



INTERIM REPORT JANUARY-JUNE 2018

Positive data for our preclinical projects

Significant events April-June

- The ADC-1013 clinical phase I study performed by Janssen is ongoing with more than 80 patients recruited and the technology transfer to Biogen Inc. for the production of clinical material has been completed.

Preclinical data presented at scientific conferences:

- ATOR-1015 localizes to the tumor and selectively activates the immune system in the tumor, confirming the intended mechanism of action.
- ATOR-1017 potentially activates T cells and NK cells, both important for immune-mediated tumor cell killing. The results confirm a best-in-class profile.
- ALG.APV-527 has the potential to selectively activate and enhance the T cell response in the tumor without activation of the immune system in the rest of the body.

Financial summary

April-June

- Net Sales, SEK 0.4 million (1.3).
- Operating result, SEK -39.1 million (-29.5).
- Result for the period, SEK -37.6 million (-31.0).
- Result per share, SEK -0.53 (-0.43).
- Cash, cash equivalents and bonds, SEK 518 million (547).
- Cash flow for the period SEK -31.1 million (-97.2)

January-June

- Net Sales, SEK 1.2 million (3.8).
- Operating result, SEK -83.1 million (-48.6).
- Result for the period, SEK -79.8 million (-50.5).
- Result per share, SEK -1.12 (-0.71).
- Cash flow for the period SEK -30.3 million (-116.1)

Financial summary (Group)

	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Net sales, TSEK (SEK thousand)	392	1,283	1,167	3,806	56,875
Operating profit/loss	-39,108	-29,452	-83,102	-48,573	-62,299
Profit/loss for the period, TSEK	-37,611	-31,000	-79,819	-50,502	-63,758
Cash flow for the period, TSEK	-31,072	-97,221	-30,299	-116,070	-183,173
Cash, cash equivalents and bonds, TSEK	518,393	615,024	518,393	615,024	547,041
Equity ratio, %	95%	97%	95%	97%	96%
R&D costs as % of operating costs excluding impairments	72.5%	71.0%	75.9%	69.6%	73.3%
Earnings per share before dilution, SEK	-0.53	-0.43	-1.12	-0.71	-0.89
Earnings per share after dilution, SEK	-0.53	-0.43	-1.12	-0.71	-0.89
Average number of employees	49	41	50	39	42

For further information, please contact:

Per Norlén, CEO, per.norlen@alligatorbioscience.com, +46 46 286 42 80.

Per-Olof Schrewelius, CFO, per-olof.schrewelius@alligatorbioscience.com, +46 46 286 42 85.

Cecilia Hofvander, Director IR & Communications, cecilia.hofvander@alligatorbioscience.com, +46 46 286 44 95.

Alligator Bioscience AB (publ) 556597-8201

Medicon Village, Scheelevägen 2, 223 81 Lund, Sweden

Phone +46 46 286 42 80. www.alligatorbioscience.com



Comments from the CEO



The second quarter was a period dominated by positive new data for all our preclinical projects, ATOR-1015, ATOR-1017 and ALG.APV-527. The progress in these projects were presented at major international scientific conferences. It is exciting to see this broad advancement of our project pipeline.

ATOR-1015 – localizes to the tumor

We started out at the American Association for Cancer Research (AACR) Annual Meeting in Chicago in April with the presentation of the tumor-localizing properties of our wholly owned bispecific CTLA-4 x OX40 antibody, ATOR-1015. While we have previously demonstrated that this first-in-class bispecific dual immune-activator has a stronger immune-activating effect in the tumor versus other parts of the body, we now have data showing that the antibody successfully accumulates in the tumor, even when injected in the blood. My belief is that this property will be a key differentiator, potentially making ATOR-1015 the first CTLA-4 therapeutic successful in controlling the safety issues associated with the target. This would be a big step forward in immuno-oncology, not least for cancer patients.

ATOR-1017 – new preclinical data

At the PEGS Summit in Boston in May, we presented new pre-clinical data for our 4-1BB antibody ATOR-1017 which further support its best-in-class profile. In short, ATOR-1017 demonstrates high efficacy as well as a potential for tumor-directed immune activation. Further data on the asset were released in June at the 3rd Annual World Preclinical Congress in Boston, successfully demonstrating an additional mode of action for ATOR-1017 – the activation of natural killer (NK) cells. NK cells are immune cells that directly target tumor cells which attempt

to evade the immune system. Since this is a common feature of tumors that become resistant to PD-1 therapy, ATOR-1017 could be of great value for counteracting the problem of PD-1 resistance. This will make ATOR-1017 well-positioned when it enters clinical development next year.

ALG.APV-527 – new data at high-profile conferences

In May, together with our partner the US-based biotech company Aptevo Therapeutics Inc., we presented new positive preclinical data for ALG.APV-527. This bispecific antibody is designed to simultaneously target the tumor antigen 5T4 and the co-stimulatory receptor 4-1BB. Data show that the asset promotes strong T-cell activation in 5T4 expressing tumors, without activation in other parts of the body, supporting our ambition to promote effective tumor-directed immune activation with minimal side effects. We were pleased to showcase these data at several high-profile conferences, including the PEGS Summit, the American Association of Immunologists (AAI) Annual Meeting and the Annual Meeting of Cancer Immunotherapy (CIMT).

ADC-1013 – access to clinical material secured

The ADC-1013 clinical project is proceeding in the ongoing intravenous dose escalation trial with more than 80 patients enrolled to date. In parallel, Janssen Biotech Inc. has completed the ADC-1013 GMP manufacturing technology transfer to Biogen Inc. ADC-1013 from this production has been successfully introduced in the ongoing phase I dose escalation trial. While this step has added somewhat to the timelines of the phase I trial and to the coming combination trial, it secures access to clinical material for upcoming studies and puts the project in a stronger position to move ahead once a recommended phase II dose has been selected.

Well-attended capital markets day

ADC-1013, in addition to the other pipeline projects, were discussed in detailed at our recent, very successful capital markets day in Stockholm. The Alligator story was presented by our co-founder Professor Carl Borrebaeck, and our strategy for how we are continuing to generate next generation immuno-oncology agents was presented by Peter Ellmark, VP Discovery. Chief Medical Officer Charlotte Russell presented our clinical and near-clinical projects ADC-1013 and ATOR-1015, and Christina Furebring, SVP Research, presented our pre-clinical projects ATOR-1017 and ALG.APV-527. Market and financial overviews followed by VP Business Development Anu Balendran and Chief Financial Officer Per-Olof Schrewelius. This was an exciting opportunity for us to showcase Alligator's achievements and future potential. The event was webcast live and is now available to view on our website. I highly recommend watching it if you would like to learn more about Alligator.

