strategy:** A strategic decision was taken to strengthen clinical focus with the aim to build value of the clinical drug candidates, while reducing preclinical expenses including a 20% reduction in workforce. The adjustments will extend Alligator's cash runway into the fourth quarter of 2021.
- **Effects of Covid-19:** Patient recruitment in the Phase I studies was temporarily paused in March and April 2020 due to the Covid-19 pandemic but has been resumed.

  Approved governmental subsidies amount to SEK 1.5 to 2.0 million.

Financial summary

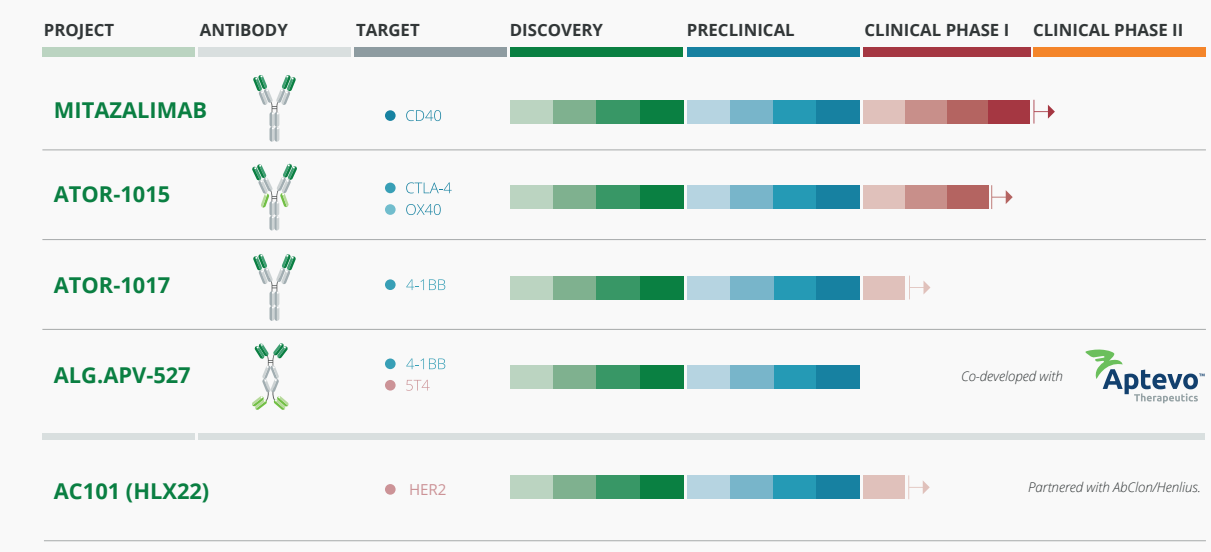
April-June

- Net sales, SEK 4.4 million (0.0).
- Operating result, SEK -34.7 million (-50.5).
- Result for the period, SEK -35.1 million (-49.3).
- Earnings per share before and after dilution, SEK -0.49 (-0.69).
- Cash flow for the period, SEK -33.2 million (-44.9).
- Cash and cash equivalents, incl. interest-bearing securities, SEK 169.8 million (358.2).

January-June 2020

- Net sales, SEK 4.4 million (0.1).
- Operating result, SEK -79.6 million (-96.7).
- Result for the period, SEK -77.9 million (-93.7).
- Earnings per share before and after dilution, SEK -1.09 (-1.31).
- Cash flow for the period, SEK -27.7 million (-79.2). (See p. 17)

The information was submitted for publication at 1:00 p.m. CEST on July 13, 2020. For contact details, see page 12.



Comments from the CEO.

With the new strategy announced in early April, we have put a stronger focus on Alligator's clinical development portfolio. ATOR-1015 has received a great deal of attention in connection with the positive interim data presented at AACR and ASCO, the world's two largest oncology conferences. We have also worked actively with business development and signed a research agreement with Scandion Oncology during the period, while our collaboration with Biotheus developed well and led to an additional milestone payment. The Covid-19 pandemic has been stressful but has not led to any serious delays in the clinical projects. We are now looking forward to an exciting second half of 2020 for Alligator.

Per Norlén
CEO Alligator Bioscience (publ)

Vigorous measures will take us into the fourth quarter of 2021

We are now concentrating Alligator's resources on the projects that have the prospects of most rapidly generating the greatest value, which are our clinical programs. By further sharpening our focus and through cost reductions, we are sufficiently financed for 15 months to come. The measures have included employee reductions impacting 11 positions, corresponding to approximately 20 percent of the company's workforce. Cost reductions have been made on several levels and Alligator's Board of Directors has also, on its own initiative, reduced its fees. All in all, we estimate that the company's costs on an annual basis will be reduced from approximately SEK 230 million in 2019 to approximately SEK 150 million going forward. The cost reductions will be fully implemented during the third quarter this year and we expect to have financial resources that carry us into the fourth quarter of 2021.

Resumed recruitment

As a consequence of the ongoing Covid-19 pandemic, a temporary pause in recruitment was imposed in our ongoing Phase I clinical studies with ATOR-1015 and ATOR-1017. Recruitment has been resumed for some time and we do not currently see any impact on the timelines for the studies as a whole.

Alligator's business development work has been changed with the pandemic so that all external discussions are conducted via telephone and computer screens instead of physical meetings. This has proven to work well.

ATOR-1015 in focus during the quarter

Alligator's clinical development portfolio comprises four different drug candidates, all for the treatment of metastasized cancer. Mitazalimab has completed Phase I studies and is ready for clinical Phase II. ATOR-1015 and ATOR-1017 are in ongoing Phase I studies and AC101, which is being run by the Chinese company Shanghai Henlius, is also in clinical Phase I.

ATOR-1015, developed as a tumor-targeted therapy of metastatic cancer, is in clinical Phase I and is a bispecific antibody that targets the immune receptors CTLA-4 and OX40. ATOR-1015 is developed for improved efficacy and to resolve the problems of side effects in today's treatment and is being evaluated in an ongoing dose escalation study that is planned to comprise up to 53 patients. To date, the study has proceeded according to plan and doses of 750 mg, corresponding to 12.5 mg/kg, are currently being evaluated. This can be compared to Yervoy, the registered comparable product, which causes severe side effects already at several times lower dose levels. The side-effect profile for ATOR-1015 continues to look promising.

The ongoing Phase I study with ATOR-1015 was selected for presentation of interim data at the scientific conference AACR Virtual Meeting on April 27-28. Shortly thereafter, we presented additional positive Phase I data at the ASCO Annual Meeting, which this year was held virtually on May 29-30. In total, data was presented for 21 patients, including completed dose levels, cancer types, as well as side-effect profile and clinical efficacy parameters.

New agreement and promising results in partnerships

During the quarter, we were able to present a new collaboration agreement with Scandion Oncology regarding preclinical evaluation of chemotherapy in combination with mitazalimab. It is a collaboration based on the fact that our respective models complement each other and the results may strengthen both companies' datasets and create the basis for future clinical studies.

In August 2019, we signed a licensing agreement with the Chinese company Biotheus Inc regarding the Chinese rights to an immune-activating antibody from the antibody library ALLIGATOR-GOLD. The antibody forms the basis of a new bispecific drug molecule developed by Biotheus. After a thorough evaluation of the antibody in this bispecific context, Biotheus chose at the end of May to proceed with the collaboration, which resulted in Alligator receiving a partial payment of 0.5 million USD. This is yet another validation of our antibody library and at the same time it provides further presence in the Chinese pharmaceutical market.

In our collaboration with US Aptevo Therapeutics, we were able to present promising preclinical data in June at the PEGS Virtual Interactive Global Summit showing that the drug candidate ALG.APV-527 selectively improves the function of T cells and NK cells in the presence of the tumor antigen 5T4. Furthermore, it is shown that ALG.APV-527 can reject tumors whilst maintaining a good safety profile, which supports its potential to provide a powerful anti-tumor response without systemic side effects.

Exciting continuation of 2020

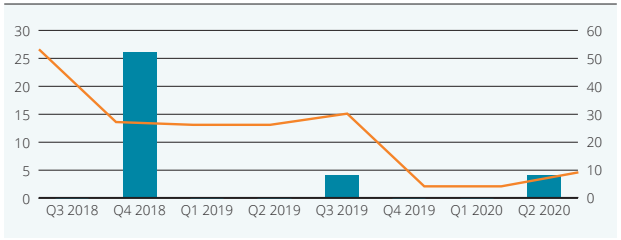
It has been an eventful quarter with several positive news, at the same time as it is always challenging to carry out reductions in the organization and to lose competent and valued colleagues. However, the savings are very important for our financial endurance and our ability to develop value going forward. I would like to thank all our co-workers, whether directly or indirectly affected, for the valuable contribution to Alligator and for the dedication and professionalism.

