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ALLIGATOR bioscience

INTERIM REPORT JANUARY-SEPTEMBER 2017

Three important collaborations in place. Results in November from ADC-1013 clinical phase I study.

Significant events, July-September

- Aptevo Therapeutics and Alligator Bioscience signed a co-development agreement on the bispecific antibody ALG.APV-527. Preclinical development and initial production activities for clinical trial materials for ALG.APV-527 commenced.
- The immuno-oncology collaboration with Stanford University was expanded. The aim is to predict the clinical efficacy of Alligator's pipeline candidates using biomarkers.
- A research contract was signed with Professor Ignacio Melero, MD, PhD, from the University of Navarra in Spain, for 4-1BB as a target molecule in immunotherapy and cancer therapy.
- The results of the Alligator-led Phase I clinical trial for ADC-1013/JNJ-64457107 will be presented at the 32nd Annual Meeting of the Society for Immunotherapy of Cancer (SITC) in November.
- Janssen's Phase I clinical trial for ADC-1013/JNJ-64457107 is ongoing with approximately 50 patients recruited to date.

Events after the end of the period

Alligator and collaboration partner Aptevo Therapeutics announced on 24 October that the tumor antigen 5T4, associated with many forms of solid tumors, is the second target for ALG.APV-527.

Financial summary

July-September

- Net sales, SEK 1.8 million (4.7).
- Operating loss, SEK 24.5 million (loss: 9.1).
- Loss for the period, SEK 25.8 million (loss: 7.5).
- Loss per share, SEK 0.36 (loss: 0.13).
- Cash and cash equivalents incl. bonds, SEK 588 million (659).

January-September

- Net sales, SEK 5.6 million (51.8).
- Operating loss, SEK 73.0 million (loss: 34.0)
- Loss for the period, SEK 76.3 million (loss: 29.0)
- Loss per share, SEK 1.07 (loss: 0.49)
- Cash flow for the period was a negative SEK 141.5 million (neg: 23.8), of which SEK 74.5 million was invested in corporate bonds.
- During the period, 1,275,000 warrants (230,000) were exercised for an equivalent number of shares.

Financial summary (Group)

	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
Net sales, TSEK	1,770	4,661	5,576	51,808	58,240
Operating profit/loss, TSEK	-24,459	-9,133	-73,032	-33,952	-56,082
Profit/loss for the period, TSEK	-25,772	-7,545	-76,274	-29,008	-48,356
Cash flow for the period, TSEK	-25,409	-17,780	-141,479	-23,759	287,135
Cash and cash equivalents including bonds, TSEK	587,578	346,457	513,220	346,457	659,136
Equity ratio, %	97%	97%	97%	97%	96%
R&D costs as % of operating costs excluding impairments	69.3%	58.3%	69.5%	62.2%	64.3%
Earnings per share before dilution, SEK	-0.36	-0.13	-1.07	-0.49	-0.80
Earnings per share after dilution, SEK	-0.36	-0.13	-1.07	-0.49	-0.80
Average number of employees	43	33	40	31	31

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CEO statement

Alligator continued to make good progress during the third quarter. In particular, we strengthened our pipeline and expertise through three significant agreements: a co-development collaboration with Aptevo Therapeutics Inc. on the bispecific antibody ALG.APV-527 and research agreements with Stanford and Navarra Universities. These are helping to build a strong preclinical pipeline behind our clinical lead candidate ADC-1013.

ADC-1013 clinical studies

In September, we announced that clinical data from the intratumoral dose escalation study of our lead candidate ADC-1013 will be disclosed in an oral presentation at the Society for Immunotherapy of Cancer (SITC) meeting at National Harbor, Maryland, US, in November. In total, 24 patients suffering from 10 different types of late-stage cancer were included in the study and the presentation will include safety assessments as well as pharmacokinetic and pharmacodynamic observations. In parallel, recruitment of a Phase I study assessing intravenous dose escalation in patients with solid tumors, sponsored by our partner Janssen Biotech, is progressing well. To date, approximately 50 patients have received ADC-1013 in this second Phase I study, and the progress is encouraging.

ALG.APV-527 co-development agreement

ALG.APV-527 is a bispecific immuno-oncology antibody being developed in partnership with the US-based biotech company Aptevo Therapeutics Inc. Alligator had previously worked with Aptevo under a material transfer agreement to optimize the product and, in July, the companies announced the selection of the candidate ALG.APV-527 for co-development through to the end of Phase II. Preclinical development and CMC activities were subsequently initiated for the manufacturing of clinical material in preparation for a future clinical trial application (CTA). We are enthusiastic about our fruitful partnership with Aptevo. It builds on the key strengths of both companies and has resulted in a highly competitive compound with excellent properties in terms of biology and development potential. ALG.APV-527 is our second bispecific immuno-oncology antibody to have entered preclinical development and reinforces Alligator's leading position in this emerging field.

Why bispecific antibodies?

Immuno-oncology has revolutionized cancer therapy over the past few years, demonstrating superior tolerability and major improvements in long-term survival compared to chemotherapy for many patients. However, the majority of patients do not respond to currently available immunotherapies. This is presumably related to the fact that many tumors are closely resembling normal healthy tissue, and as a consequence difficult to identify by the immune system, and, that many cancer patients have a weak immune system. On top of this, immune-related side effects are often a limiting factor.

Bispecific tumor-directed immunotherapies represent a novel class of compounds with the potential to address these issues

by improving both efficacy and safety. ALG.APV-527 is one such compound, fusing a tumor-targeting antibody with an immunotherapeutic antibody to direct the anti-tumor immune attack to the tumor and avoid systemic toxicity. So-called "dual immunomodulators" have also been emerging recently, including our bispecific immune activating antibody ATOR-1015. With ALG.APV-527 and ATOR-1015, Alligator has product candidates at the forefront of each of the next generation bispecific approaches and is therefore extremely well positioned in this exciting field.

Collaborations with Stanford and Navarra Universities

We announced the expansion of our important immuno-oncology collaboration with Prof Dean Felsher at Stanford University, California, in August. Prof Felsher is a leading expert in oncogene-induced cancer immune evasion and the relationship between oncogenes and cancer immunotherapy. The research agreement strongly supports our biomarker strategy, giving us the opportunity to improve patient selection and to optimize dosing regimen for each patient, with the overall objective to increase the therapeutic response.

