ALLIGATOR bioscience

Interim report January-March 2017

Contents

Financial calendar

General Meeting....2 May 2017
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Q1 in brief

Business highlights

- First clinical phase I study with immuno-oncology CD40 agonist antibody ADC-1013 completed in March.
- The company has increased the number of employees with 11%, all in R & D.
- Second production phase started for ATOR-1015.

Financial summary

- Net sales 2.5 (43.4) MSEK.
- Operating result for the period -19.1 (24.1) MSEK.
- Profit/loss for the period -19.5 (23.6) MSEK.
- Earnings per share -0.27 (0.40) SEK.
- Cash and cash equivalents 640 (659) MSEK.
- 1 275 000 (0) warrants have been redeemed to an equal number of shares during the first quarter.

Significant events after the reporting period

- No significant events have occurred after the reporting period.

Financial summary (Group)

	2017 Jan-Mar	2016 Jan-Mar	2016 Jan-Dec
Net sales, TSEK (SEK thousand)	2 523	43 360	58 240
Profit/loss for the period, TSEK	-19 502	23 599	-48 356
Cash flow for the period, TSEK	-18 849	-21 303	287 135
Cash and cash equivalents, TSEK	639 739	343 718	659 136
Equity ratio, %	98%	95%	96%
R&D costs as % of operating costs excluding impairments	67.7%	55.2%	64.3%
Earnings per share before dilution, SEK	-0.27	0.40	-0.80
Earnings per share after dilution, SEK	-0.27	0.39	-0.80
Average number of employees	38	30	31

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This information is such information as Alligator Bioscience AB (publ) is obligated to disclose in accordance with EU market abuse regulation. The information was submitted, through the above contact persons, for publication on 2 May 2017 at 15:30 (CET)

CEO’s statement

In the first quarter of 2017, Alligator continued to advance our promising product portfolio, which includes five immuno-oncology drug programs with first- or best-in-class potential. In particular, we successfully completed the first Phase I study with ADC-1013, our CD40 agonistic immuno-oncology antibody, ahead of time.

This clinical study was a first-in-human trial in patients with late-stage cancer. The study included dose escalation, where dosing of ADC-1013 was initiated at very low levels and then gradually increased in new groups of cancer patients. While the primary objective was to identify a safe and well tolerated dose, the study has also been designed to increase our understanding of factors such as pharmacokinetics, immunogenicity and signs of pharmacodynamics effects, including biomarker responses and anti-tumor effects.

The first intratumoral dose was given in April 2015, starting at a very low dose level. A few months later, in August, ADC-1013 was out-licensed to Janssen Biotech Inc., an oncology company within the Johnson & Johnson group. In spring 2016, the trial was expanded to include intravenous dose escalation, triggering a milestone payment of USD 5 million.

The decision to broaden the scope to intravenous administration was based on pre-clinical data that indicated a good safety profile of ADC-1013. Intravenous administration also holds greater commercial potential by increasing the target population for almost any type of metastasizing cancer. The expansion of our trial was the first step in this direction. A second clinical trial was started by Janssen Biotech in October 2016, and is dedicated to intravenous dose escalation of ADC-1013 (JNJ-64457107).

Alligator´s clinical trial was successfully completed ahead of time. This confirms the progress of the clinical program and I would like to extend my gratitude to all the patients and their families, as well as the investigators and clinical study staff, who enabled this study. We will now start to clean the data, and then analysis can begin. Once the data have been analyzed we intend to present the results

at a scientific conference, followed by publication of the results in a scientific journal. The second phase I trial at Janssen Biotech will continue to recruit patients for intravenous dose escalation.

In addition to our work on ADC-1013, we are continuing to focus on other key pipeline products, including ATOR-1015, which has the potential to become the first dual immune activating bispecific antibody in human clinical trials, and ATOR-1016, a next generation tumor-directed immunotherapy. We therefore continued to expand our R&D operations, welcoming five additional colleagues to our R&D staff during the quarter and bringing the total number of employees to 40. This highly targeted expansion is critical for the realization of our strategy of building our pipeline of tumor-directed immuno-oncology antibodies, which we hope will make a real difference to cancer patients.

Following our successful listing in late 2016, we are demonstrating our commitment to shareholders by increasing our dialogue with international shareholders and financial stakeholders during the year, at the same time as maintaining our focus on business development and collaborations through attendance at industry and scientific meetings throughout 2017.