I would also like to welcome our new CFO, Marie Svensson to Alligator. Marie will assume her position on September 1st and will be part of the executive management team.

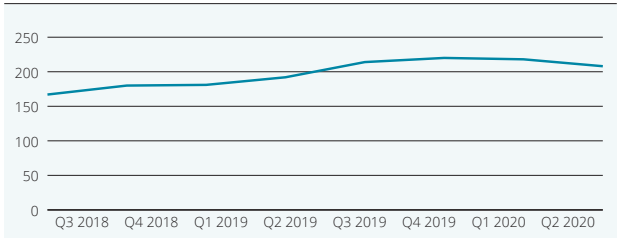
We have an exciting second half of 2020 ahead of us. We will get clinical readout from our Phase I study with ATOR-1015 and get a confirmation on whether ATOR-1015 has solved the safety issues associated with CTLA-4. In addition, we will initiate clinical Phase II by submitting the CTA for the upcoming Phase II efficacy study of mitazalimab.

Performance measures, Group.

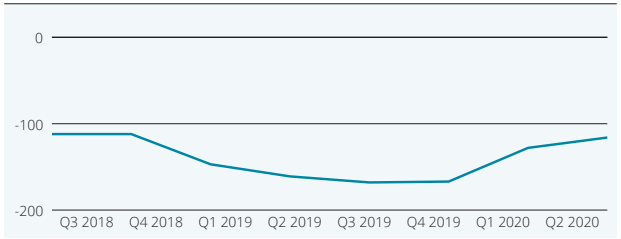
Net sales, SEK million



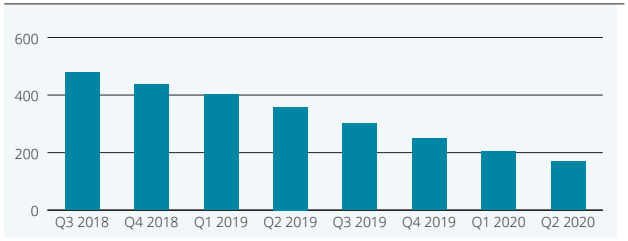
Operating costs, rolling 12 months, SEK million



Cash flow, rolling 12 months, SEK million



Cash and cash equivalents, including securities, SEK million



	Note	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Result (TSEK)						
Net sales	5	4,352	30	4,352	70	4,358
Operating profit/loss		-34,709	-50,507	-79,562	-96,745	-214,519
Profit/loss for the period		-35,052	-49,316	-77,932	-93,715	-210,112
R&D costs		-29,347	-38,983	-61,875	-73,863	-173,601
R&D costs as a percentage of operating costs excl. impairments		73%	77%	73%	76%	79%
Capital (TSEK)						
Cash and cash equivalents at end of period		169,757	284,950	169,757	284,950	196,870
Cash, cash equivalents and bonds at end of period		169,757	358,155	169,757	358,155	249,886
Cash flow from operating activities		-31,659	-43,346	-78,462	-74,126	-178,963
Cash flow for the period		-33,176	-44,904	-27,726	-79,168	-167,446
Equity at the end of the period		180,581	374,789	180,581	374,789	258,498
Equity ratio at the end of the period, %		81%	89%	81%	89%	83%
Info per share (SEK)						
Earnings per share before dilution		-0.49	-0.69	-1.09	-1.31	-2.94
Earnings per share after dilution*		-0.49	-0.69	-1.09	-1.31	-2.94
Equity per share before dilution		2.53	5.25	2.53	5.25	3.62
Equity per share after dilution*		2.53	5.25	2.53	5.25	3.62
Personnel						
Number of employees at end of period		56	56	56	56	55
Average number of employees		56	56	56	56	55
Average number of employees employed within R&D		49	48	48	48	46

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

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

Operations.

Alligator Bioscience AB is a public Swedish biotech company specialized in the development of 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 in this area for novel and improved therapies.

In April 2020, the company decided to increase the operation's focus on the clinical development portfolio with the aim of securing the value of the drug candidates in the clinical phase. The company's innovation platform and drug research are maintained to ensure the company's long-term development. The preclinical drug development at Alligator is conducted by the company's own personnel, but on a smaller scale. All the expertise required for running successful projects remains. To make the development as competitive and time-efficient as possible, some of this work is carried out in collaboration with other biotech companies, contract laboratories and leading international immuno-oncology research institutions. The clinical studies are carried out in collaboration with leading specialist physicians and CROs with expertise in clinical development. In all, all the expertise required for running successful projects from idea to clinic remain.

Several patented technologies

The development of novel drug candidates is based on Alligator's patented technology platforms FIND® (protein optimization technology) and ALLIGATOR-GOLD® (antibody library). These platforms enable efficient generation of novel drug candidates with high potential. In addition, the company has two unique bispecific antibody formats for the development of novel dual-action antibodies. The latest antibody format, RUBY™, allows Alligator to easily generate bispecific molecules from any two antibodies, with excellent stability and manufacturability properties. The format abolishes the need for further optimization and enables Alligator to move drug candidates faster from preclinical to the clinical phase. Together, these technologies provide Alligator with a strong base for the development of bispecific, tumor-directed drug candidates.

Competitive project portfolio with clinical focus

Alligator's project portfolio includes the clinical drug candidates mitazalimab, ATOR-1015 and ATOR-1017. As announced earlier, ALG.APV-527 has been suspended while awaiting a partner who can take the project to clinical development. ATOR-1144 and early-stage research projects have been packaged for out-licensing. All drug candidates are developed for tumor-directed immunotherapy, are directed against immunostimulatory receptors and have the potential to provide long-lasting

Alligator's business model

	DISCOVERY	PRECLINICAL	CLINICAL PHASE I	CLINICAL PHASE II	CLINICAL PHASE III	MARKET
Costs	Research until selection of drug candidate. Patent application.	Preclinical studies. Presentations at scientific conferences.	Phase I clinical studies and out-licensing activities.	Phase II clinical studies and out-licensing activities.		
Revenue			**Partnering/out-licensing** Initial payment.	**Partnering/out-licensing** Initial payment. Milestone payments.	**Partnering/out-licensing** Milestone payments.	**Partnering/out-licensing** Royalties.

protection against cancer. Future cancer treatments will probably involve several different drugs in combination. However, although the combination therapies used to date have boosted the clinical effect, they have also led to a higher risk of developing severe immune-related adverse events. Alligator's concept of tumor-directed immunotherapy provides an opportunity to solve this and develop new cancer therapies with higher efficacy without increasing the risk of severe side effects.

Alligator's organization

Alligator's research organization is divided into four units: Discovery, CMC (Chemistry, Manufacturing & Control), Non-Clinical Development and Clinical Operations & Regulatory. The Discovery unit is responsible for early-stage research projects through to the identification of a drug candidate. This normally includes the development and evaluation of treatment concepts, the evaluation of potential drug candidates and early-stage efficacy testing. The CMC unit is responsible for developing manufacturing processes and the manufacturing of clinical study materials. The Non-Clinical Development unit is supporting the clinical projects and for compiling a data packages sufficient for clinical study applications. The Clinical & Regulatory unit creates and runs the clinical studies needed to show that our products are safe and efficacious until successful out-licensing.

Business model that creates value across the development chain

The company's business model is based on proprietary drug development – from early-phase research and preclinical development to Phase II clinical studies, when the treatment is validated in patients. The plan is to subsequently out-license the drug candidate to a licensee for further development and market launch. This business model enables the company to generate revenue even before the drug reaches the market, such as initial payments when agreements are signed and milestone payments during the development process.

Drug development at Alligator – the different phases

DISCOVERY

In the Discovery phase, Alligator creates mono and bispecific antibodies using its technology platforms ALLIGATOR-GOLD, FIND and two bispecific fusion formats.

The development and evaluation of treatment concepts, evaluation of various potential drug candidates and early-stage efficacy testing.

The antibodies are optimized to achieve the set objectives in terms of function, binding affinity and stability, after which a drug candidate is selected for further development.

PRECLINICAL

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

Alongside of these preclinical activities, research activities continue to increase understanding of the candidate's biological function. This phase also includes activities for the production of materials for upcoming clinical studies.

CLINICAL PHASE I

The first human studies are conducted in smaller cohorts, normally 20–80 patients with metastatic cancer. The aim of these studies is mainly to show that the compound is safe.