In addition to this we have signed a research collaboration agreement with Professor Ignacio Melero at the Center for Applied Medical Research (CIMA), Navarra University, Spain, to further investigate the biology of 4-1BB (CD137) as a target in cancer immunotherapy. Professor Melero, a scientific advisor to Alligator since 2014, and his research team will investigate the biological effects of 4-1BB activation in various preclinical cancer immunotherapy models. Alligator has two pipeline programs targeting 4-1BB, the fully-owned monospecific antibody ATOR-1017 and the bispecific antibody ALG.APV-527, co-developed with Aptevo.

We believe these collaborations will add significant value to our pipeline projects, contributing to the fulfillment of our ambition to deliver first- and best-in-class products to patients.

Per Norlén
CEO Alligator Bioscience AB (publ)
25 October 2017

Operations

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

The drug development process is carried out in Alligator's laboratory, by the company's own personnel. All of the expertise required for running successful projects is represented. To make the process as competitive and time-efficient as possible, some of this work is also carried out in collaboration with other biotech companies, leading international immuno-oncology research institutions and specialists with resources in, for example, drug manufacturing.

Business model that generates value across the development chain

The company's business model is based on proprietary drug development – through early-phase research and preclinical development to the clinical development phase, when the treatment concept is validated in humans (Phase II). The plan is to subsequently outlicense the drug candidate to a licensee for further development and market launch. This business model provides opportunities for the company to generate revenue even before the drug reaches the market, such as revenue when agreements are signed and milestone payments during the development process. The business model was validated in 2015 when a historic license agreement was signed with Janssen Biotech, Inc., one of the Janssen Pharmaceutical Companies of Johnson & Johnson. Under the agreement, Alligator is entitled to up to USD 700 million in milestone payments during the development process as well as royalties from future global sales of the drug.

The Alligator project portfolio

ADC-1013

Outlicensed to Janssen

ADC-1013 is an immunostimulating antibody, developed for the treatment of metastatic cancer. The drug candidate has been outlicensed to Janssen Biotech, Inc. (an oncology company within the Johnson & Johnson Group), which is responsible for all continued clinical development.

ATOR-1015

Run by Alligator

ATOR-1015 is a bispecific (CTLA-4 and OX-40) antibody developed for tumor-targeted treatment of metastatic cancer. The antibody has been created with Alligator's unique bispecific technology format.

ATOR-1017

Run by Alligator

ATOR-1017 is an immunostimulating antibody (IgG4) that binds to the costimulatory receptor 4-1BB (CD137) in tumor-specific T cells. 4-1BB has the capacity to support the immune cells involved in tumor control, making 4-1BB a particularly attractive target for cancer immunotherapy.

ALG.APV-527

Co-development Aptevo

ALG.APV-527 is a bispecific antibody (4-1BB and 5T4) developed for the treatment of metastatic cancer. In July, Aptevo Therapeutics and Alligator Bioscience signed an agreement on the co-development of ALG.APV-527. Under the agreement, the companies will equally own and finance the development of the drug candidate through the Phase II clinical trial.

Early-phase research

Run by Alligator

Alligator's early-phase research projects include a bispecific immunostimulating antibody that binds to a protein in the TNFR superfamily and another interesting immunostimulating target protein.

Research | **Preclinical development** | **Phase I clinical trial** | **Phase II clinical trial**

See page 6 for information regarding the different phases.

FIND® and GOLD® – unique technologies provide major benefits

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, a unique bispecific technology format has been developed for the development of new dual-action antibody products. Access to these technologies has given Alligator an advantage over potential competitors in the development of specific, tumor-targeted drug candidates.

Competitive and broad project portfolio

Alligator's project portfolio includes the clinical and preclinical drug candidates ADC-1013, ATOR-1015, ATOR-1017, and ALG. APV-527, plus a number of early-phase research projects.

All projects are focused on immunostimulating receptors. These immune receptors play a critical role in the initiation of an immune response and for the body's immunological memory and can provide long-term protection against cancer. Future cancer therapies will probably involve a combination of multiple drugs. However, although the combination therapies used to date have increased clinical efficacy, they have also led to a higher risk of developing severe immune-related side effects. Alligator's tumor-targeted immunotherapy concept creates opportunities for solving this problem, and provides new cancer therapies with high efficacy without increasing the risk of severe side effects.

ADC-1013 (JNJ-64457107)

ADC-1013 is an immunostimulating antibody developed for the treatment of metastatic cancer. The drug candidate has been outlicensed to Janssen Biotech, Inc. (an oncology company within the Johnson & Johnson Group), which is responsible for all continued clinical development.

ADC-1013 is an agonistic – or "activating" – antibody that targets CD40, which is a receptor in antigen-presenting dendritic cells in the immune system. Dendritic cells are the cells that detect internal and external enemies, such as bacteria or cancer cells. CD40 stimulation with ADC-1013 enables dendritic cells to activate the immune system's weapons more effectively, which in this case are T cells. This allows the immune system to specifically target and destroy the cancer cells.

ADC-1013 has been optimized using the FIND® technology with the aim of improving the binding affinity. This enables efficacy with very low doses. In experimental models, ADC-1013 has been shown to induce a potent tumor-targeted immune response and long-lasting tumor immunity. In addition, preclinical data have demonstrated how ADC-1013 can be used against many types of cancer.

The clinical program has included two Phase I trials to date. The first trial was conducted by Alligator, and focused on intratumoral administration. This trial commenced in 2015 and ended in early 2017. The second Phase I trial is still ongoing and run by Janssen Biotech, Inc., and focuses on intravenous dose escalation. The main goal of both Phase I trials is to identify a safe, tolerable and biologically effective dose level for ADC-1013.

Events during the third quarter

The results from the clinical phase I study performed by Alligator, which closed in March 2017, will be presented at the Society for Immunotherapy of Cancer (SITC) 32nd Annual Meeting on 8-12 November 2017 in Maryland, US.