Per Norlén
CEO Alligator Bioscience AB (publ)

July 12, 2018



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 more effective treatment with fewer side effects. The strategy is to develop drug candidates that selectively stimulate the immune system in the region of the tumor, rather than the whole body. There is a major unmet medical need in this area for novel and improved therapies.

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.

Alligator's organization

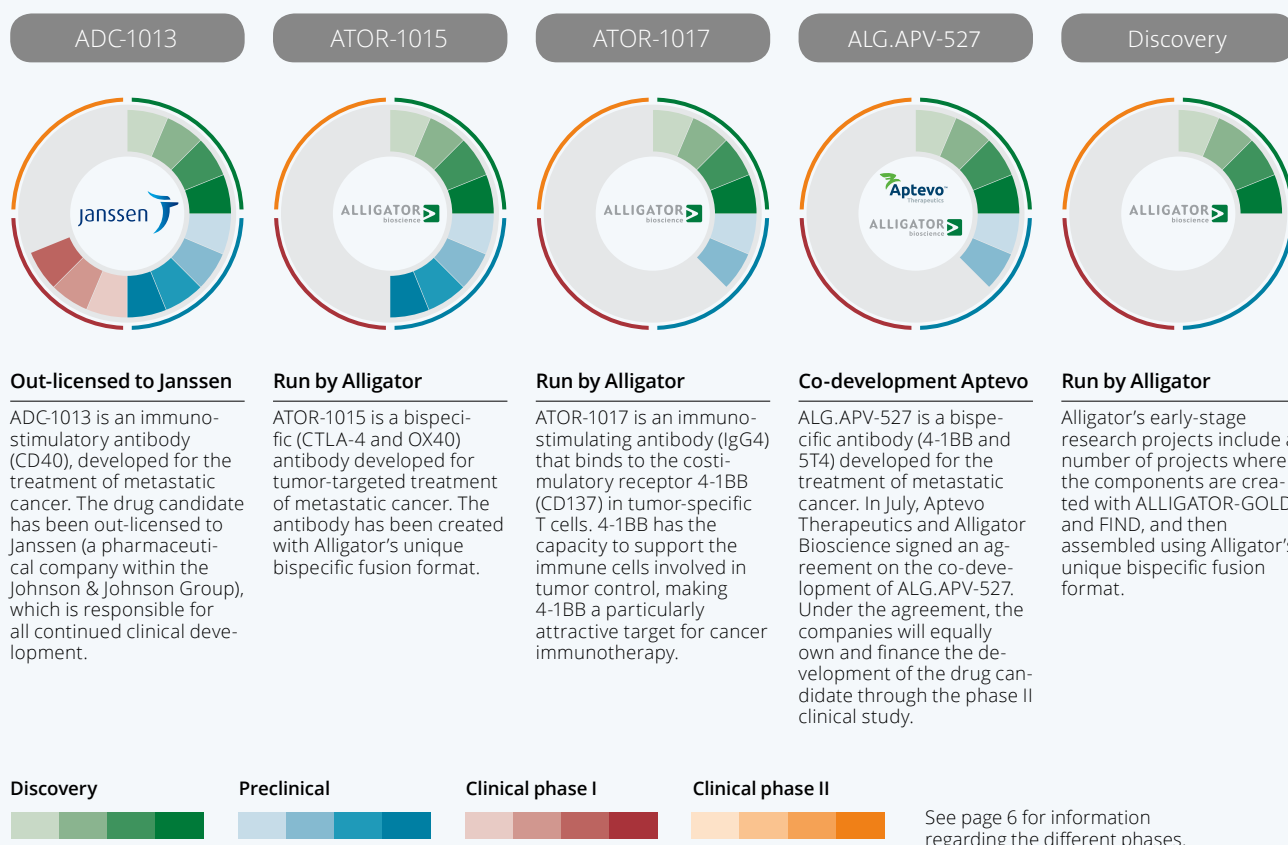
Alligator's research organization is divided into three units: Discovery, Preclinical and Clinical. The Discovery Unit is responsible for early-stage research projects through to the identification of a drug candidate. This usually involves the preparation and assessment of treatment concepts, the evaluation of potential

drug candidates and early-stage efficacy testing. The Preclinical Unit is responsible for the final optimization, manufacture of clinical trial materials and compilation of a sufficient data package to submit a clinical trial application. The Clinical Unit assumes responsibility when the drug candidate is approaching a phase I clinical trial and for clinical development until successful out-licensing.

Business model that creates value across the development chain

The company's business model is based on proprietary drug development – from early-stage research and preclinical development to phase II clinical studies, when the treatment concept is confirmed in humans. The plan is to subsequently out-license the drug candidate to a licensee for further development and market launch. This business model enables the company to generate revenue even before the drug reaches the market, such as revenue when agreements are signed and milestone payments during the development process. The business model was validated in 2015 when a 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 695 million (almost SEK 6 billion) in milestone payments during the development process as well as royalties from future global sales of the drug.

The Alligator project portfolio





Three unique technologies

The development of novel drug candidates is based on Alligator's patented technology platforms FIND® (protein optimization technology) and ALLIGATOR-GOLD® (antibody library). These platforms enable efficient generation of novel drug candidates with high potential. In addition, a unique bispecific fusion format has been produced for the development of novel dual-action antibodies. These technologies have given Alligator a strong base for the development of bispecific, 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-stage research projects.

All drug candidates are developed for tumor-directed immunotherapy, are directed against immunostimulatory receptors and can provide long-lasting protection against cancer. Future cancer therapies will probably involve a combination of multiple drugs. Although the combination therapies used to date have increased clinical efficacy, they have also led to a higher risk of developing severe immune-related adverse events. Alligator's tumor-directed immunotherapy concept creates opportunities for solving this problem and to provide new cancer therapies with high efficacy without increasing the risk of severe side effects.

ADC-1013 (JNJ-7107) – clinical phase I

Out-licensed to Janssen Biotech Inc.

ADC-1013 is an immunostimulatory antibody (CD40) developed for the treatment of metastatic cancer. The drug candidate has been out-licensed since 2015 to Janssen Biotech, Inc. (one of the Janssen Pharmaceutical Companies of Johnson & Johnson), which is responsible for all continued clinical development.