Studies are also carried out to see how the drug is absorbed, distributed and metabolized.

CLINICAL PHASE II

The endpoint of Phase II studies is to show that the substance has the intended medical efficacy and to determine optimal dosage. Normally, 100-300 patients are tested.

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

CLINICAL PHASE III

The drug is tested on a larger cohort of patients in Phase III, usually between 1,000 and 3,000 patients.

The endpoint of Phase III studies is to demonstrate that the new compound is at least as good or better than previously approved treatments.

When the Phase III program is complete, a statement can be issued about the drug's properties and common side effects and the documentation required to register the drug has been compiled.

Mitazalimab.
Drug candidate ready for Phase II clinical study.

Mitazalimab, is an antibody that binds to CD40 receptors and has been developed for the treatment of various types of metastatic cancer. Activation of the CD40 receptors on the dendritic cells lead to activation of tumor specific T cells, hence strengthening the ability to selectively attack the cancer cells.

The licensing agreement between Alligator and Janssen that was signed in 2015 was terminated during autumn 2019 due to a strategic decision by Janssen to prioritize other projects. In addition to Janssen's running and funding the development programs over the past few years, Alligator also received an upfront payment of USD 35 million when the agreement was signed in 2015, and an additional USD 11 million throughout the term of the agreement.

Events during the second quarter

Alligator is currently working on finalizing the continued clinical development plan for mitazalimab, which includes a Phase II study that is expected to commence in the latter part of 2020.

Project status: Phase I clinical study completed, planning for Phase II

To date, the clinical program has comprised two Phase I studies. The first study was conducted by Alligator with a focus on intratumoral administration. The results showed that clinically relevant doses of mitazalimab are well-tolerated. Further promising safety and tolerability data from a second Phase I clinical study with mitazalimab in cancer patients was presented at the American Society of Clinical Oncology (ASCO) Annual Meeting in 2019. The results showed that the adverse effects were mostly mild and transient. The study comprised a total of 95 patients. Doses of up to 1200 µg/kg i.v. with no premedication, and up to 2000 µg/kg with premedication proved safe and tolerable. The results also gave signs of clinical activity. Partial response was observed in one renal cancer patient, while 10 patients showed disease stability for at least six months.

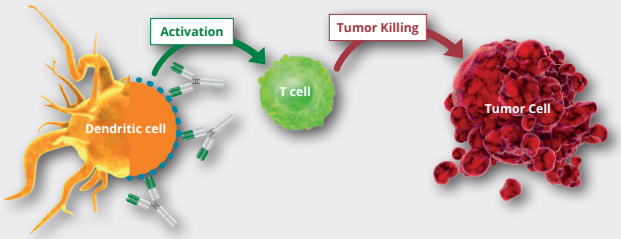
2020 objectives

- ☐ Start (CTA submission) of Phase II clinical combination study.

Mechanism of action

#CD40

1. The dendritic cell presents the target molecule CD40 on its surface.
2. Mitazalimab binds to CD40 and triggers activation of the immune system's beneficial T cells.
3. The T cells are activated to kill tumor cells.



Mitazalimab is a stimulatory antibody that targets CD40, a receptor in the dendritic cells of the immune system, which are the cells that detect cancer cells in the body. Mitazalimab's activation of CD40 enables dendritic cells to stimulate the immune response's weapons more effectively – in this case, T cells – allowing the immune system to selectively attack the cancer. Mitazalimab has been optimized using Alligator's unique FIND technology, with the aim to achieve efficacy already at very low doses. In preclinical models, mitazalimab has been shown to induce a potent tumor-directed immune response and provide long-lasting tumor immunity. In addition, preclinical data have demonstrated how mitazalimab can be used against multiple types of cancer.

ATOR-1015. Tumor-localizing bispecific CTLA-4 antibody with dual immunostimulatory function.

ATOR-1015 developed as targeted therapy for metastatic cancer is a bispecific antibody. One component of the antibody blocks CTLA-4, a target molecule validated for clinical efficacy. The other component binds to OX40, which localizes the antibody to the tumor region, and has the potential to increase efficacy and improve safety.

The ATOR-1015 antibody has been assembled and optimized using Alligator's unique ALLIGATOR-GOLD and FIND technologies and a bispecific fusion format. Promising interim data from the ongoing Phase I dose-escalation study was presented at AACR and ASCO during the spring 2020, displaying an encouraging tolerability profile.

Events during the second quarter

The study has progressed well during the period and currently, patients are given doses of 750 mg, approximately 12.5 mg/kg, every two weeks. The results presented at AACR and ASCO include evaluation of doses up and including 600 mg (about 10 mg/kg) which show that ATOR-1015 is well tolerated. To date, 21 patients with varying cancer types (colon cancer, eye melanoma, pancreatic cancer, ovarian cancer, gallbladder cancer, gastric cancer, and melanoma) have been evaluated in terms of safety. The drug related adverse events in the study have generally been mild and transient. No dose-limiting toxicity or severe immune-related adverse events have been reported.

Project status: Clinical Phase I

The ongoing Phase I study in patients with metastatic cancer is planned to comprise up to 53 patients. The principal investigator is Dr Jeffrey Yachnin from the Department of Oncology at Karolinska University Hospital in Stockholm. The primary endpoint of the study is to investigate the safety and tolerability of ATOR-1015 and to determine the recommended dose for the subsequent dose-expansion and Phase II studies. For further information, please refer to:

https://www.clinicaltrials.gov/ct2/show/NCT03782467?term=1015&rank=1

Due to the positive tolerability profile of ATOR-1015, dose escalation has progressed to higher doses than expected but still allows for a preliminary efficacy readout in melanoma patients already towards the end of 2021.

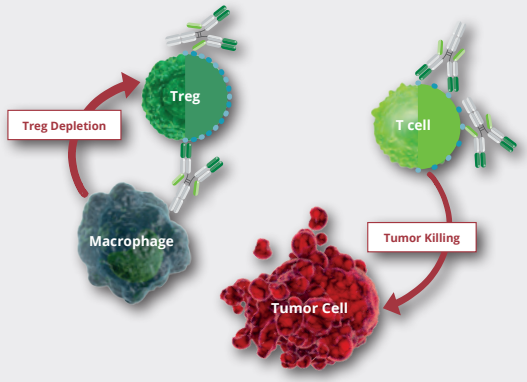
2020 objectives

- ☐ Results from the ongoing Phase I clinical study.
- ☐ Start of the Phase Ib monotherapy study within the framework of the ongoing Phase I study.
- ☐ Submission of CTA application to start Phase II clinical combination study.

Mechanism of action

#CTLA-4
#OX40

1. ATOR-1015 binds to CTLA-4 and OX40 on the regulatory T cells, the cells which restrain the immune system.
2. The macrophages are activated to kill Tregs, removing the inhibitory effect of Tregs on the beneficial T cells.
3. The effector T cells (light green) increase in number and are activated to kill the tumor cells.



ATOR-1015 binds to two different immunomodulatory receptors – the CTLA-4 checkpoint receptor, and an OX40 activating receptor. By merging two immunotherapies in the same molecule, new biology is created. In preclinical studies, the bispecificity has been shown to cause a significant increase in the immunostimulatory effect and is expected be achieved mainly in environments where both of the target molecules are expressed at high levels, such as in a tumor. This means that ATOR-1015 may have potent immunostimulatory effects in the tumor environment, but not in the rest of the body, with the goal of increasing efficacy and reducing side effects. ATOR-1015 is primarily designed for combination therapies and the preclinical results presented include data indicating an additive anti-tumor effect in combination with a PD-1 blocking antibody.

ATOR-1017. Stimulation of both T and NK cells induce potent killing of tumor cells.

ATOR-1017 is a monoclonal antibody that stimulates the 4-1BB receptor 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 cells required for tumor control.

The drug candidate ATOR-1017 is developed for enhanced combination treatment of metastasized cancer. A Phase I dose-ranging study in patients with metastatic cancer is ongoing and will comprise up to 50 patients. The study is conducted at three different clinics in Sweden with the primary endpoint to investigate the safety and tolerability of ATOR-1017, and to determine the recommended dose for subsequent Phase II studies.

Events during the second quarter

In June 2020, the United States Patent and Trademark Office (USPTO) issued U.S. Patent No. US 10,689,454 which covers compositions of matter directed to ATOR-1017. This is the first granted US patent related to ATOR-1017 and its earliest expiry year is 2037.

Patient recruitment in the Phase I study was temporarily paused in March and April 2020 due to the Covid-19 pandemic but has been resumed.