At the SITC Conference, Alligator will participate with both an oral presentation and an abstract titled First-in-human study with intratumoral administration of a CD40 agonistic antibody: preliminary results with ADC-1013/JNJ-64457107 in advanced solid malignancies. The oral presentation will be held under the program category Clinical trials: New substances, which will commence at 07:45 p.m. CET (1:45 p.m. ET) on November 10, 2017. For more information about the program, visit the Conference website: www.sitcancer.org/2017/home.

The second clinical phase I study performed by Janssen Biotech, Inc. is ongoing. To date, approximately 50 patients have been enrolled in the study. Additional combination studies are planned.

ATOR-1015

ATOR-1015 is a bispecific (CTLA-4 and OX-40) antibody developed for tumor-targeted treatment of metastatic cancer, as either mono therapy or in combination with other immunotherapies, such as PD-1 blockers. The antibody has been created with Alligator's unique bispecific technology format.

ATOR-1015 binds to two different immunostimulating receptors: a checkpoint receptor called CTLA-4, and a costimulatory receptor called OX40. In preclinical studies, this has been shown to significantly enhance the immunostimulatory effect. The potent stimulation of the immune system is mainly expected to be achieved in environments where both target molecules are expressed at elevated levels, such as in a tumor. New data presented in the second quarter of 2017 demonstrated efficacy in multiple experimental tumor models, confirming that stimulation is effectively localized to the tumor. Preparations for the production of clinical trial materials commenced at Cobra Biologics in January 2016 and are currently performed at BioInvent International.

Events during the third quarter

Alligator presented ATOR-1015 at the 8th World Bispecific Summit, a conference that unites leading bispecific drug developers. Laura von Schantz, PhD and senior researcher at Alligator presented a poster titled "The OX40-CTLA-4 bispecific antibody, ATOR-1015, induces immune activation and anti-tumor effect." The poster presents preclinical data to support the described mechanism of action for ATOR-1015, i.e. that it causes immunostimulation in the tumor environment but not in the rest of the body, which is the goal of the treatment.

ATOR-1017

ATOR-1017 is an immunostimulating antibody (IgG4) that binds to the costimulatory receptor 4-1BB (CD137) in tumor-specific T cells. 4-1BB has the capacity to support the immune cells involved in tumor control, making 4-1BB a particularly attractive target for cancer immunotherapy. This target molecule is currently considered one of the most promising.

ATOR-1017 is distinct from other 4-1BB antibodies, partly because of its unique binding profile, but also because its immunostimulating 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 elevated levels – completely in line with the treatment strategy for Alligator's drug candidates. The goal is effective tumor-targeted immunostimulation with minimum side effects.

Events during the third quarter

Cell line development at Sartorius Stedim Cellca GmbH is progressing according to plan. Glycotope Biotechnology GmbH has previously been contracted for subsequent manufacturing of clinical trial materials.

ALG.APV-527

ALG.APV-527 is a bispecific antibody (4-1BB and 5T4) developed for the treatment of metastatic cancer. The ALG.APV-527 antibody has two functions: to stimulate tumor-specific T cells via the costimulatory receptor 4-1BB (CD137), and to bind to the 5T4 protein on the surface of tumor cells.

As described above, 4-1BB has the capacity to support the immune cells involved in tumor control, making 4-1BB a particularly attractive target for cancer immunotherapy. This target molecule is currently considered one of the most promising. The tumor-binding function of APV.ALG-527 has been developed with Alligator's patented antibody library, ALLIGATOR-GOLD. The bispecific molecule was then assembled using Aptevo Therapeutic's ADAPTIR technology platform. A drug candidate has been created by combining a tumor-binding antibody with an immunomodulatory antibody in the same molecule, which can localize its effect to the tumor region and stimulate the tumor-specific immune cells that are found there.

Events during the third quarter

In July, Aptevo Therapeutics and Alligator Bioscience signed an agreement on the co-development of ALG.APV-527. The antibody is based on Alligator's original bispecific product candidate ATOR-1016. Under the agreement, the companies will equally own and finance the development of the drug candidate through the Phase II clinical trial.

Events after the end of the period

Alligator and collaboration partner Aptevo Therapeutics announced on 24 October that the tumor antigen 5T4, associated with many forms of solid tumors, is the second target for ALG.APV-527. 5T4 is a protein predominantly expressed on tumor cells. It is present at very low levels or not at all in normal tissue. This enables the immune-activating effect of ALG.APV-527 to be targeted specifically to the tumor and not against normal tissue, the goal being effective tumor-directed immune activation with minimal side effects. The 5T4 tumor antigen is present on a number of different solid tumors, including breast, cervical, non-small-cell-lung, prostate, renal, gastric, colorectal and bladder cancers, indicating that ALG.APV-527 may be used for the treatment of several different types of cancer.

Other research projects

Alligator's early-phase research projects include a bispecific immunostimulating antibody that binds to a protein in the TNFR superfamily and another interesting immunostimulating target protein. The product's components were created with ALLIGATOR-GOLD and FIND, and assembled using Alligator's unique bispecific technology format.

Through its subsidiary Atlas Therapeutics AB, the Group owns a share in a research project, Biosynergy, run by the South Korean company AbClon Inc. Alligator incurs no overheads for this project, but is entitled to a share of any future returns. A payment of SEK 1,160,000 has been received to date in conjunction with the regional outlicensing of one of AbClon's products, the Her2 antibody AC101.

Drug development – the different phases

Research

In the research phase, Alligator develops novel monospecific and bispecific antibodies using its ALLIGATOR-GOLD® and FIND® technology platforms.

The antibodies are optimized to achieve set targets in relation to function, binding affinity and stability, after which a drug candidate is selected for continued development.
After further characterization and concept validation studies of the mechanism of action, preclinical development commences.

Preclinical development

In preclinical studies, the safety and efficacy of the drug candidate is evaluated, as well as its clinical potential. These studies are conducted both internally on Alligator's premises, and externally with Alligator's partners.

Alongside of the preclinical activities for a certain drug candidate, research activities continue to acquire a deeper understanding of the candidate's biological function. This phase also includes activities for the production of materials for future clinical trials.

Phase I clinical trial

The first trials in humans are normally performed on a small group of 20–80 healthy volunteers. The main goal of these trials is to determine whether the substance is safe for humans.