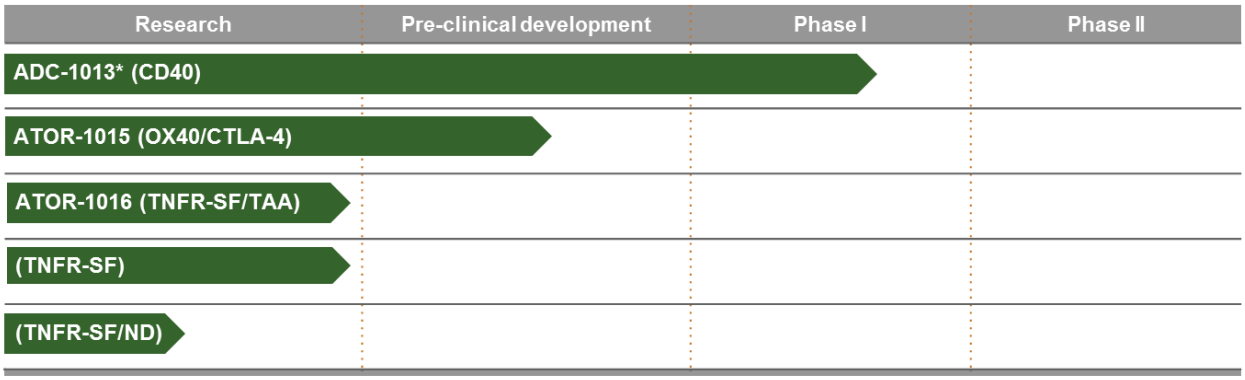
Per Norlén
CEO Alligator Bioscience AB

Our pipeline

Alligator's core business is focused on research and development (R&D). We use our technology platform, including the protein optimization technology FIND®, the human antibody library ALLIGATOR-GOLD®, and a unique bispecific format, to produce new monospecific and bispecific antibodies, and to optimize them in terms of function, affinity and stability. Once candidates have been identified, they are characterized in terms of functionality and finally a product candidate is selected. In the late research stage, the product candidate's mechanism of action is confirmed in various tumor models, which is followed by the initiation of preclinical studies. These aim to ensure the product candidate's safety and efficacy prior to clinical trials in cancer patients. The research is usually conducted at Alligator's laboratory by its own staff working in project teams where all the expertise needed to manage projects effectively is represented. In addition, research is also conducted in collaboration with academia and international biotechnology partners. Alligator engages CROs to conduct GXP studies. Alligator conducts clinical studies to Phase II in-house and then out-licenses product candidates to larger biotech or pharmaceutical companies.

Alligator's project portfolio

Alligator's pipeline projects are focused on the immune activating receptors belonging to the Tumor Necrotic Factor Receptor superfamily (TNFR-SF) and are developed for tumor-directed immunotherapy. The goal is to develop product candidates that selectively activate the tumor-directed part of the immune system. Alligator believes that future immunotherapies against cancer will involve several different products in combination. This increases the clinical effect, but also the risk of developing severe immune-related side effects. The advantage of tumor-directed immunotherapy is that it becomes possible to increase the clinical effect without increasing side effects.



TNFR-SF: Tumor Necrosis Factor Receptor-Superfamily
TAA: Tumor-Associated Antigen
ND: Not Disclosed
*Partnered with Janssen Biotech Inc., developed as JNJ-64457107

ADC-1013

ADC-1013 is a mono-specific immune activating antibody for the treatment of metastatic cancer. The drug candidate is licensed to Janssen Biotech, Inc., an oncology company within the Johnson & Johnson group.
ADC-1013 is an agonistic, i.e. activating, antibody, directed at CD40, which is a receptor in antigen-presenting dendritic cells. Dendritic cells are the cells that detect internal and external enemies such as bacteria or cancer cells. Activation of CD40 enables dendritic cells to more effectively activate the main effector function of the immune system, which is the T cells. In this way, the immune attack is directed towards the cancer.

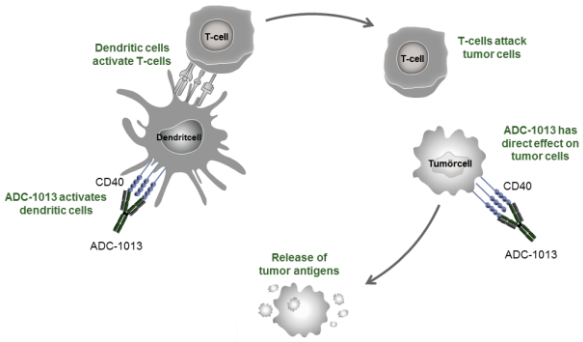


Diagram text: The figure shows the cancer immunity cycle, which describes how the immune system attacks tumors. The primary mechanism behind ADC-1013 is the activation of dendritic cells. Dendritic cells that are activated by stimulation with ADC-1013 can effectively show a cancer antigen to T cells and instruct the T cells to find and kill these cancer cells throughout the body. Because some cancer cells have CD40 on the surface, ADC-1013 can also work through a secondary mechanism and directly kill the cancer cells.

ADC-1013 has been optimized using the FIND® technology with the aim of improving affinity and potency. This makes it possible to achieve efficacy at very low doses. Models with human immune cells from healthy blood donors and various mouse models have been used to prove the immune activating effect. ADC-1013 induces a powerful tumor-directed immune response and a long-lasting immunity against tumors in preclinical models. Furthermore, preclinical studies have shown that ADC-1013 can be used against a large number of cancers such as lymphomas, melanomas, and bladder cancer.
Two Phase I clinical trials have been initiated. One was conducted by Alligator and focused on intratumoral dosing. This trial was initiated in 2015 and completed in the first quarter 2017. The second study is run by Janssen Biotech Inc. and include intravenous dose escalation. The main objective of the Phase I studies is to identify a safe, tolerable and biologically active dose of ADC-1013.