Project status: Clinical Phase I

ATOR-1017 activates 4-1BB receptors, which increases the immune system's ability to discover and kill tumor cells. This makes 4-1BB an extremely interesting target for cancer immunotherapy. ATOR-1017 has a unique profile as the immunostimulatory effect increases in environments with a high number of immune cells, which occurs specifically in tumors. This creates an opportunity for potent, tumor-directed immunostimulation that can increase the effect and reduce side effects for the patient.

Large volumes of preclinical data have been presented showing that ATOR-1017 stimulates both natural killer (NK) and T cells, both of which contribute to an effective immune-mediated killing of tumor cells. NK cells are immune cells that specifically target tumor cells trying to evade the immune system's response. NK cells also strengthen cell-death signaling from the immune system's tumor-specific T cells. Stimulatory antibodies against 4-1BB therefore strengthen the ability of both NK and T cells to attack tumor cells.

2020 objectives

- ☐ Phase I clinical study proceeds with the aim to present results in 2021.

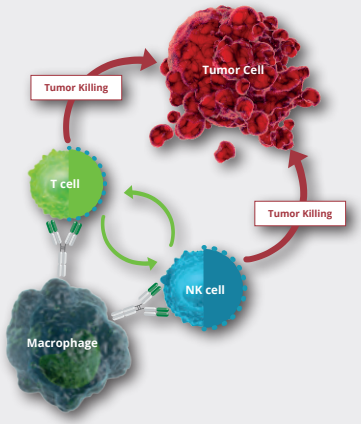
Mechanism of action

#4-1BB

#Fc-gamma receptor

ATOR-1017 **4-1BB** Fc-gamma receptor

1. ATOR-1017 binds to the target molecule 4-1BB on the surface of T cells and NK cells.
2. The immunostimulatory function is dependent on binding to Fc-gamma receptor on macrophages.
3. The beneficial T cells are activated to kill tumor cells.



ATOR-1017 is distinct from other 4-1BB antibodies, partly because of its unique binding profile, but also because its immunostimulatory function is dependent on crosslinking to Fc-gamma receptors in immune cells. This localizes the immunostimulation to the tumor region where both 4-1BB and Fc gamma receptors are expressed at high levels – totally in line with the treatment strategy for Alligator's drug candidates. The objective is to achieve an effective tumor-directed immune response with minimum side effects.

Other projects.

ALG.APV-527.

ALG.APV-527 is a bispecific antibody that targets 4-1BB and 5T4, designed for the treatment of metastatic cancer. The drug candidate is co-developed with Aptevo Therapeutics Inc. since 2017.

Events during the second quarter

Preclinical data for ALG.APV-527 was presented in June 2020 at PEGS Virtual Interactive Global Summit. The data show that ALG.APV-527 selectively enhances the function of activated T cells and NK cells in the presence of the tumor antigen 5T4, as shown in vitro, and potently rejects tumors in an in vivo animal model.

As earlier presented, ALG.APV-527 has the potential to selectively stimulate and strengthen the T cell response in the tumor without stimulating the immune system in the rest of the body. The findings support ALG.APV-527's overall potential to evoke an effective tumor-directed immune response with less side effects.

Project status: Preclinical development

During the autumn 2019, Alligator and Aptevo made a joint decision to postpone an application to start clinical trials. For Alligator, this will ensure that resources are available for driving its clinical portfolio forward. The companies have initiated discussions with potential partners for the upcoming clinical development of ALG.APV-527.

Co-development with Aptevo

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

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

Out-licensed projects.

AC101 agreement with AbClon

Through its subsidiary Atlas Therapeutics AB, Alligator holds a participating interest in the clinical project Biosynergy (AC101/HLX22), run by the Korean company AbClon. The drug candidate is now being further developed by the Chinese company Shanghai Henlius, which in 2018 increased its rights to encompass a global license for development and commercialization. Alligator incurs no overheads for this project but is entitled to 35% of AbClon's proceeds from the outlicensing to Shanghai Henlius. During previous financial years, Alligator received two milestone payments totaling USD 3.0 million in conjunction with a regional out-licensing of one of these products, the HER2 antibody AC101. AC101 is currently in clinical phase I development.

Technology agreement with Biotheus

In August 2019, an agreement was concluded with Biotheus Inc. of China. Biotheus obtained the Chinese rights (China, Hong Kong, Taiwan and Macao) to an antibody from the ALLIGATOR-GOLD antibody library. The agreement gives Alligator the right to total initial upfront payments, and milestone and option payments of potentially USD 142 million.

In June 2020 and after the initial evaluation period concluded positive, Alligator received a second payment of USD 0.5 million.

An investment in Alligator. Risks and opportunities.

All drug development is associated with high risk
The cost of developing new drugs is great and there is a significant risk that a drug candidate will fail to reach the market. A drug candidate could, for example, demonstrate unacceptable side effects or is shown to lack the intended therapeutic effect.

Alligator mitigates risks
Alligator's drug candidates are tumor-directed, which reduces the risk of serious side effects. Risks for the project portfolio as a whole are also limited as Alligator develops drug candidates for different target molecules. The clinical success of the portfolio as a whole is thereby not dependent on the ability of a specific combination of antibodies/target molecules to show clinical efficacy.

Major potential
Immuno-oncology has substantial potential and confidence in immuno-oncology as an effective form of therapy is now established. This was apparent, not least, in the 2018 Nobel Prize in Medicine, which was awarded to James P. Allison and Tasuku Honjo, two pioneers in the field.

Objectives for 2025: between three and five out-licensed projects
Alligator is pursuing a long-term and highly intensive business development program and since 2015 it has generated income of approximately USD 50 million in the form of initial payments and milestone payments. The objective is to have between three and five out-licensed projects by 2025, which will generate significant income in the form of initial payments and milestone payments.

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

GREAT MEDICAL NEEDS WORLDWIDE
One in five men and one in six women worldwide will at some stage of their lives develop cancer. Every year, about 18 million people are diagnosed with cancer and approximately 10 million people die of cancer (Globocan 2018). This means there is a major unmet need for advanced cancer care. Alligator's ambition is to develop immuno-oncology drugs that can save lives all over the world.

PROJECTS READY FOR OUT-LICENSING
Alligator has a number of projects in various development phases that are ready for out-licensing. Everything from the most advanced project, mitazalimab, to ALG.APV-527, which in 2019 was prepared for an initial clinical phase. Alligator also sees opportunities for interesting deals using its broad knowledge and unique technology platform, on which the company's development of unique antibodies is based.

GLOBAL MARKET WORTH USD 85 BILLION
The global cancer therapy market is valued at USD 85 billion (2018). Immuno-oncology is one of the fastest growing areas and the global market for cancer immunotherapies is expected to dominate the market in the future and grow to nearly USD 107 billion in 2023. As an example, sales of Merck's drug Keytruda® alone are expected to exceed USD 11 billion in 2019 (USD 7.1 billion in 2018). Source: GlobalData, Cowen Therapeutics Outlook March 2019.

HIGH INNOVATION CAPACITY
Alligator possesses a very high innovation capacity. The company's discovery unit develops tumor-targeted immunotherapies focusing on active therapies that provide long-lasting tumor-specific immunity. The unit's most important assets are its world-class researchers and a unique technology platform, which can be seen as the company's innovation engine, where future immuno-oncology drugs are already being developed.

The Alligator share.

Number of shares and stock option program
The total number of outstanding shares in the company at the end of the quarter was 71,388,615 (71,388,615).

At the AGM held in 2016, a resolution was passed regarding two incentive programs: an employee option program and a warrant program.

Under the employee option program, 900,000 employee stock options were allotted free of charge to participants. The employee options have been vested in installments until May 1, 2019. Of the allotted employee options, 846,664 have been vested and 53,336 have lapsed since the individuals to whom they were allotted have since left the company. To secure delivery under the employee option program, and to cover ancillary costs, primarily social security contributions, a total of 1,182,780 warrants were issued to a subsidiary of which 900,000 were allotted to employees free of charge and 282,780 were issued to cover ancillary costs. Because of the warrants having lapsed, a total of maximum 1,112,686 warrants can be exercised in the program.

A total of 1,000,000 subscription options were issued under the program, of which a total of 857,000 warrants had been transferred to the participants in the program at market value at the end of the quarter. Further transfers will not take place and, consequently, a maximum of 857,000 warrants can be exercised in the program.

Each warrant in the two programs entitled the holder to acquire one new share at an exercise price of SEK 75. The last period to exercise the warrants were from March 1, 2020 until May 31, 2020. No warrants were exercised during this period on which all warrants have lapsed.