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

However, in areas with a major unmet medical need such as cancer, trials are often conducted with cancer patients rather than healthy subjects.

Phase II clinical trial

In Phase II trials, the substance is tested on patients affected by the disease to be treated with the potential drug. 100-300 patients are normally tested.

The main goal of Phase II trials is to show whether the substance has the intended clinical efficacy, and to determine the optimal dose.

By the end of Phase II, the drug's efficacy, likely dose range and side-effect profile should have been established.

Phase III clinical trial

In Phase III trials, the substance is normally tested on a larger group of 1,000-3,000 patients.

The main goal of Phase III trials is to demonstrate that the novel substance is equally as good or better than previously approved treatments.

By the end of the Phase III program, the drug's properties and common side effects in a relatively representative patient group average have been established, and the documentation needed to register the drug has been compiled.

Alligator's business strategy is to conduct clinical studies until phase II, and then outlicense the drug candidate to large biotech or big pharma companies for the further development.

Market. Major potential for Alligator's unique technology

Worldwide, almost 14 million people are diagnosed with cancer each year. This figure is expected to rise to 24 million over the next two decades, bringing a major need for advanced cancer care. One reason why cancer rates are increasing is increased longevity. Another is improved diagnostics. This means that more cancers are being detected, more often at an early stage, which improves the chances of successful treatment.

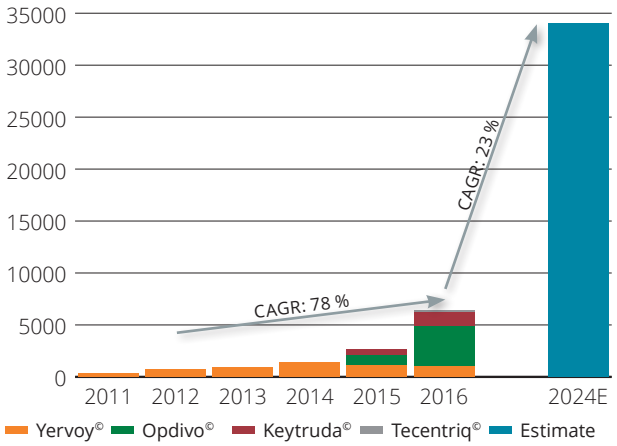
In 2014, spending on cancer drugs rose 7.9% to more than USD 81 billion, from a level of USD 60 billion four years earlier (GlobalData). By 2019, spending on cancer drugs is forecast to increase at a 4.4% compound annual rate to USD 100 billion (GlobalData).

The emerging role of immunotherapies

In the coming years, a surge of new and innovative treatment methods is expected to emerge in the marketplace, of which new immunotherapies will play an important role in treatment options for cancer (IMS Institute for Healthcare Informatics' global forecast for drug spending until 2020, November 2015).

The first immunotherapy drug, Yervoy® (Bristol-Myers Squibb), was approved in 2011. Additional immunotherapies for the treatment of cancer have since been approved, including Opdivo® (Bristol Myers-Squibb), Keytruda® (Merck & Co) and Tecentriq® (Roche). Antibody-based immunotherapies can potentially be used to treat virtually all types of cancer. These drugs are now used to treat patients with malignant melanoma, kidney/head and neck/lung and bladder cancer as well as lymphoma, and the number of cancers treated with immunotherapy is expected to increase in the future. GlobalData estimates that the total immuno-oncology market will be worth approximately USD 14 billion in 2019, rising to USD 34 billion by 2024.

Sales of approved immuno-oncology drugs, MUSD

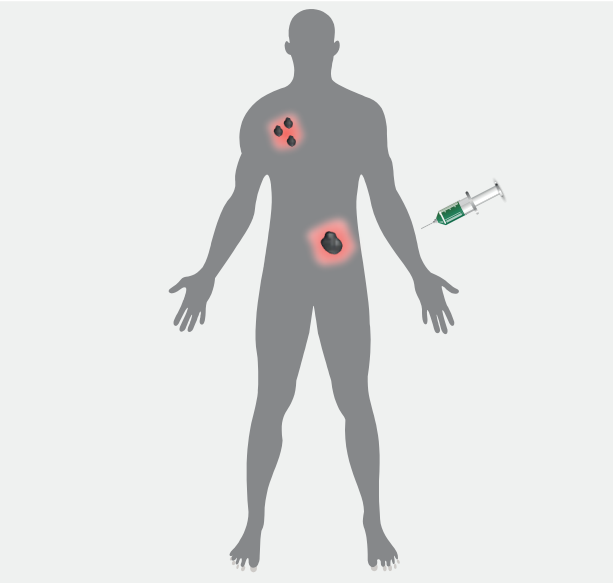


Source: Annual reports Bristol-Myers Squibb, Merck & co and Roche, and Global Data Immuno-Oncology Strategic Insight 2016.

Targeted attack against cancer tumors

The immune system protects the body from attacks by disease-causing microorganisms (such as viruses and bacteria) and cancer cells. Growing tumors often contain large numbers of immune cells with an innate ability to attack the cancer cells. However, the cancer often develops its own protection against the immune system, including the build-up of immunosuppressants. Immunotherapy can boost the body's natural ability to fight cancer effectively by blocking or weakening the tumor's defense. The immune cells that damage the cancer cells can then survive in the body, thus providing protection against any metastases that may occur after treatment has ended. This "vaccination effect" is unique to immunotherapy.

Using advanced molecular biology techniques and the company's patented technology platforms, Alligator's drug candidates are designed to selectively stimulate the immune system in the region of the tumor rather than the whole body – which is expected to provide greater efficacy with fewer adverse effects.



Comments on the report

Unless otherwise stated, this interim report refers to the Group. Due to the nature of the business operations, there may be significant fluctuations in revenue between periods. These are not seasonal or otherwise recurring in nature, but rather are primarily related to the achievement of milestones that trigger remuneration in outlicensed 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 parentheses refer to the outcome for the corresponding period in the preceding year for figures related to the income statement and cash flow and to December 31, 2016 for figures related to the financial position and employees.

Unless otherwise stated, amounts are presented in SEK thousand.

All amounts stated are rounded, which may mean that some totals do not tally exactly.