Events during Q1

During Q1 2017, Alligator successfully completed the first clinical trial and Janssen have continued dosage in the second clinical study with intravenously administered ADC-1013.

ATOR-1015

ADC-1015 is a bispecific antibody for tumor-directed immuno-oncology and has been developed by Alligator for the treatment of metastatic cancer. ADC-1015 binds to two different immune activating target molecules: the checkpoint receptor CTLA-4, and the co-stimulatory receptor OX40. ATOR-1015's ability to bind to both receptors at the same time has been found to lead to a significant increase in the immune stimulatory effect. The strong immune activation is expected to be stronger in areas where both target molecules are expressed at high levels, notably in the tumor microenvironment.

ATOR-1015 is developed to be used as a single agent or in combination with other immunotherapies such as PD-1 or PD-L1 blockers to treat cancer. Cell line development for future large-scale production of ATOR-1015 began in January 2016. This work was performed by the contract manufacturer Cobra Biologics.

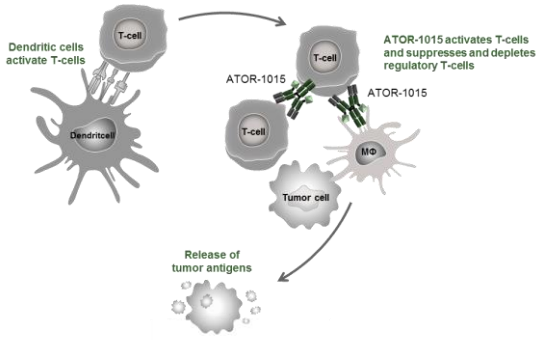


Diagram text: ATOR-1015 is a bispecific agonistic antibody that binds to two different target molecules: CTLA-4 and OX40, at the same time. Both CTLA-4 and OX40 are overexpressed in regulatory T cells in the tumor environment. ATOR-1015 reduces the number of regulatory T cells and activates effector T cells, which together give an immune-mediated anti-tumor effect.

Events during Q1

In January 2017, the second phase of production, process development, was initiated for ATOR-1015. Process development is performed by BioInvent International.

ATOR-1016

ATOR-1016 is a bispecific antibody developed for tumor-directed immuno-oncology. ATOR-1016 binds to a tumor-associated antigen and an immune activating TNFR-SF member. The binding elements have been developed using the antibody library ALLIGATOR-GOLD®.
By combining a tumor-binding and an immunomodulatory antibody in the same molecule, a bispecific antibody is created whose effect is localized to the tumor area and the tumor-specific immune cells that are found there. This enables effective tumor-directed immune activation with minimal adverse reactions. ATOR-1016 has been developed to be used as a monotherapy or in combination with currently established immunotherapies or other cancer therapies, for the treatment of metastatic cancer.

Other research projects

Alligator has two research projects in its product portfolio. One project is an agonistic monoclonal antibody that activates a TNFR-SF member, and has been developed using the antibody library ALLIGATOR-GOLD®. Antibodies against this receptor are already in early clinical development. The antibody has been developed in order to be "best in class" with a clear differentiation against competitors. The development of the product candidate has progressed rapidly, and cell line development for manufacturing of clinical material will start in the first half-year 2017.

Alligator's other research project is a bispecific agonistic antibody that binds to a TNFR-SF member and another target protein. The product components have been created with the help of ALLIGATOR-GOLD® and FIND®.
Through its subsidiary, Atlas Therapeutics AB, the Group holds a stake in a research project, "Biosynergy", run by Korean AbClon Inc. Alligator allocates no resources to this project but has the right to a share of any future profits.

Market

Each year cancer is diagnosed in 14 million people worldwide. This figure is expected to increase to 24 million within the next two decades, which means a large need for advanced cancer-care. One reason for the increased number of diagnosed cancer cases is the increase in longevity. Another is that the diagnostic technology has been enhanced. This leads to more cancer cases detected, and more often in the early stages, which improves the chances of successful treatment.
During 2014 sales relating to cancer drugs increased with 7.9% and reached over 81 BUSD, from having been at 60 BUSD four years previously (Global Data). By the year 2019 sales of cancer medicines are expected to continue to increase by an average annual growth rate of about 4.4 per cent up to 100 BUSD (Global Data).
In the coming years a series of new innovative treatment methods are expected to be to be placed on the market, including new immune therapies that will form an important part of treatment options for cancer (IMS Institute for Healthcare Informatics global forecast for drugs up to 2020, April 2015).
The first immune therapeutic medicine, Yervoy® (Bristol-Myers Squibb), was approved in 2011. Since then, three more immune therapies for the treatment of cancer, Opdivo ® (Bristol Myers-Squibb), Keytruda ® (Merck & Co) and Tecentriq ® (Roche) have been approved.
Antibody-based immune therapies have the potential to be used in the treatment of virtually all forms of cancer. Today such pharmaceutical agents are used for the treatment of malignant melanoma, kidney, head and neck, lung and bladder cancer and Lymphoma. The number of cancers that are treated with immunotherapy is expected to increase in the future. Global Data estimates that the total immune oncology-market will amount to 14 BUSD per annum as early as 2019, and continue to grow to 34 BUSD per annum in 2024

Comments on the report

The Group is being referred to unless otherwise stated in this interim report.
Figures in parentheses are for the corresponding period last year for figures related to the income statement and cash-flow and for the 31st of December 2016 for figures related to the financial position.
Amounts are in TSEK (SEK thousand) unless otherwise stated.
All amounts stated are correctly rounded, which may lead to some totals not matching exactly.