At the 2018 AGM, it was decided to set up another employee option program whereby 2,275,000 employee options were allotted free of charge to participants. The employee options will be vested in installments until May 1, 2021. Vesting is subject to the participant remaining in the company's employment and not having resigned on a given qualifying date. Of the allotted employee options, 1,072,500 have been vested, 925,000 may still be vested and 277,500 have lapsed since the individual to whom they were allotted has since left the company. To secure delivery under the employee stock option program, and to cover ancillary costs, primarily social security contributions, a total of 2,989,805 warrants were issued to a subsidiary of which 2,275,000 were allotted to employees free of charge and 714,805 were issued to cover ancillary costs. Because of the warrants having lapsed, a total of maximum 2,625,115 warrants can be exercised in the program.

Each warrant in the program entitles the holder to acquire one new share at an exercise price of SEK 75. The warrants are expected to be available to exercise one month after the publication of the first quarter reports for 2021 and 2022.

Upon full exercise of all warrants issued in respect of the share subscription incentive programs, a total of 2,625,115 shares will be issued, thereby increasing the number of shares to a maximum of 74,013,730, corresponding a to dilution by 3.55%.

The Alligator share in brief (June 30, 2020)
- Listed on: Nasdaq Stockholm Mid Cap
- Number of shares: 71,388,615
- Average turnover per day: Approximately 161,000 (preceding quarter approximately 206,000)
- Number of shareholders: Approximately 8,000 (preceding quarter approximately 7,200)
- Market capitalization: SEK 703 million (preceding quarter SEK 447 million)
- Ticker: ATORX
- ISIN: SE0000767188

Largest Shareholders	Jun 30, 2020	%
Banque Internationale à Luxembourg SA	13,933,803	20.0
Sunstone Life Science Ventures Fund II K/S	5,758,485	8.1
Lars Spånberg	3,213,858	4.5
Johnson & Johnson Innovation	2,740,919	3.8
Avanza pension	2,493,339	3.5
4 AP-fund	2,273,183	3.2
Öhman funds	1,968,859	2.8
Magnus Petersson	1,616,988	2.7
Mikael Lönn	1,442,183	2.3
Stena AB	1,401,339	2.0
Remaining share holders	34,545,659	48.4

Banque Internationale à Luxembourg SA (BIL) is a group of mainly Swedish investors with their shares managed by BIL.

The company's owner structure is updated monthly on the company's website: www.alligatorbioscience.com.

Source: Shareholder data is based on a report from Euroclear and Monitor (Modular Finance) as of June 30, 2020, where certain foreign accounts have been identified by the company.

Other information.

Review
This report has not been reviewed by the company's auditor.

Employees
The number of employees in the Group at the end of the quarter was 56 (55). Of these, 13 (13) were men and 43 (42) were women.

Of the total number of employees, 49 (47) were employed within Research and Development.

During the quarter, the Group reduced the number of employees with 11 positions, corresponding to 20 percent of the company's personnel. The reduction of employees will take effect in the third quarter.

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

- Q3 Interim report October 22, 2020
- Year-End report 2020 February 11, 2021

Risks and uncertainties
During the course of its business operations, the Group is exposed to various financial risks, such as market risk (comprising foreign exchange risk, interest-rate risk and price risk), credit risk and liquidity risk. The aim of the Group's overall risk management is to achieve minimal adverse effects in terms of earnings and financial position. The Group's business risks, risk management and financial risks are described in detail in the Annual Report for 2019.

The impact of Covid-19 on the Group's risks
The effect of Covid-19 became clear during the second quarter of 2020 and the impact on the Group's risks is limited. Initially, there was an increased risk of delays in clinical projects as recruitment of new patients occurred at a slower pace (ATOR-1015 and ATOR-1017) but the recruitment fully resumed during May for the ongoing clinical studies. At the beginning of the quarter, the opportunities to sign new license agreements were limited. However, this was a transitional phase and the Group feels that the market is back to normal business conditions.

Statement of Financial Position
The Company works continuously to secure the financing of the operation. This include both business development for new partnering agreements, with an upfront payment upon signing, as well as other options. At the time of the publication of this Interim Report, the Company's assessment is that the financial resources are sufficent for the ongoing and planned operations the coming 15 months.

Forward-looking information
Even though the board and management believe the expectations in this report are justified, no guarantees can be given that they will turn out to be correct. Accordingly, the actual outcome may differ significantly from the assumptions stated in the forward-looking information depending on, among other factors, changes in the economy or market, changes in legal or regulatory demands, other political decisions and changes in exchange rates.

Parent Company
Both Group management functions and all operating activities are carried out in the Parent Company.

For additional details, refer to the information provided for the Group since the subsidiaries do not conduct their own operations.

Notes to the reader
Figures in brackets refer to the outcome for the corresponding period in the preceding year for figures related to the income statement and cash flow. For figures related to the financial position and personnel, figures in brackets refer to December 31, 2019. Unless otherwise stated, all amounts stated are rounded correctly, which may mean that some totals do not tally exactly.

Registered trademarks
FIND® and ALLIGATOR-GOLD® are Alligator Bioscience AB proprietary trademarks which are registered in Sweden and other countries.

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Financial statements

Unless otherwise stated, this Interim Report refers to the Group. Due to the nature of the business, there can be large fluctuations in revenue which are not seasonal or regular but are mainly linked to when milestones generating a payment are reached in out-licensed research projects.

Like revenue, expenses can also fluctuate between periods. Among other factors, this fluctuation in expenses is influenced by the current phase of the various projects since certain phases generate higher costs. Figures in brackets refer to the outcome for the corresponding period in the preceding year for figures related to the income statement and cash flow. For figures related to the financial position and personnel, figures in brackets refer to December 31, 2019.

Unless stated otherwise, all amounts are in SEK thousand (TSEK). All amounts stated are rounded, which may mean that some totals do not tally exactly.

Consolidated
Income Statement

All amounts TSEK unless specified	Note	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Net sales	5	4,352	30	4,352	70	4,358
Other operating income	5	1,250	90	1,279	477	1,038
Total operating income		**5,601**	**120**	**5,630**	**547**	**5,396**
Operating costs						
Other external costs		-20,157	-30,025	-45,251	-57,958	-145,375
Personnel costs		-16,942	-17,272	-33,101	-32,191	-60,609
Depreciation of tangible assets and intangible assets		-2,900	-2,884	-5,765	-5,792	-11,548
Other operatings expenses		-311	-446	-1,076	-1,352	-2,384
Total operating costs		**-40,310**	**-50,627**	**-85,192**	**-97,292**	**-219,915**
Operating profit/loss		**-34,709**	**-50,507**	**-79,562**	**-96,745**	**-214,519**
Result from other securities and receivables		0	317	192	627	1,218
Other interest income and similar income statement items		0	998	1,992	2,641	4,643
Interest expense and similar income statement items		-342	-125	-554	-238	-1,455
Net financial items		**-342**	**1,191**	**1,630**	**3,030**	**4,406**
Profit/loss before tax		**-35,052**	**-49,316**	**-77,932**	**-93,715**	**-210,112**
Tax on profit for the period		0	0	0	0	0
Profit for the period attributable to Parent Company shareholders		**-35,052**	**-49,316**	**-77,932**	**-93,715**	**-210,112**
Earnings per share before dilution, SEK		**-0.49**	**-0.69**	**-1.09**	**-1.31**	**-2.94**
Earnings per share after dilution, SEK		**-0.49**	**-0.69**	**-1.09**	**-1.31**	**-2.94**

Net sales
Sales for the quarterand year pertain primarly to the license agreement with Bio-theus Inc. In the same periods prior year, sales pertained primarily to payments for development work related to the agreement for mitazalimab.

Other operating income
Other operating income for the quarter comprises primarily of exchange gains in the company's operations and government grants regarding short term allow-ance. In the same period prior year, revenue comprised exchange gains in the company's operations.

Operating expenses
The company's costs have decreased compared to the previous year, which is due to lower project costs as a result of reduced activity in ALG.APV-527 and com-pleted drug production in some projects. The personnel costs in the second quar-ter is lower than last year due to delayed salary revision and temporary lower social fees due to corona.

Total financial items
Pertains to returns on liquidity and financial assets as well as unrealized exchange gains and losses as a result of significant liquidity positions in USD, EUR and GBP.