Revenue, expenses and earnings

	July-September 2017	January-September 2017
Sales	**SEK 1,770 thousand (4,661)** Sales for the period primarily pertain to revenue from collaboration concerning ADC-1013.	**SEK 5,576 thousand (51,808)** Sales for the period pertain to revenue from collaboration concerning ADC-1013 and a milestone payment in the Biosynergy project. The decline compared with the year-earlier period is attributable to the milestone payment received under the licensing agreement for ADC-1013 during the first quarter of 2016.
Other operating income	**SEK 164 thousand (550)** Revenue for the year comprises exchange gains in the company's operations. Revenue for the preceding year comprised a research grant from Vinnova (SEK 429 thousand) and exchange gains in the company's operations.	**SEK 445 thousand (1,045)** For the current year, pertains to a donation made to the company for research purposes (SEK 165 thousand) and exchange gains in the company's operations. For the preceding year, refers to exchange gains in the company's operations and research grants from the Swedish state (SEK 671 thousand).
Operating expenses	**SEK 26,393 thousand (14,343)** The company has expanded its operations compared with the preceding year and its research projects now generate higher costs. Employee benefit expenses have increased as a result of additional people being employed within R&D.	**SEK 79,053 thousand (86,804)** The decline in operating expenses was mainly attributable to an impairment loss of SEK 22,120 thousand in the Biosynergy project in 2016. The company's external expenses increased due to a higher level of project activity, while its employee benefit expenses increased as a result of additional people being employed within R&D.
Operating loss before financial items	**SEK -24,459 thousand (-9,133)**	**SEK -73,032 thousand (-33,952)**
Total financial items	**SEK -1,313 thousand (1,588)** Pertains to returns on liquidity and financial assets as well as exchange losses as a result of significant liquidity positions, primarily in USD.	**SEK -3,243 thousand (4,944)** Pertains to returns on liquidity and financial assets as well as exchange gains/losses as a result of significant liquidity positions, primarily in USD but also EUR.
Loss before and after tax	**SEK -25,772 thousand (-7,545)**	**SEK -76,274 thousand (-29,008)**
Earnings per share before and after dilution	**SEK -0.36 (-0.13)**	**SEK -1.07 (-0.49)**

Financial position

Equity amounted to SEK 605,398 thousand (676,185), corresponding to equity per outstanding share of SEK 8.48 (9.64) before dilution. The equivalent figure after dilution was SEK 8.48 (9.47).

Consolidated cash and cash equivalents, which consist of bank balances and short-term, highly liquid investments, totaled SEK 513,220 thousand (659,136). During the first quarter, a portion of the Group's liquidity was invested in a short-term, fixed-income fund and recognized as cash and cash equivalents. This investment can easily be converted to cash and is subject to an immaterial risk of changes in value. The investment in this fund amounts to SEK 200,000 thousand (0) and the value at the end of the second quarter was SEK 200,850 thousand (0). During the second quarter, the Group invested SEK 74,520 thousand (0) in corporate bonds, which are deemed to be easily convertible to cash. The Group had no borrowings as of September 30, 2017 and no loans have been raised since this date. The Group has no loans or loan commitments.

The Group plans to used its liquid funds to finance its operating activities. According to the Group's Financial Policy, the Group is to have sufficient bank balances to cover its expected liquidity requirements for a minimum of 18 months. Excess liquidity may be invested with a low risk and an average fixed period of not more than 18 months. A portion of the Group's liquidity is invested in USD and EUR 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 converted to SEK at the time of payment. Besides this, no further hedging has taken place.

Investments and cash flow

Investments during the third quarter amounted to SEK 2,983 thousand (465) and primarily comprised laboratory equipment totaling SEK 2,865 thousand (301) and the capitalization of patents relating to the company's technology platforms totaling SEK 118 thousand (164). Cash flow for the quarter amounted to a negative SEK 25,409 thousand (neg: 17,780).

Investments during the first nine months totaled SEK 81,035 thousand (3,090) and mainly pertained to an investment in corporate bonds of SEK 74,520 thousand (0). An additional SEK 1,500 thousand (0) was invested in improvements to the leased premises for a new laboratory, SEK 4,841 thousand (2,926) in laboratory equipment and SEK 174 thousand (164) in the capitalization of patents relating to the company's technology platforms. Cash flow for the first nine months of the year amounted to a negative SEK 141,479 thousand (neg: 23,759).

The Alligator share

The Alligator share in brief (September 30, 2017)

- Listed on: Nasdaq Stockholm Mid Cap
- Number of shares: 71,388,615
- Market capitalization: SEK 2,020 million
- Ticker: ATORX
- ISIN: SE0000767188

The total number of outstanding shares in the Company at the end of the quarter amounted to 71,388,615 (70,113,615).

During the first three quarters of the year, 1,275,000 (230,000) warrants from the 2014/2017 warrant program were exercised for an equivalent number of shares.

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

A total of 1,182,780 warrants were issued under the employee stock option program, of which 900,000 were allotted to employees free of charge and 282,780 were issued to cover ancillary costs, primarily social security contributions. Of the allotted options, 294,992 have been vested, 576,674 may still be vested and 28,334 have lapsed since the individuals to whom they were allotted have since left the company. A total of 1,000,000 warrants were issued under the warrant 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. Each option in these programs entitles the holder to subscribe for one share at a price of SEK 75.

Upon full exercise of all warrants issued in respect of the share subscription incentive programs, a total of 2,154,446 shares will be issued, thereby increasing the number of shares to a maximum of 73,543,061.

Future reporting dates

Alligator intends to give financial statements as follows:

- Year-end report 2017 on February 16, 2018
- Annual report 2017 on March 22, 2018
- AGM on April 26, 2018
- Q1 interim report on April 26, 2018
- Q2 interim report on July 12, 2018
- Q3 interim report on October 26, 2018

Other information

Review
This report has been reviewed by the company's auditors.

Employees
The number of employees in the Group at the end of the quarter was 44 (35). Of these, 11 (8) were men and 33 were women (27).

Of the total number of employees, 38 (31) were employed within Research and Development (R&D).

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 2016. No significant events occurred during the quarter that impacted or changed these descriptions of the Group's risks and risk management.