Revenue, expenses and earnings

January – March 2017

Because of the nature of the business operations, there may be large fluctuations between revenues for different periods. These are not seasonal or regular otherwise but are primarily related to when milestones are attained that trigger payments in licensed research projects.

Net sales this quarter TSEK 2 523 (43 360) refer to revenue from the licensing agreement for ADC 1013 and from the licensing agreement regarding Project Biosynergy. Net sales in last year was mainly related to an achieved milestone in the ADC-1013 project.

Other operating income TSEK 95 (206) refers this year to exchange gains in operations and previous year mainly research grants.

Like revenues, expenses can also fluctuate between periods. Among other things, which phases the various projects are in has an effect as certain phases generate more costs.

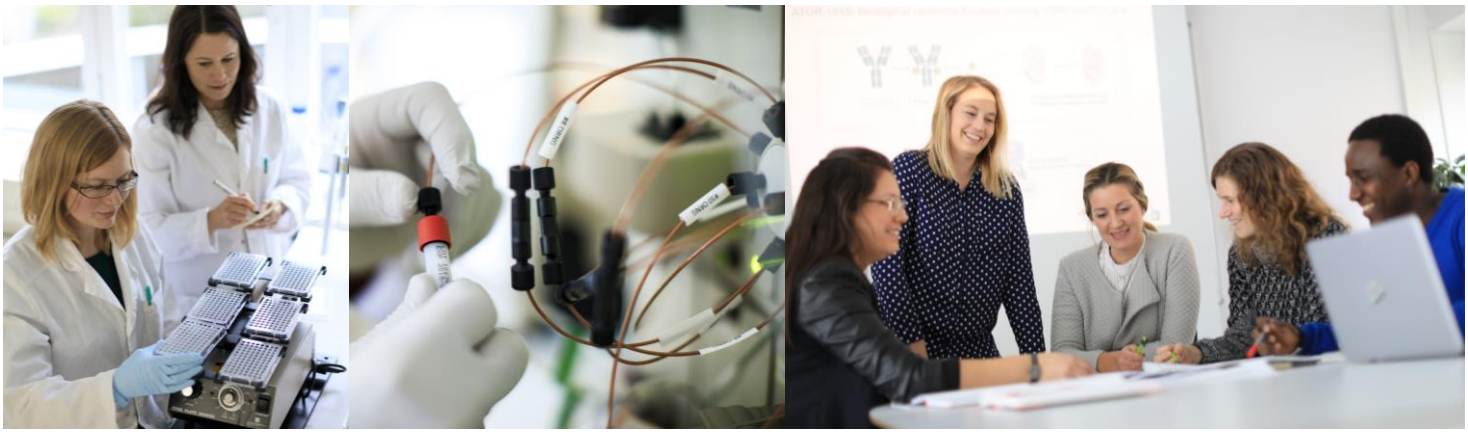
Operating costs totaled TSEK 21 740 (19 476). The increase between the years is mainly explained by the increase in personnel costs following the increased number of FTE in R&D.

Operating loss before financial items amounted to TSEK -19 121 (24 091).

Net financial items amounted to TSEK -381 (-492) and relate to return on liquidity and foreign exchange gains/losses resulting from significant cash balances in EUR and USD.

Loss before and after tax was TSEK -19 502 (-23 599).

Earnings per share before and after dilution were SEK -0.27 (0.40 respectively 0.39).



Statement of financial position

Equity amounted to TSEK 662 058 (676 185). This corresponds to an equity per outstanding share of SEK 9.27 (9.64) before dilution. The equivalent figure after dilution is SEK 9.27 (9.47).

Consolidated cash and cash equivalents consist of bank balances and short –term liquidity funds and totaled TSEK 639 739 (659 136). Some liquidity has during the quarter been invested in a short-term interest fund and is reported as liquidity. The investment can easily be converted to cash and is exposed to a very small risk for changes in value. The investment in this fund is TSEK 200 000 (0) and the value at the end of the period was TSEK 200 172 (0). There were no borrowings as per 31 March 2017, and no loans have been taken out since this date. The Group has no loans or loan commitments.

The Group's liquid funds are planned to be used for operating activities. According to the Financial policy shall at least 18 months of expected liquidity needs be kept on bank accounts Exceeding liquidity can be invested with low risk and an average binding time of not more than 18 months.

Some liquid funds are invested in USD and EUR foreign currency accounts. In accordance with the Group's Financial Policy, inflows of foreign currencies exceeding eighteen months' needs are converted to SEK at the time of payment.