Consolidated
Statement of Comprehensive Income

All amounts TSEK	Note	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Profit/loss for the period		-35,052	-49,316	-77,932	-93,715	-210,112
Other comprehensive income		0	0	0	0	0
Comprehensive income for the period		**-35,052**	**-49,316**	**-77,932**	**-93,715**	**-210,112**

Consolidated

Statement of Financial Position

All amounts in TSEK	Note	2020-06-30	2019-06-30	2019-12-31
ASSETS				
Fixed assets				
Intangible assets				
Participations in development projects	3	17,949	17,949	17,949
Patents		127	429	232
Softwares		398	410	464
Tangible assets				
Improvements in leased premises		1,521	2,130	1,825
Right of use assets		15,462	20,675	18,394
Equipment, machinery and computers		10,898	14,309	12,131
Construction in progress and advance payments for tangible assets		0	0	1,125
Financial assets				
Other investments held as fixed assets	6	0	53,138	53,016
Total fixed assets		**46,355**	**109,039**	**105,136**
Current assets				
Current receivables				
Accounts receivable	6	0	30	0
Other receivables	6	4,215	2,902	4,896
Prepayments and accrued income		1,787	3,837	4,226
Other short-term financial assets	6	0	20,068	0
Cash and cash equivalents	6	169,757	284,950	196,870
Total current assets		**175,759**	**311,787**	**205,992**
TOTAL ASSETS		**222,113**	**420,826**	**311,128**
EQUITY AND LIABILITIES				
Equity				
Share capital		28,555	28,555	28,555
Other capital contributions		662,614	662,614	662,614
Retained earnings and profit/loss for the period		-510,589	-316,380	-432,671
Equity attributable to Parent Company shareholders		**180,581**	**374,789**	**258,498**
Non-current provisions and liabilities				
Lease Liabilities	6	8,318	13,725	11,260
Other longterm liabilities	6	279	0	426
Total non-current provisions and liabilities		**8,597**	**13,725**	**11,685**
Current liabilities				
Accounts payable	6	4,336	7,167	15,674
Other liabilities		1,194	924	2,055
Lease Liabilities	6	5,853	5,573	5,794
Accrued expenses and deferred income	6	21,552	18,648	17,420
Total current liabilities		**32,935**	**32,311**	**40,944**
TOTAL EQUITY AND LIABILITIES		**222,113**	**420,826**	**311,128**

Cash and cash equivalents
Consolidated cash and cash equivalents, which consist of bank balances, totaled SEK 169,757 thousand (196,870). Bank balances amounted to SEK 169,757 thousand (93,890). During the first quarter, the Group divested the short-term interest funds, which were recognized as cash and cash equivalents.

Cash, cash equivalents and other short-term investments, including financial assets
During the first quarter, The Group divested remaining corporate bonds. The Group plans to use its liquidity for operating activities. A portion of the Group's liquidity is invested in USD, EUR and GBP foreign currency accounts. In accordance with the Group's Financial Policy, inflows of foreign currencies exceeding the expected requirements for the coming 18 months are to be converted to SEK at the time of payment. Besides this, no further hedging has taken place.

Equity
Equity at the end of the period amounted to SEK 180,581 thousand (258,498), corresponding to an equity ratio of 81% (83).

Equity per share before and after dilution
At the end of the period, equity per outstanding share amounted to SEK 2.53 (3.62), before and after dilution. Since the subscription price for issued options has not been reached, these are not taken into account (not "in-the-money").

Right of use assets, lease liabilities and loans
At the end of the period, right of use assets amounted to SEK 15,462 thousand (18,394) and lease liabilities amounted to SEK 14,171 thousand (17,053). Both right of use assets and lease liabilities pertain primarly to leases for offices and laboratories. As of 30 June, the installment purchase amounted to SEK 571 (778) thousand. Otherwise, no loans had been raised as of 30 June 2020 and no loans have been raised since that date. The Group has no loans or loan commitments.

Accrued expenses and deferred income
At the end of the period, accrued expenses and deferred income amounted to SEK 21,552 thousand (17,420). The increase pertains mainly to accrued expenses for clinical activities.

Consolidated

Statement of Changes in Equity

All amounts in TSEK	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Opening balance	**215,671**	**424,031**	**258,498**	**468,310**	**468,310**
Effect of share-based payments	-39	75	14	194	301
Profit/loss for the period	-35,052	-49,316	-77,932	-93,715	-210,112
Other comprehensive income in the period	0	0	0	0	0
Closing balance	**180,581**	**374,789**	**180,581**	**374,789**	**258,498**

Consolidated
Statement of Cash Flows

All amounts in TSEK	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Operating activities					
Operating profit/loss	-34,709	-50,507	-79,562	-96,745	-214,519
Adjustments for items not generating cash flow					
Depreciation and impairments	2,900	2,884	5,765	5,792	11,548
Effect from warrant program	-39	75	14	194	301
Other items, no impact on cash flow	0	648	180	1,362	2,126
Interest received	0	483	218	955	1,759
Interest paid	-93	-107	-189	-220	-419
Tax paid	0	0	0	0	0
Cash flow from operating activities before changes in working capital	**-31,941**	**-46,524**	**-73,575**	**-88,661**	**-199,205**
Changes in working capital					
Change in operating receivables	1,146	-151	3,120	27,643	25,291
Change in operating liabilities	-863	3,329	-8,007	-13,108	-5,049
Cash flow from operating activities	**-31,659**	**-43,346**	**-78,462**	**-74,126**	**-178,963**
Investing activities					
Acquisition of intangible assets	0	0	0	0	-116
Acquisition of tangible assets	0	-183	0	-816	-2,069
Divestment of securities	0	0	53,828	0	20,000
Cash flow from investing activities	**0**	**-183**	**53,828**	**-816**	**17,815**
Financing activities					
Amortization of leasing liabilities	-1,445	-1,376	-2,882	-4,226	-7,077
Installment purchase	0	0	0	0	778
Amortization of installment purchase	-72	0	-210	0	0
Cash flow from financing activities	**-1,517**	**-1,376**	**-3,092**	**-4,226**	**-6,298**
Cash flow for the period	**-33,176**	**-44,904**	**-27,726**	**-79,168**	**-167,446**
Cash and cash equivalents at beginning of period	**203,218**	**329,533**	**196,870**	**362,878**	**362,878**
Exchange rate differences in cash and cash equivalents	-285	320	613	1,240	1,438
Cash and cash equivalents at end of period*	**169,757**	**284,950**	**169,757**	**284,950**	**196,870**

* Inclusive other short-term liquid assets investments in interest funds amounting to SEK 0 millions (103) that can easily be converted into cash and are subject to an insignificant risk of value changes. Bonds, SEK 0 millions (53), that can easily be converted into cash, are not included in cash and cash equivilants.

Investments

No investments were made during the second quarter, SEK 0 thousand (183). During the second quarter last year, the Group invested in laboratory equipment totaling SEK (183) thousand .

No investments were made during the first half of the year SEK 0 thousand (816). Last year, the Group invested in laboratory equpment.

Cash flow for the period

Cash flow for the quarter totaled SEK -33,176 thousand (-44,904).

Cash flow for the first half 2020 amounted to SEK -27,726 (-79,168). During the first quarter, the Group divested the remaining corporate bonds of SEK 53,828 thousand which had a positive effect on cash flow. During the first quarter last year, a payment was received as a result of Shanghai Henlius Biotech, Inc. exercising an option to acquire the global licensing rights to the Biosynergy project, which was recognized as revenue in the fourth quarter of 2018.