The license agreement with Janssen comprises potential milestone payments of up to SEK 6 billion (USD 695 million). In January 2018, Alligator received a payment of SEK 50 million from Janssen related to the decision to commence a combination study with ADC-1013 and one of Janssen's own drug candidates that inhibits the target receptor PD-1. This was the first of several predefined milestone payments related to the clinical development program for ADC-1013. If the launch and commercialization are successful, Alligator will also be entitled to incremental royalties based on global net sales of ADC-1013.

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 recognize 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 selectively 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

at very low doses. In experimental models, ADC-1013 has been shown to induce a potent tumor-directed immune response and provide long-lasting tumor immunity. In addition, preclinical data have demonstrated how ADC-1013 can be used against multiple 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. The results were presented in November 2017 and showed that ADC-1013 is well-tolerated at clinically relevant doses. Janssen is currently conducting the second phase I trial, which is focused on intravenous dose escalation. The main aim of both phase I studies is to identify a safe, tolerable and biologically effective dose for ADC-1013.

Events during the second quarter

The second phase I clinical trial is currently being conducted by Janssen and, to date, has included more than 80 patients. In parallel, Janssen Biotech Inc. has completed the ADC-1013 GMP manufacturing technology transfer to Biogen Inc., a US contract manufacturing organization (CMO). ADC-1013 from this CMO has been successfully introduced in the ongoing phase I dose escalation trial. While this step has added somewhat to the timelines of the phase I trial and to the planned start of a combination trial, it secures access to clinical material for upcoming studies and puts the project in a stronger position to move ahead once a recommended phase II dose has been selected.



ATOR-1015 – preclinical phase

ATOR-1015 is a bispecific (CTLA-4 and OX40) antibody developed for tumor-directed treatment of metastatic cancer, as either a single therapy or in combination with other immunotherapies, such as PD-1 blockers. The antibody has been developed using Alligator's unique bispecific fusion format.

ATOR-1015 binds to two different immunostimulatory receptors – to the inhibitory receptor CTLA-4, and to a costimulatory receptor OX40. In preclinical studies, the biospecificity has been shown to cause a significant increase in the immunostimulatory effect and is expected to be achieved mainly in environments where both target molecules are expressed at elevated levels, such as in a tumor.

Events during the second quarter

At the Annual Meeting of the American Academy of Cancer Research (AACR) in April 2018, the company presented preclinical data that further support the described mechanism of action of ATOR-1015, i.e. that it causes immune activation in the tumor environment but not in the rest of the body, with the goal of reducing the side effects while maintaining efficacy.

The results show that ATOR-1015 is localized to the tumor, which increases the CTLA-4-mediated immune activation in the tumor compared with the rest of the body. The drug candidate ATOR-1015 is primarily designed for combination therapies and the preclinical results presented at the conference include data indicating an enhanced anti-tumor effect in combination therapy with a PD-1-blocking antibody.

The final documentation for a Clinical Trial Authorization (CTA) submission is currently being completed.

ATOR-1017 – preclinical phase

ATOR-1017 is an immunostimulating antibody that activates the costimulatory function of 4-1BB on T and NK cells in the tumor region and has been developed for the treatment of metastatic cancer. 4-1BB has the capacity to support the immune cells involved in tumor control, making 4-1BB a particularly attractive target for cancer immunotherapy.

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 on immune cells. This localizes the immunostimulation to the tumor region where both 4-1BB and Fc gamma receptors are expressed at high levels – totally in line with the treatment strategy for Alligator's drug candidates. The goal is to achieve an effective tumor-targeting immune response with minimum side effects.

Events during the second quarter

During the spring, new preclinical data for ATOR-1017 were presented at both the 14th Annual Protein Engineering Summit (PEGS) and the 3rd Annual World Preclinical Congress in Boston in the US.

These new data show that ATOR-1017 stimulates both NK and T cells, both of which contribute to an effective immune-mediated killing of tumor cells. NK cells are immune cells that specifically target tumor cells trying to evade the immune system's response. NK cells also strengthen cell-death signaling from the immune system's tumor-specific T cells. Stimulatory antibodies against 4-1BB therefore strengthen the ability of both NK and T cells to attack tumor cells.

These preclinical findings provide additional support for the positioning of ATOR-1017 as a best-in-class 4-1BB antibody. ATOR-1017 has the characteristics and potential to minimize adverse events as well as generating a strong, long-lasting immune response.

During the year, compilation of a preclinical data package is planned with the aim of commencing clinical development in 2019.

ALG.APV-527

ALG.APV-527 is a bispecific antibody (4-1BB and 5T4) 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, and to bind to the 5T4 protein on the surface of tumor cells and thereby localize the immunostimulation to the tumor environment.



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

As described above, 4-1BB has the capacity to stimulate the immune cells involved in tumor control, making 4-1BB a particularly attractive target for cancer immunotherapy. The tumor-binding function of ALG.APV-527 targets the 5T4 tumor-associated antigen. 5T4 is a protein expressed on multiple tumor types, as well as certain types of aggressive immune cells (tumor-initiating cells), but at low levels or not at all in normal tissue, making 5T4 an attractive target molecule for cancer therapy.

The original molecules involved in the tumor-binding function and immunomodulatory function of ALG.APV-527 were developed using Alligator's patented antibody library, ALLIGATOR-GOLD. The bispecific molecule was then further developed and improved jointly with Aptevo Therapeutics, using their technology platform ADAPTIR™. A drug candidate was cre-

ated by combining a tumor-binding function with an immunomodulatory function in the same molecule that can localize its effect to the tumor region and stimulate the tumor-specific immune cells that are found there.

Events during the second quarter

In May 2018, new preclinical data for ALG.APV-527 were presented at several scientific conferences – the 2018 PEGS Summit, the American Association of Immunologists (AAI) Annual Meeting and the Association for Cancer Immunotherapy (CIMT) Annual Meeting. The new findings show that ALG.APV-527 has the potential to selectively stimulate and strengthen the T-cell response in the tumor without stimulating the immune system in the rest of the body. The findings support its overall potential to evoke an effective tumor-targeting immune response with fewer adverse events.

During the year, compilation of a preclinical data package is planned with the aim of commencing clinical development in 2019.

Other research projects

Alligator's early-stage research projects include a number of projects where the components are created with ALLIGATOR-GOLD and FIND, and then assembled using Alligator's unique bispecific fusion format.

Through its subsidiary Atlas Therapeutics AB, the Group holds an ownership interest 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. Two milestone payments totaling SEK 2.1 million have been received to date in conjunction with the regional out-licensing of one of AbClon's products, the HER2 antibody AC101.