Capital expenditure and cash flow

Investments during the first quarter totaled TSEK 1 649 (1 883) and consisted mainly of laboratory equipment and capitalization of patents relating to its technology platforms.
Cash flow for the quarter amounted to TSEK -18 849
(-21 303).

Alligator's shares

The Alligator share in brief (March 31 2017)

- Listed on: Nasdaq Stockholm Mid Cap
- Number of shares: 71 388 615
- Market cap: 2 163 MSEK
- Ticker: ATORX
- ISIN: SE0000767188

The total number of outstanding shares in the Company at the end of the quarter was 71 388 615 (70 113 615). The increase during the quarter is attributable to the exercise of 1 275 000 warrants from the 2014 program. The increased number of shares provided the Company with a total of TSEK 11 475 (9 SEK per share) of which TSEK 6 300 were paid already during 2016 and the remaining TSEK 5 175 were paid during the first quarter 2017. All warrants in this program has now been exercised.

At the AGM held in 2016, a decision was adopted for two incentive programs: an employee stock option program and a warrant program.

A total of 1 182 780 stock options were issued in the employee stock option program, of which 900 000 were granted free of charge to employees and 282 780 were issued to cover ancillary costs, primarily social security expenses.

A total of 1 000 000 warrants were issued under the warrant program to a subsidiary for transfer at market value to participants in the program. At the end of the quarter has a total of 857 000 warrants been transferred at market value at the time of transfer to participants in the program.

Each warrant in these two programs gives the exercise right to buy a share at the price SEK 75.

With full exercise of all warrants that have been issued in respect of incentive programs for subscription of shares, a total of 2 182 780 shares will be issued and thus increase the maximum number of shares to 73 571 395.

Significant events during the quarter

- First clinical phase I study with immuno-oncology CD40 agonist antibody ADC-1013 completed in March.
- The company has increased the number of employees with 11%, all in R & D.
- Second production phase started for ATOR-1015.
- 1 275 000 (0) warrants have been redeemed to an equal number of shares during the first quarter.

Other information

Review

This report is a translation from the Swedish version being approved by the Board of Directors.
This report has not been reviewed by the company's Auditors.

Personnel

The number of employees in the Group at the end of the quarter was 40 (32). Of these, 9 (7) were men and 31 were women (25).
Of the total number of employees, 36 (29) were employed within Research and Development.

Risks and uncertainties

The Group is exposed through its activities to various financial risks such as market risk (comprised of foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management entails striving for minimal adverse effects on earnings and financial position. The Group's business risks and risk management, and financial risks are described in detail in the Annual Report for 2016. No significant events have occurred during the quarter that affect or change these descriptions of the Group's risks and management of these.

Parent Company

Net sales and earnings trend, financial position and liquidity

Both Group management functions as well as all operational activities are carried on within the Parent Company.
Please refer otherwise to data for the Group, as the subsidiary does not carry on any business.

Financial calendar

General assembly

The general assembly will be held on Tuesday the 2nd of May 2017 at 4 pm in Medicon Village, Scheelevägen in Lund.

Suggestion for dividend

Following the Company's Dividend policy the suggestion from the Board of Directors is that no dividend will be paid for the year 2016.

Financial statements

Alligator intends to give financial statements as follows:

- Interim reports August 23 and October 25 2017.
- Full year report 2017 on February 16 2018.

Consolidated income statement

All amounts in TSEK	Note	2017 Jan - Mar	2016 Jan-Mar	2016 Jan-Dec
Net sales	5	2 523	43 360	58 240
Other operating income	5	95	206	1 110
Total operating income		**2 619**	**43 567**	**59 350**
Operating costs				
Other external costs		-12 753	-12 360	-63 278
Personnel costs		-8 298	-6 512	-27 479
Depreciation and impairment of tangible assets and intangible assets	3	-688	-604	-24 675
Total operating costs		**-21 740**	**-19 476**	**-115 432**
Operating profit/loss		**-19 121**	**24 091**	**-56 081**
Result from other securities and receivables		172	0	863
Financial income		1 206	259	8 704
Financial expenses		-1 759	-751	-1 840
Net financial items		**-381**	**-492**	**7 726**
Profit/loss before tax		**-19 502**	**23 599**	**-48 356**
Tax on profit for the period		0	0	0
Profit for the period attributable to Parent Company shareholders		**-19 502**	**23 599**	**-48 356**
Earnings per share before dilution, SEK		**-0.27**	**0.40**	**-0.80**
Earnings per share after dilution, SEK		**-0.27**	**0.39**	**-0.80**

Consolidated statement of comprehensive income

All amounts in TSEK	2017 Jan - Mar	2016 Jan-Mar	2016 Jan-Dec
Profit/loss for the period	-19 502	23 599	-48 356
Other comprehensive income	0	0	0
Comprehensive income for the period	**-19 502**	**23 599**	**-48 356**