Parent Company

Income Statement

All amounts in TSEK	Note	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Net sales		4,352	30	4,352	70	4,358
Other operating income		1,250	90	1,279	155	717
Total operating income		**5,601**	**120**	**5,630**	**226**	**5,075**
Operating costs						
Other external costs		-21,681	-31,507	-48,297	-60,918	-151,338
Personnel costs		-16,942	-17,272	-33,101	-32,191	-60,609
Depreciation and impairment of tangible assets and intangible assets		-1,434	-1,459	-2,833	-2,943	-5,812
Other operatings expenses		-311	-446	-1,076	-1,352	-2,384
Total operating costs		**-40,368**	**-50,685**	**-85,306**	**-97,404**	**-220,142**
Operating profit/loss		**-34,767**	**-50,564**	**-79,676**	**-97,178**	**-215,068**
Results from financial items						
Result from participation in Group companies		12,500	0	12,500	0	0
Result from other securities and receivables		0	317	192	627	1,218
Other interest income and similar income statement items		0	364	3,003	1,658	2,781
Interest expense and similar income statement items		-262	-19	-386	-19	-381
Net financial items		**12,238**	**662**	**15,308**	**2,266**	**3,618**
Profit/loss after financial items		**-22,530**	**-49,902**	**-64,368**	**-94,912**	**-211,450**
Appropriations						
Group contribution received		0	0	0	0	487
Total appropriations		**0**	**0**	**0**	**0**	**487**
Result before tax		**-22,530**	**-49,902**	**-64,368**	**-94,912**	**-210,963**
Tax on profit for the year		0	0	0	0	0
Profit/loss for the period		**-22,530**	**-49,902**	**-64,368**	**-94,912**	**-210,963**

Parent Company

Statement of Comprehensive Income

All amounts in TSEK	Note	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Profit/loss for the period		-22,530	-49,902	-64,368	-94,912	-210,963
Other comprehensive income		0	0	0	0	0
Profit/loss for the year		**-22,530**	**-49,902**	**-64,368**	**-94,912**	**-210,963**

Parent Company

Balance Sheet

ASSETS

All amounts in TSEK	Note	2020-06-30	2019-06-30	2019-12-31
ASSETS				
Fixed assets				
Intangible assets				
Patents		127	429	232
Software		398	410	464
Total intangible assets		**525**	**839**	**696**
Tangible assets				
Improvements in leased premises		1,521	2,130	1,825
Equipment, machinery and computers		10,898	14,309	12,131
Construction in progress and advance payments for tangible assets		0	0	1,125
Total tangible assets		**12,419**	**16,438**	**15,081**
Financial assets				
Participations in Group companies	**3**	20,294	20,294	20,294
Other investments held as fixed assets		0	53,138	53,016
Total financial assets		**20,294**	**73,432**	**73,310**
Total fixed assets		**33,238**	**90,709**	**89,087**
Current assets				
Current receivables				
Accounts receivables		0	30	0
Receivables from Group companies		0	0	487
Other receivables		4,215	2,902	4,896
Prepayments and accrued income		3,311	5,319	5,750
Total current receivables		**7,526**	**8,251**	**11,133**
Other short-term investments		0	170,976	101,530
Cash and bank deposits		168,888	119,391	80,470
Total current assets		**176,414**	**298,617**	**193,133**
TOTAL ASSETS		**209,651**	**389,326**	**282,219**

Parent Company

Balance Sheet

EQUITY AND LIABILITIES

All amounts in TSEK	Note	2020-06-30	2019-06-30	2019-12-31
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		28,555	28,555	28,555
Total restricted equity		**28,555**	**28,555**	**28,555**
Non-restricted equity				
Share premium reserve		662,741	662,741	662,741
Retained earnings		-444,639	-233,797	-233,691
Profit/loss for the period		-64,368	-94,912	-210,963
Total non-restricted equity		**153,735**	**334,032**	**218,088**
Total equity		**182,290**	**362,588**	**246,643**
Non-current provisions and liabilities				
Other longterm liabilities		571	0	426
Total non-current provisions and liabilities		**571**	**0**	**426**
Current liabilities				
Accounts payable		4,336	7,167	15,674
Other liabilities		902	924	2,055
Accrued expenses and deferred income		21,552	18,648	17,420
Total current liabilities		**26,790**	**26,738**	**35,150**
TOTAL EQUITY AND LIABILITIES		**209,651**	**389,326**	**282,219**

Notes.

Note 1 General information

This Interim report covers the Swedish Parent Company Alligator Bioscience AB (publ), corporate registration number 556597-8201, and its subsidiaries Atlas Therapeutics AB, corporate registration number 556815-2424, and A Bioscience Incentive AB, corporate registration number 559056-3663. All the Group's business operations are carried out in the Parent Company.

The Parent Company is a Swedish public limited liability company registered and domiciled in the Municipality of Lund. The head office is located at Medicon Village, SE-223 81 Lund.

Note 2 Accounting policies

This Interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable regulations in the Swedish Annual Accounts Act (ÅRL). The Interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act (ÅRL) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

The accounting policies and calculation methods used in this report are the same as those described in the Annual Report for 2019.

Note 3 Effects of changed estimates and judgments

Significant estimates and judgments are described in Note 3 of the Annual Report for 2019. There have been no changes to the company's estimates and judgments since the Annual Report for 2019 was prepared.

Note 4 Segment reporting

The company conducts only one business activity, namely research and development in the field of immunotherapy, and the chief operating decision-maker is thus only responsible for regularly making decisions on and allocating resources to one entity. Accordingly, the company comprises only one operating segment, which corresponds to the Group as a whole, and no separate segment reporting is provided.

Note 5 Consolidated income

A breakdown of the Group's revenue regarding license revenue is as follows:

All amounts in TSEK	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Licensing income	4,352	0	4,352	0	4,288
Reimbursement for development work	0	30	0	70	70
Milestone revenue	0	0	0	0	0
Royalty	0	0	0	0	0
Total	**4,352**	**30**	**4,352**	**70**	**4,358**

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

All amounts in TSEK	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
ADC-1013/mitazalimab	0	30	0	70	70
Biosynergy	0	0	0	0	0
Biotheus	4,352	0	4,352	0	4,288
Other	0	0	0	0	0
Total	**4,352**	**30**	**4,352**	**70**	**4,358**

Alligator receives revenues in USD from out-licensed projects.

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

All amounts in TSEK	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Swedish government grants received	719	0	719	0	0
Operational exchange rate gains	530	90	559	476	1,035
Other	1	0	1	1	3
Total	**1,250**	**90**	**1,279**	**477**	**1,038**

Note 6 Financial instruments

Cash and cash equivalents at June 30, 2020 consisted of bank balances amounting to SEK 169,757 thousand (93,890). During the first quarter, the company divested its investments in fixed income funds (102,980). Other investments held as fixed assets and other short-term investments pertained to investments in corporate bonds which were divested during the first quarter. The accounting policies are described in Note 2 in the annual report for 2019. For other financial assets and liabilities, the reported value as below is considered a reasonable approximation of fair value.

All amounts in TSEK	2020-06-30	2019-06-30	2019-12-31
Financial assets valued at fair value through profit and loss			
Liquid assets - Interest funds	0	152,216	102,980
Financial assets valued at amortized cost			
Other investments held as fixed assets	0	53,138	53,016
Other short term investments	0	20,068	0
Accounts receivable	0	30	0
Other receivables	1,257	856	856
Liquid assets - Bank accounts	169,757	132,733	93,890
Total financial assets	**171,014**	**359,042**	**250,742**
Financial liabilities valued at amortized cost			
Long term lease liabilities	8,318	13,725	11,260
Other longterm liabilities	279	0	426
Accounts payable	4,336	7,167	15,674
Short term lease liabilities	5,853	5,573	5,794
Other shortterm liabilities	292	0	353
Accrued expenses	16,398	13,772	11,936
Total financial liabilities	**35,476**	**40,237**	**45,442**

Note 7 Related party transactions

Alligator has a consulting agreement with Carl Borrebaeck through the company Ocean Capital AB pertaining to expert assistance with the evaluation of early-phase research projects and new antibodies. Carl Borrebaeck also plays an important role in building and developing contacts with leading researchers and prominent organizations within cancer immunotherapy. Pricing has been determined on market conditions. These related party transactions corresponded to an expense of SEK 180 thousand (180) for the second quarter and SEK 360 thousand (360) for the year to date.

Calculation of performance measures.

Alligator presents certain financial performance measures in this report, including measures that are not defined under IFRS. The company believes that these performance measures are an important complement because they allow for a better evaluation of the company's economic trends. These financial performance measures should not be viewed in isolation or be considered to replace the performance indicators that have been prepared in accordance with IFRS. In addition, such performance measures as Alligator has defined them should not be compared with other performance measures with similar names used by other companies. This is because the above-mentioned performance measures are not always defined in the same manner, and other companies may calculate them differently than Alligator.

The table below shows the calculation of key figures, for the mandatory earnings per share according to IFRS and also for performance measures that are not defined under IFRS or where the calculation is not shown in another table in this report.

The company's business operation is to conduct research and development which is why "R&D costs/Operating costs excluding impairment in %" is an essential indicator as a measure of efficiency, and how much of the company's costs relate to R&D.

After the initial public offering in 2016, the Company had a surplus of liquidity. To get a rate of return, a certain proportion of the Company's liquidity was invested in listed corporate bonds. The Company uses Cash and cash equivalents including securities as a financial performance measure to monitor Company's liquid position.

As mentioned earlier in this report, the company does not have a steady flow of revenue, with revenue generated irregularly in connection with the signing of license agreements and achievement of milestones. Therefore, the company monitors performance indicators such as equity ratio and equity per share in order to assess the company's solvency and financial stability. These are monitored along with the cash position and the various measures of cash flows shown in the consolidated statement of cash flow.