Parent Company
Net sales, earnings trend, financial position and liquidity
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.

Consolidated income statement

All amounts TSEK unless specified	Note	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
Net sales	5	1,770	4,661	5,576	51,808	58,240
Other operating income	5	164	550	445	1045	1110
Total operating income		**1,934**	**5,210**	**6,021**	**52,852**	**59,350**
Operating costs						
Other external costs		-17,143	-7,861	-49,612	-42,874	-63,278
Personnel costs		-8,501	-5,822	-27,290	-19,908	-27,479
Depreciation and impairment of tangible assets and intangible assets	3	-750	-660	-2,152	-24,022	-24,675
Total operating costs		**-26,393**	**-14,343**	**-79,053**	**-86,804**	**-115,432**
Operating profit/loss		**-24,459**	**-9,133**	**-73,032**	**-33,952**	**-56,081**
Result from other securities and receivables		274	0	349	0	863
Interest income and similar income statement items		339	1941	2344	5838	8704
Interest costs and similar income statement items		-1926	-354	-5935	-894	-1840
Net financial items		**-1,313**	**1,588**	**-3,243**	**4,944**	**7,726**
Profit/loss before tax		**-25,772**	**-7,545**	**-76,274**	**-29,008**	**-48,356**
Tax on profit for the period		0	0	0	0	0
Profit for the period attributable to Parent Company shareholders		**-25,772**	**-7,545**	**-76,274**	**-29,008**	**-48,356**
Earnings per share before dilution, SEK		**-0.36**	**-0.13**	**-1.07**	**-0.49**	**-0.80**
Earnings per share after dilution, SEK		**-0.36**	**-0.13**	**-1.07**	**-0.49**	**-0.80**

Consolidated statement of comprehensive income

All amounts TSEK unless specified	Note	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
Profit/loss for the period		-25,772	-7,545	-76,274	-29,008	-48,356
Other comprehensive income		0	0	0	0	0
Comprehensive income for the period		**-25,772**	**-7,545**	**-76,274**	**-29,008**	**-48,356**

Consolidated statement of financial position

All amounts in TSEK	Note	2017-09-30	2016-09-30	2016-12-31
ASSETS				
Fixed assets				
Intangible assets				
Participations in development projects	**3**	17,949	17,949	17,949
Patents		1,684	2,535	2,306
Tangible assets				
Improvements in leased premises	**2**	1,500	0	0
Equipment, machinery and computers		7,835	4,322	4,349
Financial assets		*0*	*0*	*0*
Other investments held as fixed assets	**2, 6**	74,358	94	0
Total fixed assets		**103,325**	**24,900**	**24,603**
Current assets				
Current receivables				
Accounts receivable	**6**	4,502	0	0
Other receivables	**6**	3,497	7,743	12,417
Prepayments and accrued income		2,374	4,200	4,624
Cash and cash equivalents	**6**	513,220	346,457	659,136
Total current assets		**523,592**	**358,400**	**676,178**
TOTAL ASSETS		**626,917**	**383,301**	**700,780**
EQUITY AND LIABILITIES				
Equity				
Share capital		28,555	23,698	28,045
Other capital contributions		662,614	337,766	657,949
Retained earnings and profit/loss for the period		-85,771	9,390	-9,809
Equity attributable to Parent Company shareholders		**605,398**	**370,854**	**676,185**
Current liabilities				
Accounts payable	**6**	10,388	3,064	13,340
Other liabilities	**6**	672	484	686
Accrued expenses and deferred income		10,459	8,899	10,569
Total current liabilities		**21,519**	**12,447**	**24,595**
TOTAL EQUITY AND LIABILITIES		**626,917**	**383,301**	**700,780**

Consolidated statement of changes in equity, in summary

All amounts in TSEK	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
Opening balance	**631,124**	**378,192**	**676,185**	**396,969**	**396,969**
New capital issue	0	0	5,175	2,070	359,270
Option premiums received	0	121	0	737	733
Underwriting expenses	0	0	0	0	-32,665
Effect of share-based payments	46	86	313	86	234
Profit/loss for the period	-25,772	-7,545	-76,274	-29,008	-48,356
Other comprehensive income in the period	0	0	0	0	0
Closing balance	**605,398**	**370,854**	**605,398**	**370,854**	**676,185**

Consolidated statement of cash flows

All amounts in TSEK	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sept	2016 Jan-Sept	2016 Jan-Dec
Operating activities					
Operating profit/loss	-24,459	-9,133	-73,032	-33,952	-56,081
Adjustments for items not generating cash flow	0	0	0	0	0
Depreciation and impairments	750	660	2,152	24,022	24,675
Effect from warrant program	46	86	313	86	234
Other items, no impact on cash flow	210	2	850	0	19
Interest received	514	125	515	343	468
Interest paid	-0	0	-8	-3	-4
Tax paid	0	0	0	0	0
Cash flow from operating activities before changes in working capital	**-22,940**	**-8,260**	**-69,211**	**-9,504**	**-30,689**
Changes in working capital					
Change in operating receivables	702	-1,800	6,669	-7,131	-12,229
Change in operating liabilities	-189	-7,376	-3,077	-6,841	5,308
Cash flow from operating activities	**-22,426**	**-17,435**	**-65,619**	**-23,476**	**-37,610**
Investing activities					
Result from participations in other companies	0	0	-74,520	0	0
Acquisition of intangible assets	0	0	0	0	957
Acquisition of tangible assets	-118	-164	-174	-164	-217
Sales of tangible assets	-2,865	-301	-6,341	-2,926	-3,379
Cash flow from investing activities	0	0	0	0	45
Investing activities	**-2,983**	**-465**	**-81,035**	**-3,090**	**-2,593**
Financing activities					
New share issue	0	0	5,175	2,070	359,270
Underwriting expenses	0	0	0	0	-32,665
Option premiums received	0	121	0	737	733
Cash flow from financing activities	**0**	**121**	**5,175**	**2,807**	**327,338**
Cash flow for the period	**-25,409**	**-17,780**	**-141,479**	**-23,759**	**287,135**
Cash and cash equivalents at beginning of period	**540,515**	**362,777**	**659,136**	**365,605**	**365,605**
Exchange rate differences in cash and cash equivalents	-1,887	1,465	-4,437	4,608	6,396
Cash and cash equivalents at end of period	**513,220**	**346,457**	**513,220**	**346,457**	**659,136**