Drug development at Alligator – the different phases

Discovery



In the discovery phase, Alligator develops novel monospecific and bi-specific antibodies using its ALLIGATOR-GOLD and FIND technology platforms.

Preparation and evaluation of treatment concepts, the identification and optimization of potential drug candidates and early-stage efficacy testing.

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.

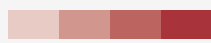
Preclinical development



In the preclinical phase, final optimization and evaluation of the drug candidate are conducted, 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 studies.

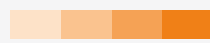
Clinical phase I



The first studies in humans are normally performed on a small group of 20–80 patients with advanced cancer. The main goal of these studies is to determine whether the substance is safe.

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

Clinical phase II



The main goal of phase II studies is to show whether the substance has the intended clinical efficacy, and to determine the optimal dose. 100–300 patients are normally tested.

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

Clinical phase III



In phase III studies, the substance is normally tested on a larger group of 1,000–3,000 patients.

The main goal of phase III studies 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 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 out-license the drug candidate to large biotech or big pharma companies for the further development.



Market. Major potential for Alligator's unique technology

Around 14 million people are diagnosed with cancer every year, and the number of new cases is expected to rise by about 70% over the next two decades. (WHO World Cancer Report 2014 and WHO Cancer Fact Sheet, February 2018), 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.

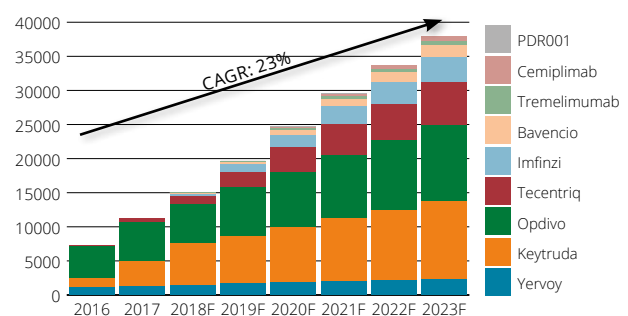
The emerging role of immunotherapies

Immuno-oncology is one of the fastest growing areas of drug research. The global market for cancer immunotherapies alone is expected to grow to almost \$76 billion by 2022 from just under \$17 billion in 2015, according to the research company GlobalData.

Since the first immuno-oncology drug, Yervoy (Bristol-Myers Squibb), was approved in 2011, the four approved therapies (Yervoy, Keytruda, Opdivo and Tecentriq) shown in the graph to the right have all generated billion-dollar-plus sales, generating a combined \$11.2 billion in revenues in 2017 compared with \$7.3 billion in 2016. Antibody-based immunotherapies have the potential to be used in the treatment of virtually all forms of cancer, and are currently used for malignant melanoma, kidney, head and neck, lung and bladder cancer, as well as lymphoma. The number of cancers treated with immunotherapy is expected to continue to increase.

Immunotherapy has revolutionized the treatment of cancer in recent years, showing positive effects in a greater proportion of patients and over a longer period compared with previous therapies. The US Food & Drug Administration's Oncology Center of Excellence predicts that the "development of novel drugs, biologics, and devices will likely lead to more effective therapies tailored to the unique immune biology within each cancer patient

Sales of immuno-oncology drugs, MUSD



Sources: Bristol-Myers Squibb; Merck & Co; Roche, Cowen therapeutic categories outlook March 2018, GlobalData,

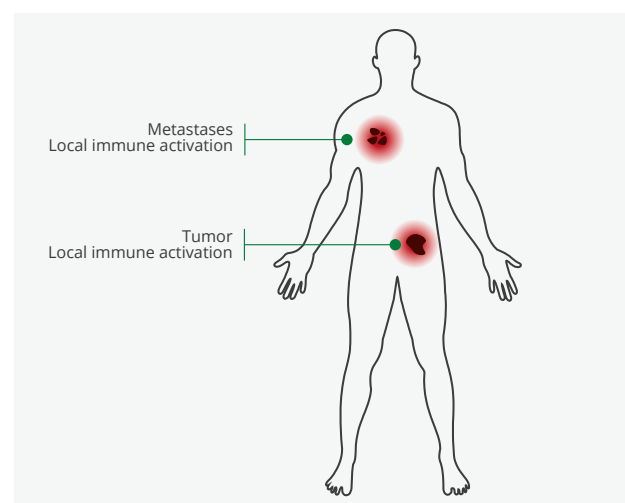
to stimulate, and orchestrate the body's natural defenses as a treatment for their cancer while minimizing toxicities".

It is now the focus of intense interest among pharmaceutical and biotechnology companies, offering major development and commercial collaboration opportunities for small biotechnology companies including Alligator.

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 and give an immunological memory. 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 out-licensed research projects. Like revenue, expenses can also fluctuate between periods. Among other factors, this fluctuation in expenses is influenced by the cur-

rent 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, 2017 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

April - June 2018

Sales

SEK 392 thousand (1 283)

Sales for the period primarily pertain to revenue from a milestone payment concerning ADC-1013. Sales in last year was mainly related to revenue from the licensing agreement for ADC-1013.

January - June 2018

SEK 1,167 thousand (3,806)

Sales for the period pertain to revenue from a milestone payment and other revenue concerning ADC-1013. Sales in last year was mainly related to revenue from the licensing agreement for ADC-1013 and from the licensing agreement regarding Project Biosynergy.

Other operating income

SEK 420 thousand (186)

Revenue for the second quarter comprises of exchange gains in the company's operations. Revenue for the preceding year comprised of exchange gains in the company's operations.

SEK 625 thousand (281)

Revenue for the first half of 2018 comprises of exchange gains in the company's operations. Revenue for the preceding year comprised exchange gains in the company's operations.

Operating expenses

SEK -39,920 thousand (-30,920)

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, mainly within R&D.

SEK -84,894 thousand (-52,660)

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, mainly within R&D, as projects proceed.