For definitions, see the section "Financial definitions" on page 25.

All amounts TSEK unless specified	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Profit/loss for the period	-35,052	-49,316	-77,932	-93,715	-210,112
Average number of shares before dilution	71,388,615	71,388,615	71,388,615	71,388,615	71,388,615
Earnings per share before dilution, SEK	**-0.49**	**-0.69**	**-1.09**	**-1.31**	**-2.94**
Average number of shares after dilution	71,388,615	71,388,615	71,388,615	71,388,615	71,388,615
Earnings per share after dilution, SEK	**-0.49**	**-0.69**	**-1.09**	**-1.31**	**-2.94**
Operating costs	-40,310	-50,627	-85,192	-97,292	-219,915
Impairment of tangible assets and intangible assets	0	0	0	0	0
Operating costs excluding impairments	**-40,310**	**-50,627**	**-85,192**	**-97,292**	**-219,915**
Administrative expenses	-8,063	-8,761	-17,552	-17,637	-34,766
Depreciation	-2,900	-2,884	-5,765	-5,792	-11,548
Research and development costs	**-29,347**	**-38,983**	**-61,875**	**-73,863**	**-173,601**
R&D costs / Operating costs excluding impairments %	**73%**	**77%**	**73%**	**76%**	**79%**
Equity	180,581	374,789	180,581	374,789	258,498
Average number of shares before dilution	71,388,615	71,388,615	71,388,615	71,388,615	71,388,615
Equity per share before dilution, SEK	**2.53**	**5.25**	**2.53**	**5.25**	**3.62**
Average number of shares after dilution	71,388,615	71,388,615	71,388,615	71,388,615	71,388,615
Equity per share after dilution, SEK	**2.53**	**5.25**	**2.53**	**5.25**	**3.62**
Equity	180,581	374,789	180,581	374,789	258,498
Total assets	222,113	420,826	222,113	420,826	311,128
Equity ratio, %	**81%**	**89%**	**81%**	**89%**	**83%**
Other investments held as fixed assets (publicly traded corporate bonds)	0	53,138	0	53,138	53,016
Other short-term financial assets (publicly traded corporate bonds)	0	20,068	0	20,068	0
Cash and cash equivalents	169,757	284,950	169,757	284,950	196,870
Cash and cash equivalents at end of period	**169,757**	**358,155**	**169,757**	**358,155**	**249,886**

The declaration of the Board of Directors and the CEO.


Peter Benson


Carl Borrebaeck


Ulrika Danielsson


Graham Dixon


Kirsten Drejer


Anders Ekblom


Kenth Petersson


Jonas Sjögren


Laura von Schantz


Per Norlén

The Board and the CEO declare that this Interim report provides a true and fair overview of the company and the Group's operations, positions and earnings and describes the material risks and uncertainty factors faced by the Parent company and the companies within the Group.

Lund, July 13, 2020

Peter Benson
Chairman

Carl Borrebaeck
Member of the Board

Ulrika Danielsson
Member of the Board

Graham Dixon
Member of the Board

Kirsten Drejer
Member of the Board

Anders Ekblom
Member of the Board

Kenth Petersson
Member of the Board

Jonas Sjögren
Member of the Board

Laura von Schantz
Member of the Board
(Employee representative)

Per Norlén
CEO

Financial definitions.

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

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

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

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

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

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

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

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

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

Equity ratio
Equity as a percentage of Total assets.

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

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

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

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

Total assets
Total of the Company's assets.

Glossary.

Agonist. A compound which binds to a receptor and stimulates its activity.
Antigen. Substance which triggers a reaction in the immune system, such as a bacteria or virus.
Antibody. Proteins used by the body's immune defenses to detect and identify xenobiotic material.
Bispecific antibodies. Antibody-based products which bind to two different targets and thus have dual functions.
Cancer. A disease in which cells divide in an uncontrolled manner and invade neighboring tissue. Cancer can also spread (metastasize) to other parts of the body through the blood and the lymphatic system.
Checkpoint inhibitor. An antibody with the ability to break the immune system's tolerance to something dangerous, for example a cancer tumor. Immune-inhibiting signals can be blocked through binding to a specific receptor such as CTLA-4 or PD-1.
Clinical study. The examination of healthy volunteers or patients to study the safety and efficacy of a potential drug or treatment method.
CRO (Clinical Research Organization). Company specialized in performing contract research and clinical studies on behalf of other pharma or biotech companies.
CTA (Clinical Trial Authorization). Application to start clinical trials in humans which is submitted to a regulatory authority.
CTLA-4 (Cytotoxic T-lymphocyte-Associated protein-4). An immune-inhibiting molecule expressed in and on the surface of T cells, primarily regulatory T cells.
Dendritic cell. A type of cell which detects xenobiotic substances. A key role of dendritic cells is their ability to stimulate T cells in the immune system.
Discovery. This research phase usually encompasses the development and evaluation of treatment concepts, the evaluation of potential drug candidates, and early efficacy studies.
Drug candidate. A specific compound usually designated before or during the preclinical phase. The drug candidate is the compound that is then studied in humans in clinical studies.
EMA. The European Medicines Agency.
Experimental model. A model of a disease or other injury to resemble a similar condition in humans.
FDA. The US Food and Drug Administration.
GMP (Good Manufacturing Practice). Quality assurance methodology designed to ensure that products are manufactured in a standardized manner, such that quality requirements are satisfied.
Immuno-oncology. Field of oncology in which cancer is treated by activating the immune system.
INN (International Nonproprietary Name). Generic name on a drug substance. The INN is selected by the World Health Organization (WHO) since 1953.
Lead. A potential drug candidate which binds to the actual target molecule/s.
Ligand. Binds to a receptor. Could be a drug, hormone or a transmitter substance.
Lymphocyte. A type of white blood cells.
Macrophages. A type of white blood cell of the immune system that engulfs and digests cellular debris and foreign materia such as bacteria.
Milestone payment. Financial consideration received in the course of a project/program when a specified objective is reached.
Mitazalimab. Generic name (INN) for ADC-1013.
Monospecific antibodies. Antibody-based product which bind only to one target, such as a receptor.
NK cells. NK cells (Natural Killer) are lymphocytes with the ability to activate several different cells in the immune system, such as macrophages.
Oncology. Term for the field of medicine concerned with the diagnosis, prevention and treatment of tumor diseases.
Patent. Exclusive rights to a discovery or invention.
PD-1 (Programmed Death-1). Immune-inhibiting receptor on the surface of certain cells, for example tumor cells.
PD-L1 (Programmed Death-Ligand-1). The ligand that binds to PD-1, helping the cancer evade the body's immune defense.
Phase I, II and III. The various stages of studies on the efficacy of a pharmaceutical in humans. See also "clinical study." Phase I examines the safety on healthy human subjects, Phase II examines efficacy in patients with the relevant disease and Phase III is a large-scale study that verifies previously achieved results. In the development of new pharmaceuticals, different doses are trialed and safety is evaluated in patients with relevant disease. Phase II is often divided into Phase IIa and Phase IIb. In Phase IIa, which is open, different doses of the pharmaceutical are tested without comparison against placebo and focusing on safety and the pharmaceutical's metabolism in the body. Phase IIb is 'blind', and tests the efficacy of selected dose(es) against placebo.
Pharmacokinetics. The study of the turnover of substances in the body, for example how the amount of the substance is changed by absorption, distribution, metabolism and excretion.
Pharmacology. The study of how substances interact with living organisms to bring about a functional change.
Preclinical. The stage of drug development before the drug candidate is tested in humans. It includes the final optimization of the drug candidate, the production of materials for future clinical studies and the compilation of a data package for an application to start clinical studies.
Proof of concept studies. Studies carried out to provide support for dosages and administration paths in subsequent clinical studies.
R&D. Research & Development
Receptor. A receptor on a cell which picks up chemical signals.
Sponsor. The person, company, institution or organization responsible for initiating, organizing or financing a clinical study.
T cell. A type of white blood cell which is important to the specific immune defense.
Tumor-associated antigen (TAA). A protein expressed to a much higher degree on the surface of tumor cells than healthy cells.
Tumor cell. A cell that divides relentlessly.
Tumor necrotic factor receptor superfamily (TNFR-SF). A group of immune-modulating target proteins related to the tumor necrosis factor protein. The name 'tumor necrosis factor' was derived from the fact that the first function detected for the protein was its ability to kill some types of tumor cells, though it was later discovered to have an immune-regulatory function.