Consolidated statement of financial position

All amounts in TSEK	Note	31.03.2017	31.03.2016	31.12.2016
Assets				
Fixed assets				
Intangible assets				
Participations in development projects	3	17 949	40 069	17 949
Patents		2 063	3 002	2 306
Tangible assets				
Equipment, machinery and computers		5 553	3 946	4 349
Financial assets				
Other investments held as fixed assets	6	0	95	0
Total fixed assets		**25 564**	**47 111**	**24 603**
Current assets				
Current receivables				
Accounts receivable	6	4 576	44 126	0
Other receivables	6	1 952	4 574	12 417
Prepayments and accrued income		4 778	1 792	4 624
Cash and cash equivalents	6	639 739	343 718	659 136
Total current assets		**651 045**	**394 210**	**676 178**
TOTAL ASSETS		**676 610**	**441 320**	**700 780**
Equity and liabilities				
Equity				
Share capital		28 555	23 606	28 045
Other capital contributions		662 614	335 051	657 949
Retained earnings and profit/loss for the period		-29 112	61 911	-9 809
Equity attributable to Parent Company shareholders		**662 058**	**420 567**	**676 185**
Current liabilities				
Accounts payable	6	6 657	8 133	13 340
Other liabilities	6	497	455	686
Accrued expenses and deferred income		7 398	12 165	10 569
Total current liabilities		**14 552**	**20 753**	**24 595**
TOTAL EQUITY AND LIABILITIES		**676 610**	**441 320**	**700 780**

Consolidated statement of changes in equity, in summary

All amounts in TSEK	2017 Jan - Mar	2016 Jan-Mar	2016 Jan-Dec
Opening balance	**676 185**	**396 969**	**396 969**
New capital issue	5 175	0	359 270
Option premiums received	0	0	733
Underwriting expenses	0	0	-32 665
Effect of share-based payments	200	0	234
Profit/loss for the period	-19 502	23 599	-48 356
Other comprehensive income in the period	0	0	0
Closing balance	**662 058**	**420 567**	**676 185**

Consolidated statement of cash flows

All amounts in TSEK	2017 Jan - Mar	2016 Jan-Mar	2016 Jan-Dec
Operating activities			
Operating profit/loss	-19 121	24 091	-56 081
Adjustments for items not generating cash flow			
Depreciation and impairments	688	604	24 675
Other items, no impact on cash flow	373	0	253
Interest received	0	99	468
Interest paid	-6	0	-4
Tax paid	0	0	0
Cash flow from operating activities before changes in working capital	**-18 066**	**24 794**	**-30 689**
Changes in working capital			
Change in operating receivables	5 734	-45 679	-12 229
Change in operating liabilities	-10 043	1 465	5 308
Cash flow from operating activities	**-22 375**	**-19 420**	**-37 610**
Investing activities			
Result from participations in other companies	0	0	957
Acquisition of intangible assets	-37	0	-217
Acquisition of tangible assets	-1 612	-1 883	-3 379
Sales of tangible assets	0	0	45
Cash flow from investing activities	**-1 649**	**-1 883**	**-2 593**
Financing activities			
New share issue	5 175	0	359 270
Underwriting expenses	0	0	-32 665
Option premiums received	0	0	733
Cash flow from financing activities	**5 175**	**0**	**327 338**
Cash flow for the period	**-18 849**	**-21 303**	**287 135**
Cash and cash equivalents at beginning of period	**659 136**	**365 605**	**365 605**
Exchange rate differences in cash and cash equivalents	-548	-584	6 396
Cash and cash equivalents at end of period	**639 739**	**343 718**	**659 136**

Parent Company income statement

All amounts in TSEK	Note	2017 Jan - Mar	2016 Jan-Mar	2016 Jan-Dec
Net sales	5	1 363	43 360	57 338
Other operating income	5	95	206	1 110
Total operating income		**1 458**	**43 567**	**58 448**
Operating costs				
Other external costs		-12 751	-13 110	-63 278
Personnel costs		-8 298	-6 512	-27 479
Depreciation and impairment of tangible assets and intangible assets		-688	-604	-2 555
Total operating costs		**-21 738**	**-20 226**	**-93 310**
Operating profit/loss		**-20 279**	**23 341**	**-34 862**
Results from financial items				
Impairment of investments in subsidiaries	3	0	0	-22 120
Result from other securities and receivables		0	0	863
Other interest income and similar income statement items		1 206	259	8 704
Interest expense and similar income statement items		-1 759	0	-1 840
Net financial items		**-553**	**259**	**-14 393**
Profit/loss after financial items		**-20 833**	**23 600**	**-49 256**
Tax on profit for the year		0	0	0
Profit/loss for the period		**-20 833**	**23 600**	**-49 256**

Parent Company statement of comprehensive income

All amounts in TSEK	2017 Jan - Mar	2016 Jan-Mar	2016 Jan-Dec
Profit/loss for the period	-20 833	23 600	-49 256
Other comprehensive income			
Profit/loss for the year	**-20 833**	**23 600**	**-49 256**