Operating result

SEK -39,108 thousand (-29,452)

SEK -83,102 thousand (-48,573)

Total financial items

SEK 1,498 thousand (-1,548)

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

SEK 3,283 thousand (-1,929)

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

Result before and after tax

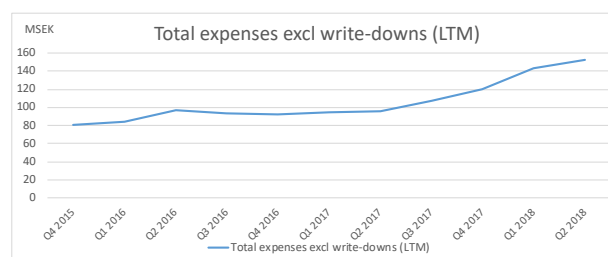
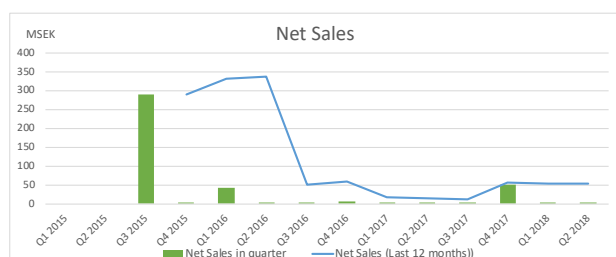
SEK -37,611 thousand (-31,000)

SEK -79,819 thousand (-50,502)

Earnings per share before and after dilution

SEK -0.53 (-0.43)

SEK -1.12 (-0.71)





Financial position

30 June 2018

Cash and cash equivalents

SEK 444,575 thousand (472,919)

Consolidated cash and cash equivalents, which consist of bank balances and short-term, highly liquid investments, totaled SEK 444,575 thousand (472,919). Bank balances amounted to 168,105 (197,097). A portion of the Group's liquidity has during 2017 been 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 275,000 thousand (275,000) and the value at the end of the first quarter was SEK 276,470 thousand (275,822).

Cash and financial assets

SEK 518,393 thousand (547,041)

A part of the Group's liquidity is invested in corporate bonds, which are deemed to be easily convertible to cash. The corporate bonds was valued to SEK 73,819 thousand (74,122). The Group had no borrowings as of June 30, 2018 and no loans have been raised since this date. The Group has no loans or loan commitments.

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

Equity

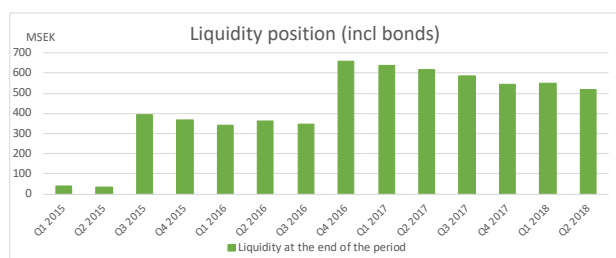
SEK 538,295 thousand (617,956)

Equity amounted to SEK 538,295 thousand (617,956), which corresponds to a equity ratio of 95% (96%).

Earnings per share before and after dilution

SEK 7.54 (8.66)

At the end of the period, equity per outstanding share amounted to SEK 7.54 (8.66) before and after dilution. When the subscription price for issued options is not reached, these are not taken into account (not "in-the-money").



**Investments and cash flow***April - June 2018***Investments****SEK 1,069 thousand (76,403)**

Investments for the second quarter amounted to SEK 1,069 thousand (76,403). These investments primarily comprised of laboratory equipment SEK 1,069 thousand (364). In the period was not any capitalization of patents relating to the company's technology platforms done, SEK 0 thousand (19), no investments in corporate bonds, SEK 0 thousand (74,520) and no investments in leased premises SEK 0 thousand (1,500).

Cash flow for the period**SEK -31,072 thousand (-97,221)**

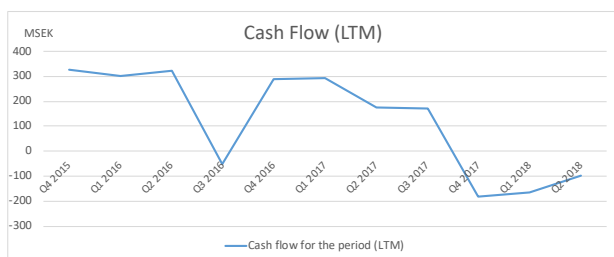
Cash flow for the second quarter amounted to -31,072 thousand (-97,221). In the second quarter of the previous year, an investment in corporate bonds corresponding to SEK 74,520 thousand was made.

*January - June 2018***SEK 6,464 thousand (78,052)**

Investments during the first half of 2018 was made in laboratory equipment SEK 5,891 thousand (1,976) and investments in leased premises SEK 573 thousand (1,500). During the period no capitalization of patents relating to the company's technology platforms were done, SEK 0 thousand (57) or investments in corporate bonds, SEK 0 thousand (74,520).

SEK -30,299 thousand (-116,070)

Cash flow for the first half of 2018 amounted to SEK -30,299 thousand (-116,070). During the first quarter, payment was received regarding the milestone revenue which was recorded in the fourth quarter of 2017. In the second quarter of the previous year, an investment in corporate bonds corresponding to SEK 74,520 thousand was made.



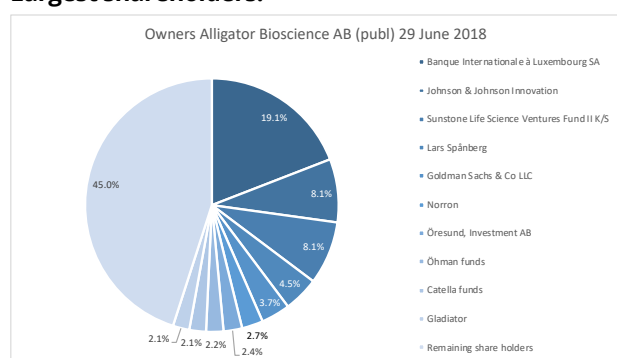


The Alligator Share

The Alligator share in brief (30 June 2018)

- Listed on: Nasdaq Stockholm Mid Cap
- Number of shares: 71,388,615
- Average turnover: Ca 120,000 (previous quarter ca 50,000)
- Number of shareholders: Approximately 4,700 (previous quarter ca 4,300)
- Market capitalization: SEK 2,320 million
- Ticker: ATORX
- ISIN: SE0000767188

Largest shareholders:



Banque Internationale à Luxembourg SA is a group of mainly Swedish investors whose shares are being held through Banque Internationale à Luxembourg.

Source: Shareholder data is based on a report from Euroclear as of the 29th of June 2018 where certain foreign accounts have been identified by the company.

Change during the quarter

The largest investment in Alligator shares during the quarter is owned by the fund Gladiator, which holds 1,500,000 shares and is the company's tenth largest owner. Furthermore has Ohman funds increased their holdings in Alligator and is now one of the ten largest owners.

During the quarter, Atlas Antibodies, the company's former sixth largest shareholder divested the entire holding.