Parent Company income statement

All amounts in TSEK	Note	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
Net sales		1,770	4,661	4,416	51,808	57,338
Other operating income		164	550	445	1,045	1,110
Total operating income		**1,934**	**5,210**	**4,861**	**52,852**	**58,448**
Operating costs						
Other external costs		-17,141	-7,861	-49,608	-42,872	-63,278
Personnel costs		-8,501	-5,822	-27,290	-19,908	-27,479
Depreciation and impairment of tangible assets and intangible assets		-750	-659	-2,152	-1,902	-2,555
Total operating costs		**-26,392**	**-14,342**	**-79,050**	**-64,681**	**-93,310**
Operating profit/loss		**-24,458**	**-9,132**	**-74,188**	**-11,829**	**-34,862**
Results from financial items						
Impairment of investments in subsidiaries	**3**	0	0	0	-22,120	-22,120
Result from other securities and receivables		274	0	349	0	863
Other interest income and similar income statement items		42	1,941	1,494	5,838	8,704
Interest expense and similar income statement items		-1,926	-350	-5,935	-890	-1,840
Net financial items		**-1,610**	**1,591**	**-4,093**	**-17,173**	**-14,393**
Profit/loss after financial items		**-26,067**	**-7,540**	**-78,281**	**-29,002**	**-49,256**
Tax on profit for the year		0	0	0	0	0
Profit/loss for the period		**-26,067**	**-7,540**	**-78,281**	**-29,002**	**-49,256**

Parent Company statement of comprehensive income

All amounts in TSEK	Not	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
Profit/loss for the period		-26,067	-7,540	-78,281	-29,002	-49,256
Other comprehensive income		0	0	0	0	0
Profit/loss for the year		**-26,067**	**-7,540**	**-78,281**	**-29,002**	**-49,256**

Parent Company balance sheet

All amounts in TSEK	Note	2017-09-30	2016-09-30	2016-12-31
ASSETS				
Fixed assets				
Intangible assets				
Patents		1,684	2,535	2,306
Total intangible assets		**1,684**	**2,535**	**2,306**
Tangible assets				
Improvements in leased premises	**2**	1,500	0	0
Equipment, machinery and computers		7,835	4,322	4,349
Total tangible assets		**9,335**	**4,322**	**4,349**
Financial assets				
Participations in Group companies	**3**	20,294	20,294	20,294
Other investments held as fixed assets	**2**	74,358	95	0
Total financial assets		**94,652**	**20,388**	**20,294**
Total fixed assets		**105,670**	**27,246**	**26,949**
Current assets				
Current receivables				
Accounts receivable		4,502	0	0
Other receivables		3,497	7,743	12,417
Prepayments and accrued income		2,374	4,200	4,624
Total current receivables		**10,372**	**11,943**	**17,041**
Other short-term investments		200,000	0	0
Cash and bank deposits		309,696	345,843	657,619
Total current assets		**520,068**	**357,786**	**674,659**
TOTAL ASSETS		**625,738**	**385,031**	**701,608**
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		28,555	23,698	28,045
Paid in, non-registered new share issue		0	0	6,300
Total restricted equity		**28,555**	**23,698**	**34,345**
Non-restricted equity				
Share premium reserve		662,741	337,889	651,776
Retained earnings		-8,796	39,999	40,147
Profit/loss for the period		-78,281	-29,002	-49,256
Total non-restricted equity		**575,664**	**348,887**	**642,667**
Total equity		**604,219**	**372,585**	**677,013**
Current liabilities				
Accounts payable		10,388	3,064	13,340
Other liabilities		672	484	686
Accrued expenses and deferred income		10,459	8,899	10,569
Total current liabilities		**21,519**	**12,447**	**24,595**
TOTAL EQUITY AND LIABILITIES		**625,738**	**385,031**	**701,608**

Performance measures, Group

	Note	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
Result (TSEK)						
Net sales	5	1,770	4,661	5,576	51,808	58,240
Operating profit/loss		-24,459	-9,133	-73,032	-33,952	-56,081
Profit/loss for the period		-25,772	-7,545	-76,274	-29,008	-48,356
R&D costs		-18,282	-8,355	-54,952	-40,206	-59,987
R&D costs as a percentage of operating costs excluding impairments		69.3%	58.3%	69.5%	62.2%	64.3%
Capital (TSEK)						
Cash and cash equivalents at end of period		513,220	346,457	513,220	346,457	659,136
Cash flow from operating activities		-22,426	-17,435	-65,619	-23,476	-37,610
Cash flow for the period		-25,409	-17,780	-141,479	-23,759	287,135
Equity		605,398	370,854	605,398	370,854	676,185
Equity ratio, %		97%	97%	97%	97%	96%
Info per share (SEK)						
Earnings per share before dilution		-0.36	-0.13	-1.07	-0.49	-0.80
Earnings per share after dilution*		-0.36	-0.13	-1.07	-0.49	-0.80
Equity per share before dilution		8.48	6.26	8.48	6.26	9.64
Equity per share after dilution		8.48	5.91	8.48	5.91	9.47
Personnel						
Number of employees at end of period		44	35	44	35	36
Average number of employees		43	33	40	31	31
Average number of employees employed within R&D		38	30	35	28	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 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

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

The Parent Company's financial statements have 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.

Investments in leased premises

Investments in leased premises refer to adjustments made to the leased premises for a new laboratory. This investment was ongoing at the end of the reporting period on September 30, 2017 and the premises are expected to be ready for use in the fourth quarter of 2017. This asset is recognized in accordance with the accounting policy for tangible assets and depreciation is expensed on a straight-line basis over the duration of the lease.

Investments held to maturity

Other investments held as fixed assets as of September 30, 2017 are categorized as "Investments held to maturity". These are initially recognized at fair value and thereafter at amortized cost applying the effective interest method less any provisions for impairment. Amortized cost corresponds to the amount recognized on the acquisition date after a deduction for the repayment of the nominal amount plus or minus any adjustments for the effective interest rate.