Parent Company balance sheet

All amounts in TSEK	Note	31.03.2017	31.03.2016	31.12.2016
ASSETS				
Fixed assets				
Intangible assets				
Patents		2 063	3 002	2 306
Tangible assets				
Equipment, machinery and computers		5 553	3 946	4 349
Financial assets				
Participations in Group companies	3	20 294	42 120	20 294
Other investments held as fixed assets		0	95	0
Total financial assets		**20 294**	**42 215**	**20 294**
Total fixed assets		**27 910**	**49 162**	**26 949**
Current assets				
Current receivables				
Accounts receivable		4 576	44 126	0
Other receivables		1 952	4 574	12 417
Prepayments and accrued income		4 778	1 792	4 624
Total current receivables		**11 306**	**50 491**	**17 041**
Other short-term investments		200 000	0	0
Cash and bank deposits		436 891	343 270	657 619
Total current assets		**648 198**	**393 761**	**674 659**
TOTAL ASSETS		**676 107**	**442 923**	**701 608**
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		28 555	23 606	28 045
Paid in, non-registered new share issue		0	0	6 300
Total restricted equity		**28 555**	**23 606**	**34 345**
Non-restricted equity				
Share premium reserve		662 741	335 051	651 776
Retained earnings		-8 909	39 913	40 147
Profit/loss for the period		-20 833	23 600	-49 256
Total non-restricted equity		**633 000**	**398 565**	**642 667**
Total equity		**677 013**	**677 013**	**661 555**
Current liabilities				
Accounts payable		6 657	8 133	13 340
Other liabilities		497	455	686
Accrued expenses and deferred income		7 398	12 165	10 569
Total current liabilities		**14 552**	**20 753**	**24 595**
TOTAL EQUITY AND LIABILITIES		**676 107**	**442 923**	**701 608**

Performance measures, Group

	Note	2017 Jan - Mar	2016 Jan-Mar	2016 Jan-Dec
Result (TSEK)				
Net sales, TSEK	5	2 523	43 360	58 240
Operating profit/loss, TSEK		-19 121	24 091	-56 081
Profit/loss for the period, TSEK		-19 502	23 599	-48 356
R&D costs, TSEK		-14 714	-10 755	-59 987
R&D costs as a percentage of operating costs excluding impairments, TSEK		67.7%	55.2%	64.3%
Capital (TSEK)				
Cash and cash equivalents at end of period, TSEK		639 739	343 718	659 136
Cash flow from operating activities, TSEK		-22 375	-19 420	-37 610
Cash flow for the period, TSEK		-18 849	-21 303	287 135
Equity, TSEK		662 058	420 567	676 185
Equity ratio, %		98%	95%	96%
Info per share (SEK)				
Earnings per share before dilution, SEK		-0.27	0.40	-0.80
Earnings per share after dilution, SEK*		-0.27	0.39	-0.80
Equity per share before dilution, SEK		9.27	7.13	9.64
Equity per share after dilution, SEK		9.27	6.94	9.47
Personnel				
Number of employees at end of period		40	32	36
Average number of employees		38	30	31
Average number of employees employed within R&D		34	27	28

For definitions and calculations, see the sections later in this report.
*Effect from dilution is not considered when result is negative.

Notes

Note 1 General information

This report covers the Swedish parent company Alligator Bioscience AB (publ), Swedish corporate identity no. 556597-8201 and its subsidiaries Atlas Therapeutics AB, Swedish corporate identity no. 556815-2424 and A Bioscience Incentive AB, Swedish corporate identity no. 559056-3663. All the Group's business operations are carried on in the Parent Company.

Alligator is a Swedish public limited liability company registered in and with its registered office in the Municipality of Lund. The head office is located at Medicon Village, 223 81 LUND.

The Alligator Group's quarterly report for the first quarter 2017 was approved for publication on May 2 2017 in accordance with the Board decision of May 2 2017.

Note 2 Accounting policies

The interim report is prepared in accordance with IAS 34 "Interim Financial Reporting". Information in accordance with IAS 34 is provided both in notes and elsewhere in the interim report.

The Parent Company's financial reports are prepared in accordance with the Swedish Annual Accounts Act (ÅRL) and the Swedish Financial Reporting Board's recommendation RFR 2 'Reporting for legal entities'.

The accounting principles and methods of calculation applied in conformity with these are described in the Annual Report for 2016. New standards and interpretations that came into force on 1 January 2017 have had no impact on the Group's or the Parent Company's financial statements for the interim period.

The new standard IFRS 15, Revenue from contracts with customers, enters into force for financial years beginning January 1, 2018 or later. The standard replaces all previously issued standards and interpretations concerning revenue. Management will carry out a full evaluation of the possible effect of the new standard on the Group's financial statements during 2017. The preliminary view is that the new standard will have a limited impact.

ESMA's Guidelines on Alternative Performance Measures are applied from and including the report of the third quarter 2016 and involve disclosure requirements related to financial measures that are not defined under IFRS.

Note 3 Effects of changed estimates and judgments

Significant estimates and evaluations are described in note 3 in the Annual Report for 2016.
There has been no changes in estimates and judgements since the Annual report 2016 was issued.

Note 4 Segment information

The Company has only one business activity, research and development within immunotherapy, and therefore has only one operating result on which the principal executive decision-maker regularly makes decisions and allocates resources. On the basis of these circumstances, there is only one operating segment corresponding to the Group as a whole and so no separate segment reporting is provided.