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

Number of shares and stock option program

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

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

Under the employee stock option program were 900,000 warrants allotted to employees free of charge. The warrants are being earned in turns until May 1, 2019. To be entitled to the warrants the employee must still be employed on these dates and not have given notice to terminate the employment. Of the allotted options, 573,318 have been vested, 273,346 may still be vested. 53,336 have lapsed since the individuals to whom they were allotted have since left the company. To secure delivery under the employee stock option program, and to cover ancillary costs, primarily social security contributions, a total of 1,182,780 warrants were issued to a subsidiary of which 900,000 were allotted to employees free of charge and 282,780 were issued to cover ancillary costs. As a consequence of the warrants having lapsed can a total of maximum 1,112,686 warrants be exercised in the program.

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. Further transfers will not take place and as a consequence can a total maximum of 857,000 warrants be exercised in the program.

Each option in these programs entitles the holder to subscribe for one share at a price of SEK 75. The warrants can be exercised in either of the periods from June 1, 2019, to August 31, 2019, or from March 1, 2020, to May 31, 2020.

At the AGM held in 2018, a resolution was passed regarding an additional employee stock option program in which a total of 2,275,000 warrants were allotted to employees free of charge. The warrants are being earned in turns until May 1, 2021. To be entitled to the warrants the employee must still be employed on these dates and not have given notice to terminate the employment. To secure delivery under the employee stock option program, and to cover ancillary costs, primarily social security contributions, a total of 2,989,805 warrants were issued to a subsidiary of which 2,275,000 were allotted to employees free of charge and 714,805 were issued to cover ancillary costs.

Each option in these programs entitles the holder to subscribe for one share at a price of SEK 75. The warrants can be exercised one month after the quarterly reports for the first quarters of 2021 and 2022 have been issued.

Upon full exercise of all warrants issued in respect of the share subscription incentive programs, a total of 4,959,491 shares will be issued, thereby increasing the number of shares to a maximum of 76,348,106 which corresponds to a dilution of 6.5%.



Other information

Review

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

Employees

The number of employees in the Group at the end of the quarter was 49 (47). Of these, 13 (12) were men and 36 (35) were women.

Of the total number of employees, 41 (41) were employed within Research and Development (R&D).

Future reporting dates

Alligator intends to publish its financial reports according to the following:

- Q3 interim report on October 26, 2018
- Full year report 2018 on February 14, 2019

Forward looking information

As a consequence of the company continuing to recruit new employees, although at a slower pace, full year effects of done recruitments and several projects during 2018 entering more expensive phases the Alligator management expects the costs to increase with at least 50% during 2018 compared to 2017.

Even if the management believes the expectations in this forward looking information are justified, no warranties can be given these will be correct. As a matter of fact can actuals differ significantly from the assumptions given in this forward looking information depending on, among other matters, changes in the economy, market, legal or regulatory demands, other political decisions and changes in exchange rates.

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 2017. No significant events occurred during the year 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	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Net sales	5	392	1,283	1,167	3,806	56,875
Other operating income	5	420	186	625	281	895
Total operating income		811	1,469	1,792	4,087	57,770
Operating costs						
Other external costs		-24,034	-19,716	-55,481	-32,469	-78,944
Personnel costs		-14,420	-10,490	-26,538	-18,789	-37,920
Depreciation and impairment of tangible assets and intangible assets	3	-1,466	-714	-2,875	-1,402	-3,204
Total operating costs		-39,920	-30,920	-84,894	-52,660	-120,068
Operating profit/loss		-39,108	-29,452	-83,102	-48,573	-62,299
Result from other securities and receivables		276	75	590	75	745
Other interest income and similar income statement items		1,890	627	6,270	2,005	3,969
Interest expense and similar income statement items		-669	-2,250	-3,577	-4,009	-6,173
Summa finansiella poster		1,498	-1,548	3,283	-1,929	-1,460
Profit/loss before tax		-37,611	-31,000	-79,819	-50,502	-63,758
Tax on profit for the period		0	0	0	0	0
Profit for the period attributable to Parent Company shareholders		-37,611	-31,000	-79,819	-50,502	-63,758
Earnings per share before dilution, SEK		-0.53	-0.43	-1.12	-0.71	-0.89
Earnings per share after dilution, SEK		-0.53	-0.43	-1.12	-0.71	-0.89

Consolidated statement of comprehensive income

All amounts TSEK unless specified	Note	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Profit/loss for the period		-37,611	-31,000	-79,819	-50,502	-63,758
Other comprehensive income		0	0	0	0	0
Comprehensive income for the period		-37,611	-31,000	-79,819	-50,502	-63,758



Consolidated statement of financial position

All amounts in TSEK	Note	2018-06-30	2017-06-30	2017-12-31
ASSETS				
<i>Fixed assets</i>				
Intangible assets				
Participations in development projects	3	17,949	17,949	17,949
Patents		1,050	1,815	1,454
<i>Tangible assets</i>				
Improvements in leased premises		2,738	1,500	2,459
Equipment, machinery and computers		17,453	5,470	13,739
<i>Financial assets</i>				
Other investments held as fixed assets	2, 6	73,819	74,508	74,122
Total fixed assets		113,008	101,242	109,722
Current assets				
<i>Current receivables</i>				
Accounts receivable	6	390	2,909	53,096
Other receivables	6	3,156	3,626	3,604
Prepayments and accrued income		4,023	4,540	3,692
Cash and cash equivalents	6	444,575	540,515	472,919
Total current assets		452,143	551,590	533,311
TOTAL ASSETS		565,151	652,832	643,033
EQUITY AND LIABILITIES				
<i>Equity</i>				
Share capital		28,555	28,555	28,555
Other capital contributions		662,614	662,614	662,614
Retained earnings and profit/loss for the period		-152,875	-60,045	-73,214
Equity attributable to Parent Company shareholders		538,295	631,124	617,956
Current liabilities				
Accounts payable	6	10,462	12,064	13,569
Other liabilities		798	0	1,193
Accrued expenses and deferred income	6	15,596	9,643	10,315
Total current liabilities		26,856	21,708	25,078
TOTAL EQUITY AND LIABILITIES		565,151	652,832	643,033

Consolidated statement of changes in equity, in summary

All amounts in TSEK	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Opening balance	575,916	662,058	617,956	676,185	676,185
New capital issue	0	0	0	5,175	5,175
Option premiums received	0	0	0	0	0
Underwriting expenses	0	0	0	0	0
Effect of share-based payments	-10	67	159	267	354
Profit/loss for the period	-37,611	-31,000	-79,819	-50,502	-63,758
Other comprehensive income in the period	0	0	0	0	0
Closing balance	538,295	631,124	538,295	631,124	617,956