In all other respects, the accounting policies and methods of calculation applied in this report conform with those described in the Annual Report for 2016. New standards and interpretations that entered into force on January 1, 2017 have had no impact on the Group's or the Parent Company's financial statements for the interim period.

The new standard IFRS 9 Financial Instruments will enter into force for financial years beginning on or after January 1, 2018. This standard will replace IAS 39 Financial Instruments. Management has carried out a full evaluation of the potential effect of the new standard on the Group's financial statements and the conclusion is that the new standard will have a limited and only immaterial impact.

The new standard IFRS 15 Revenue from Contracts with Customers will enter into force for financial years beginning on or after January 1, 2018. The standard will replace all previously issued standards and interpretations concerning revenue. Management has carried out a full evaluation of the potential effect of the new standard on the Group's financial statements and the conclusion is that the new standard will not impact the Group's financial statements or financial position but will require additional disclosures in the notes.

The new standard IFRS 16, Leases, is not yet approved by the EU. When it is approved the Management will evaluate possible impact on the Group's financial statements.

Note 3 Effects of changed estimates and judgments

Significant estimates and judgments are described in Note 3 of the Annual Report for 2016.

There have been no changes to the company's estimates and judgments since the Annual Report for 2016 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 revenue

Consolidated revenue is allocated according to the following:

All amounts in TSEK	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
Licensing income	1,770	4,661	5,577	51,808	58,240
Swedish government grants received	0	429	0	671	484
EU grants received	0	0	0	0	0
Operational exchange rate gains	164	120	280	374	626
Other	0	0	165	0	0
Total	**1,934**	**5,210**	**6,021**	**52,852**	**59,350**

Revenue from outlicensing has been defined as initial license fees, milestone payments, payments for development work and future royalties on sales of pharmaceuticals. For the current period, all revenue payments pertain to development work.

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

Note 6 Financial instruments

All amounts in TSEK	2017-09-30	2016-09-30	2016-12-31
Available-for-sale financial assets			
Other investments held as fixed assets	0	94	0
Investments being held to maturity			
Other investments held as fixed assets	74,358	0	0
Loans and receivables			
Accounts receivable	4,502	0	0
Other receivables	62	7,743	6,043
Cash and cash equivalents	513,220	346,457	659,136
Financial assets	**592,142**	**354,295**	**665,179**
Financial liabilities			
Accounts payable	10,388	3,064	13,340
Other liabilities	672	484	686
Financial liabilities	**11,060**	**3,548**	**14,026**

- Available-for-sale financial assets refer to unlisted shares that were sold during the fourth quarter of 2016 and recognized at cost.
- Investments held to maturity refer to investments in corporate bonds.
- The Group's cash and cash equivalents at September 30, 2017 consisted of bank balances amounting to SEK 312,370 thousand and an investment in a liquidity fund totaling SEK 200,850 thousand. For all other periods, cash and cash equivalents consists exclusively of bank balances.
- Available-for-sale financial assets pertain to unlisted shares whose fair value could not be reliably calculated and have thus been recognized at cost. For other financial assets and liabilities, the carrying amount according to the above is deemed to be a reasonable approximation of the fair value.

Note 7 Related party transactions

The consulting agreement with Board Member Carl Borrebaeck, through the company Ocean Capital, pertains 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 third quarter and SEK 540 thousand (540) for the first nine months of the year. This amount was settled at the end of the period and the anticipated expense for the fourth quarter (SEK 180 thousand) was recognized under accounts payable and prepaid expenses.

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 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 Company's costs relate to R&D.

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 "Definitions of performance measures" at the end of this report.

All amounts TSEK unless specified	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
Profit/loss for the period	-25,772	-7,545	-76,274	-29,008	-48,356
Average number of shares before dilution	71,388,615	59,241,993	71,247,773	59,108,267	60,114,511
Earnings per share before dilution, SEK	**-0.36**	**-0.13**	**-1.07**	**-0.49**	**-0.80**
Average number of shares after dilution	71,388,615	59,241,993	71,247,773	59,241,993	60,114,511
Earnings per share after dilution, SEK	**-0.36**	**-0.13**	**-1.07**	**-0.49**	**-0.80**
Operating costs	-26,393	-14,343	-79,053	-86,804	-115,432
Impairment of tangible assets and intangible assets	0	0	0	-22,120	-22,120
Operating costs excluding impairments	**-26,393**	**-14,343**	**-79,053**	**-64,684**	**-93,312**
Administrative expenses	-7,361	-5,328	-21,949	-22,577	-30,770
Depreciation	-750	-660	-2,152	-1,902	-2,555
Research and development costs	**-18,282**	**-8,355**	**-54,952**	**-40,206**	**-59,987**
R&D costs / Operating costs excluding impairments %	**69.3%**	**58.3%**	**69.5%**	**62.2%**	**64.3%**
Equity	605,398	370,854	605,398	370,854	676,185
Average number of shares before dilution	71,388,615	59,244,384	71,388,615	59,244,384	70,113,615
Equity per share before dilution, SEK	**8.48**	**6.26**	**8.48**	**6.26**	**9.64**
Average number of shares after dilution	71,388,615	62,802,164	71,388,615	62,802,164	71,388,615
Equity per share after dilution, SEK	**8.48**	**5.91**	**8.48**	**5.91**	**9.47**
Equity	605,398	370,854	605,398	370,854	676,185
Total assets	626,917	383,301	626,917	383,301	700,780
Equity ratio, %	**97%**	**97%**	**97%**	**97%**	**96%**

The Board of Directors' and CEO's declaration

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, 25 October 2017

Peter Benson
Chairman

Carl Borrebaeck
Member of the Board

Ulrika Danielsson
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
Employee representative

Per Norlén
CEO

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Review report

Alligator Bioscience AB (publ), corporate identity number 556597-8201
To the Board of Directors of Alligator Bioscience AB (publ)

Introduction

We have reviewed the condensed interim report for Alligator Bioscience AB (publ) as at September 30, 2017 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material aspects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Malmö, October 25, 2017

Ernst & Young AB

Johan Thuresson
Authorized Public Accountant

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 the sum of the number of shares and outstanding warrants where the current share price exceeds the exercise 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.