Note 5 Consolidated income

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

All amounts in TSEK	2017 Jan - Mar	2016 Jan-Mar	2016 Jan-Dec
Licensing income	2 523	43 360	58 240
Swedish government grants received	0	241	484
EU grants received	0	0	0
Operational exchange rate gains	95	-35	626
Other	0	0	0
Total	**2 619**	**43 567**	**59 350**

Alligator's income consists primarily of income from the licensing of ADC-1013 to Janssen Biotech Inc. During the first quarter in 2017 Alligator also received a milestone payment in the project Biosynergy. Alligator receives license income in USD when specific milestones in the development projects are attained.

Note 6 Financial instruments

All amounts in TSEK	31.03.2017	31.03.2016	31.12.2016
Available-for-sale financial assets			
Other investments held as fixed assets	0	0	95
Loans and receivables			
Accounts receivable	4 576	44 126	0
Other receivables	371	2 834	12 417
Cash and cash equivalents	639 739	343 718	659 136
Financial assets	**644 685**	**390 772**	**671 552**
Financial liabilities			
Accounts payable	6 657	8 133	13 340
Other liabilities	497	455	686
Financial liabilities	**7 154**	**8 588**	**14 026**

Other investments held as fixed assets refers to unlisted shares which were sold during the fourth quarter 2016 that was valued at the acquisition value.
Cash and cash equivalents as of March 31 2017 consists of cash held on bank accounts TSEK 439 567 and an investment in a Liquidity fund of TSEK 200 172. For the other periods cash and cash equivalents only consists of cash on bank accounts.
For other financial assets and liabilities, the carrying amount according to the above is deemed to be a reasonable approximation of fair value.

Note 7 Transactions with affiliated parties

The consulting agreement with Board Member Carl Borrebaeck relates to expert assistance with evaluation of discovery projects and new antibodies. Carl Borrebaeck also has an important role in building and developing contacts with leading researchers and prominent organizations within cancer immunotherapy. Pricing has been determined on market conditions. For Q1, this is an expense of TSEK 180. The same amount is reported as an accrued expense.

Calculation of performance measures

Alligator presents in this report certain financial performance measures, including measures that are not defined under IFRS. The Company believes that these ratios 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.

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 costs of the Company have been used within R&D.

As commented earlier in this report, the Company does not have a steady flow of revenue, and instead revenue comes 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 "Definitions of performance measures" at the end of this report.

	2017 Jan - Mar	2016 Jan-Mar	2016 Jan-Dec
Profit/loss for the period, TSEK	-19 502	23 599	-48 356
Average number of shares before dilution	70 925 317	59 014 384	60 114 511
Earnings per share before dilution, SEK	**-0.27**	**0.40**	**-0.80**
Average number of shares after dilution	70 925 317	60 619 384	60 114 511
Earnings per share after dilution, SEK	**-0.27**	**0.39**	**-0.80**
Operating costs, TSEK	-21 740	-19 476	-115 432
Impairment of tangible assets and intangible assets, TSEK	0	0	-22 120
Operating costs excluding impairments, TSEK	**-21 740**	**-19 476**	**-93 312**
Administrative expenses, TSEK	-6 337	-8 117	-30 770
Depreciation, TSEK	-688	-604	-2 555
Research and development costs, TSEK	**-14 714**	**-10 755**	**-59 987**
R&D costs / Operating costs excluding impairments %	**67.7%**	**55.2%**	**64.3%**
Equity, TSEK	662 058	420 567	676 185
Average number of shares before dilution	71 388 615	59 014 384	70 113 615
Equity per share before dilution, SEK	**9.27**	**7.13**	**9.64**
Average number of shares after dilution	71 388 615	60 619 384	71 388 615
Equity per share after dilution, SEK	**9.27**	**6.94**	**9.47**
Equity, TSEK	662 058	420 567	676 185
Total assets, TSEK	676 610	441 320	700 780
Equity ratio, %	**98%**	**95%**	**96%**

The Board and the CEO confirm that the interim report provides a true and fair overview of the Company and the Group's operations, position and earnings and describes the material risks and uncertainty factors faced by the Parent Company and the companies within the Group.

Lund, 2nd of May 2017

Peter Benson Chairman	Carl Borrebaeck Member of the Board	Ulrika Danielsson Member of the Board
Jakob Lindberg Member of the Board	Kenth Petersson Member of the Board	Jonas Sjögren Member of the Board
Mathias Uhlén Member of the Board	Laura von Schantz Member of the Board	Per Norlén CEO

Definitions

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

Earnings per share before and after dilution
Earnings divided by the weighted average number of shares during the period before and after dilution respectively.

Average number of shares before and after dilution
Average number of outstanding shares during the period before and after dilution respectively.

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

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 divided by Operating costs excluding impairments

Cash and cash equivalents
Cash, bank deposits and other short-term liquid deposits that can easily be converted to cash and are subject to an insignificant risk of value changes.

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

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

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

Equity per share before and after dilution
Equity divided by sum of the number of shares and outstanding warrants where the current share price exceeds the excersise price of the warrant at the end of the period

Equity ratio
Equity as a percentage of Total assets.

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

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