Consolidated statement of cash flows

All amounts in TSEK	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Operating activities					
Operating profit/loss	-39,108	-29,452	-83,102	-48,573	-62,299
Adjustments for items not generating cash flow	0	0	0	0	0
Depreciation and impairments	1,466	714	2,875	1,402	3,204
Effect from warrant program	-10	67	159	267	354
Other items, no impact on cash flow	249	467	648	640	822
Interest received	436	1	984	1	1,178
Interest paid	0	-2	0	-8	-19
Tax paid	0	0	0	0	0
Cash flow from operating activities before changes in working capital	-36,968	-28,205	-78,437	-46,271	-56,760
Changes in working capital					
Change in operating receivables	3,009	232	52,823	5,966	-43,351
Change in operating liabilities	3,955	7,156	1,779	-2,888	482
Cash flow from operating activities	-30,003	-20,818	-23,835	-43,193	-99,629
Investing activities					
Result from participations in other companies	0	-74,520	0	-74,520	-74,520
Sale of securities holdings	0	0	0	0	0
Acquisition of intangible assets	0	-19	0	-57	-174
Acquisition of tangible assets	-1,069	-1,864	-6,464	-3,476	-14,026
Divestment of property, plant and equipment	0	0	0	0	0
Cash flow from investing activities	-1,069	-76,403	-6,464	-78,052	-88,720
Financing activities					
New share issue	0	0	0	5,175	5,175
Underwriting expenses	0	0	0	0	0
Option premiums received	0	0	0	0	0
Cash flow from financing activities	0	0	0	5,175	5,175
Cash flow for the period	-31,072	-97,221	-30,299	-116,070	-183,173
Cash and cash equivalents at beginning of period	474,684	639,739	472,919	659,136	659,136
Exchange rate differences in cash and cash equivalents	962	-2,002	1,955	-2,550	-3,043
Cash and cash equivalents at end of period*	444,575	540,515	444,575	540,515	472,919

* Bonds, SEK 74 millions, which are being expected to be easy to convert to cash, are not included in cash and cash equivalents.



Parent Company income statement

All amounts in TSEK	Note	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Net sales		392	1,283	1,167	2,646	55,715
Other operating income		420	186	625	281	895
Total operating income		811	1,469	1,792	2,927	56,609
<i>Operating costs</i>						
Other external costs		-24,034	-19,716	-55,478	-32,467	-78,940
Personnel costs		-14,420	-10,490	-26,538	-18,789	-37,920
Depreciation and impairment of tangible assets and intangible assets		-1,466	-714	-2,875	-1,402	-3,204
Total operating costs		-39,920	-30,920	-84,892	-52,658	-120,064
Operating profit/loss		-39,108	-29,452	-83,099	-49,731	-63,454
<i>Results from financial items</i>						
Impairment of investments in subsidiaries	3	0	0	0	0	0
Result from other securities and receivables		276	75	590	75	745
Other interest income and similar income statement items		1,641	246	5,621	1,452	3,147
Interest expense and similar income statement items		-669	-2,250	-3,577	-4,009	-6,173
Net financial items		1,248	-1,930	2,635	-2,483	-2,281
Profit/loss after financial items		-37,860	-31,381	-80,465	-52,214	-65,736
Tax on profit for the year		0	0	0	0	0
Profit/loss for the period		-37,860	-31,381	-80,465	-52,214	-65,736

Parent Company statement of comprehensive income

All amounts in TSEK	Note	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Profit/loss for the period		-37,860	-31,381	-80,465	-52,214	-65,736
Other comprehensive income		0	0	0	0	0
Profit/loss for the year		-37,860	-31,381	-80,465	-52,214	-65,736



Parent Company balance sheet

All amounts in TSEK	Note	2018-06-30	2017-06-30	2017-12-31
ASSETS				
Fixed assets				
<i>Intangible assets</i>				
Patents		1,050	1,815	1,454
Total intangible assets		1,050	1,815	1,454
<i>Tangible assets</i>				
Improvements in leased premises		2,738	1,500	2,459
Equipment, machinery and computers		17,453	5,470	13,739
Total tangible assets		20,191	6,970	16,198
<i>Financial assets</i>				
Participations in Group companies	3	20,294	20,294	20,294
Other investments held as fixed assets	2	73,819	74,508	74,122
Total financial assets		94,113	94,802	94,416
Total fixed assets		115,353	103,587	112,068
Current assets				
<i>Current receivables</i>				
Accounts receivable		390	2,909	53,096
Other receivables		3,155	3,626	3,604
Prepayments and accrued income		4,023	4,540	3,692
Total current receivables		7,568	11,075	60,392
Other short-term investments		275,000	200,000	275,000
Cash and bank deposits		165,434	337,287	194,424
Total current assets		448,003	548,361	529,816
TOTAL ASSETS		563,356	651,948	641,883
EQUITY AND LIABILITIES				
<i>Equity</i>				
Restricted equity				
Share capital		28,555	28,555	28,555
Paid in, non-registered new share issue		0	0	0
Total restricted equity		28,555	28,555	28,555
<i>Non-restricted equity</i>				
Share premium reserve		662,741	662,741	662,741
Retained earnings		-74,332	-8,842	-8,755
Profit/loss for the period		-80,465	-52,214	-65,736
Total non-restricted equity		507,944	601,685	588,251
Total equity		536,500	630,241	616,806
Current liabilities				
Accounts payable		10,462	12,064	13,569
Other liabilities		798	0	1,193
Accrued expenses and deferred income		15,596	9,643	10,315
Total current liabilities		26,856	21,708	25,078
TOTAL EQUITY AND LIABILITIES		563,356	651,948	641,883



Performance measures, Group

	Note	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Result (TSEK)						
Net sales	5	392	1,283	1,167	3,806	56,875
Operating profit/loss		-39,108	-29,452	-83,102	-48,573	-62,299
Profit/loss for the period		-37,611	-31,000	-79,819	-50,502	-63,758
R&D costs		-28,957	-21,956	-64,473	-36,670	-87,982
R&D costs as a percentage of operating costs excluding impairments		72.5%	71.0%	75.9%	69.6%	73.3%
Capital (TSEK)						
Cash and cash equivalents at end of period		444,575	540,515	444,575	540,515	472,919
Cash flow from operating activities		-30,003	-20,818	-23,835	-43,193	-99,629
Cash flow for the period		-31,072	-97,221	-30,299	-116,070	-183,173
Equity at the end of the period		538,295	631,124	538,295	631,124	617,956
Equity ratio at the end of the period, %		95%	97%	95%	97%	96%
Info per share (SEK)						
Earnings per share before dilution		-0.53	-0.43	-1.12	-0.71	-0.89
Earnings per share after dilution*		-0.53	-0.43	-1.12	-0.71	-0.89
Equity per share before dilution		7.54	8.84	7.54	8.84	8.66
Equity per share after dilution*		7.54	8.84	7.54	8.84	8.66
Personnel						
Number of employees at end of period		49	41	49	41	47
Average number of employees		49	41	50	39	42
Average number of employees employed within R&D		42	37	43	35	37

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

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



Notes

Note 1 General information

This Interim Report covers the Swedish Parent Company.

Alligator Bioscience AB (publ), corporate registration number 556597-8201, and its subsidiaries Atlas Therapeutics AB, corporate registration number 556815-2424, and A Bioscience Incentive AB, corporate registration number 559056-3663. All

the Group's business operations are carried out in the Parent Company.

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

Note 2 Accounting policies

This Interim Report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable regulations in the Swedish Annual Accounts Act (ÅRL). The interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act (ÅRL) chapter 9, Interim report.

The accounting principles and calculation methods used in this report is in accordance with those described in the Annual Report for 2017 with the following exceptions.

New standards, which entered into force on January 1, 2018, IFRS 9 Financial Instruments and IFRS 15 Revenues from Contracts with Customers, have been implemented in this interim report and are deemed not to have any material effect on the Group's our Parent Company's financial statement for the period. The transition will be reported in accordance with the retroactive method, i.e. the comparative figures for 2017 will be presented in accordance with IFRS 15. As a result of the new standards, accounting principles will be updated in the company's Annual Report for 2018.

The new standard, IFRS 16 Leases, enters into force for financial years beginning January 1, 2019 or later. The standard replaces IAS 17 Leases. Management has evaluated the impact of the new standard on the Group's financial statements and considers that only one lease agreement, the lease for the company's premises extending until the end of 2022, has a material impact when the company report leasing debt and asset. Our assessment is that the amended standard does not significantly affect the Group's key ratios.

Investments held to maturity

Other long term investments held as fixed assets as of June 30, 2018 are categorized as "Investments held to maturity". These investments are deemed to pass the classification for SPPI (Solely Payment of Principal and Interest) and the company's business model for such financial instruments is deemed to be held for interest and capital and not for trading purposes. The investments is 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.

Note 3 Effects of changed estimates and judgments

Significant estimates and judgments are described in Note 3 of the Annual Report for 2017.

There have been no changes to the company's estimates and judgments since the Annual Report for 2017 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	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Licensing income	390	1,283	1,136	3,806	56,875
Swedish government grants received	0	0	0	0	0
EU grants received	0	0	0	0	0
Operational exchange rate gains	420	21	625	116	730
Other	1	165	31	165	165
Total	811	1,469	1,792	4,087	57,770

Revenue from out-licensing has been defined as initial license fees, milestone payments, payments for development work and future royalties on sales of pharmaceuticals. Revenues are recorded when they are recognized.

For the current period, all revenue payments pertain to development work.

Alligator's revenue consists primarily of revenue from the out-licensing of ADC-1013 to Janssen Biotech Inc.

During the first quarter of 2017, Alligator 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

Cash and cash equivalents at June 30, 2018, consisted of bank balances amounting to SEK 168,105 thousand and an investment in a liquidity fund totaling SEK 276,470 thousand. Investments held to maturity refer to investments in corporate bonds. Accounting principles is described in Note 2.

For other financial assets and liabilities, the reported value as above is considered a reasonable approximation of fair value. The impairment is deemed to be immaterial.

All amounts in TSEK	2018-06-30	2017-06-30	2017-12-31
Available-for-sale financial assets			
Other investments held as fixed assets	0	0	0
Investments being held to maturity			
Other investments held as fixed assets	73,819	74,508	74,122
Loans and receivables			
Accounts receivable	390	2,909	53,096
Other receivables	0	536	0
Cash and cash equivalents	444,575	540,515	472,919
Financial assets	518,784	618,468	600,137
Financial liabilities			
Accounts payable	10,462	12,064	13,569
Other liabilities	11,684	0	1,193
Financial liabilities	22,145	12,064	14,762



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. For the second quarter these related party transactions corresponded to an expense of SEK 180 thousand (180) and for the first half of 2018 the expense is SEK 360 thousand (360).



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. The first quarter report reported the wrong value for this key figure, which is corrected in the current report.

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	2018 Apr-Jun	2017 Apr-Jun	2018 Jan-Jun	2017 Jan-Jun	2017 Jan-Dec
Profit/loss for the period	-37,611	-31,000	-79,819	-50,502	-63,758
Average number of shares before dilution	71,388,615	71,388,615	71,388,615	71,176,184	71,283,273
Earnings per share before dilution, SEK	-0.53	-0.43	-1.12	-0.71	-0.89
Average number of shares after dilution	71,388,615	71,388,615	71,388,615	71,176,184	71,283,273
Earnings per share after dilution, SEK	-0.53	-0.43	-1.12	-0.71	-0.89
Operating costs	-39,920	-30,920	-84,894	-52,660	-120,068
Impairment of tangible assets and intangible assets	0	0	0	0	0
Operating costs excluding impairments	-39,920	-30,920	-84,894	-52,660	-120,068
Administrative expenses	-9,497	-8,251	-17,547	-14,588	-28,883
Depreciation	-1,466	-714	-2,875	-1,402	-3,204
Research and development costs	-28,957	-21,956	-64,473	-36,670	-87,982
R&D costs / Operating costs excluding impairments %	72.5%	71.0%	75.9%	69.6%	73.3%
Equity	538,295	631,124	538,295	631,124	617,956
Average number of shares before dilution	71,388,615	71,388,615	71,388,615	71,388,615	71,388,615
Equity per share before dilution, SEK	7.54	8.84	7.54	8.84	8.66
Average number of shares after dilution	71,388,615	71,388,615	71,388,615	71,388,615	71,388,615
Equity per share after dilution, SEK	7.54	8.84	7.54	8.84	8.66
Equity	538,295	631,124	538,295	631,124	617,956
Total assets	565,151	652,832	565,151	652,832	643,033
Equity ratio, %	95%	97%	95%	97%	96%



The declaration of the Board of Directors and the CEO

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

Lund, July 12, 2018

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



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.