Interim report January-June 2017

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Q2 in brief

Business highlights

- In May, new pre-clinical data for ADC-1013, and the wholly-owned bi-specific OX40- and CTLA-4-binding antibody ATOR-1015, was presented.
- In June, pre-clinical development of the 4-1BB targeting immuno-oncology antibody ATOR-1017, was initiated.

Significant events after the reporting period

- In July, Aptevo Therapeutics and Alligator Bioscience entered into an agreement to co-develop the bispecific antibody ALG.APV-527.
- In July, Alligator announced that the immuno-oncology collaboration with Stanford University will be expanded. The objective is to enable prediction of clinical efficacy of Alligator´s pipeline candidates through the analysis of biomarkers
- In August, pre-clinical development and initial CMC activities for production of clinical material for ALG.APV-527 was initiated.

Financial summary

- Net sales MSEK 1.3 (3.8).
- Operating result for the period MSEK -29.5 (-47.7).
- Profit/loss for the period MSEK -31.0 (-45.1).
- Earnings per share SEK -0.43 (-0.76).
- Cash and cash equivalents MSEK 541 (363)

First half year in brief

Business highlights

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

Financial summary

- Net sales MSEK 3.8 (47.1).
- Operating result for the period MSEK -48.6 (-23.6).
- Profit/loss for the period MSEK -50.5 (-21.5).
- Earnings per share SEK -0.71 -(0.36).
- Cash flow for the period MSEK -116.1 (-4.7) whereof MSEK 74.5 has been invested in bonds.
- 1 275 000 (208 000) warrants have been redeemed to an equal number of shares during the first six month.

Financial summary (Group)

	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	2016 Jan-Dec
Net sales, TSEK (SEK thousand)	1 283	3 787	3 806	47 147	58 240
Operating profit/loss	-29 452	-47 678	-48 573	-23 587	-56 082
Profit/loss for the period, TSEK	-31 000	-45 062	-50 502	-21 463	-48 356
Cash flow for the period, TSEK	-97 221	16 555	-116 070	-4 747	287 135
Cash and cash equivalents, TSEK	540 515	362 777	540 515	362 777	659 136
Equity ratio, %	97%	95%	97%	95%	96%
R&D costs as % of operating costs excluding impairments	71.0%	67.0%	69.6%	62.3%	64.3%
Earnings per share before dilution, SEK	-0.43	-0.76	-0.71	-0.36	-0.80
Earnings per share after dilution, SEK	-0.43	-0.76	-0.71	-0.36	-0.80
Average number of employees	41	32	39	30	31

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This information is such information as Alligator Bioscience AB (publ) is obliged to disclose in accordance with EU market abuse regulation and the Securities Markets Act. The information was submitted, through the above contact persons, for publication on 23 August 2017 at 8.30 am (CEST).

CEO's statement

We have advanced our project pipeline significantly during the second quarter. The immuno-oncology antibody ATOR-1017 moved into pre-clinical development, and in addition, Alligator increased its focus on the co-stimulatory receptor 4-1BB with a co-development partnership agreement with Aptevo Therapeutics Inc. on the bispecific antibody ALG.APV-527. Our pipeline is now stronger than ever with four candidates for tumor-directed immunotherapy in clinical and pre-clinical development.

Encouraging data on ADC-1013

The collaboration with our partner Janssen Biotech for ADC-1013 is advancing well. The Phase I study being conducted by Janssen is progressing rapidly towards dose-selection. A previous Phase I trial was successfully completed in March. We also presented data at the PEGS conference in Boston showing that ADC-1013 may act synergistically with other immunotherapies, notably PD-1 checkpoint blockade and cancer vaccines. To date, more than 50 patients have received ADC-1013 and we are very encouraged by the data we have seen so far.

Tumor-directed properties shown for ATOR-1015

During the second quarter new data were presented for ATOR-1015, our first-in-class bispecific dual immune-activator. The data confirms its remarkable potential for tumor-directed immune activation which may be confined to the tumor area, potentially reducing systemic toxicity. The data also demonstrated anti-tumor effects in multiple tumor models, as well as strong signals on stability and manufacturing yield. We believe that the ability to localize CTLA-4 dependent immune activation to the tumor area will be critical for combination regimens with PD-1, which are currently limited by severe toxicity. ATOR-1015 is now moving into late pre-clinical phase, and the first toxicology studies have been successfully initiated.

Strongly positioned within the 4-1BB field

We also made significant progress in Q2 on 4-1BB (CD137), the co-stimulatory receptor which is the target of both ATOR-1017 and ALG.APV-527. The receptor 4-1BB is known to play an important role in enhancing the immune response to fight cancer. In June, ATOR-1017 became our third immuno-oncology asset to start CMC and enter pre-clinical development. This demonstrates the strength and breadth of our pipeline, and positions Alligator very strongly within the 4-1BB biology area.

ALG.APV-527 co-development agreement in place

We are very enthusiastic about our new partnership with the US-based biotech company Aptevo (July 2017). This collaboration brings together the strengths of both companies and is progressing rapidly. The process for manufacturing of clinical material, a very important milestone in drug development of therapeutic antibodies has recently been initiated (August 2017), and triggers the countdown to clinical entry.

Expanded collaboration with Stanford

The expansion of our immuno-oncology collaboration with Stanford University and Prof Dean Felsher to support our biomarker strategy is also very exciting. This will help accelerate the development of our pipeline projects and strengthen the biomarker discovery program significantly.

Honored to receive a donation for research

This has been another quarter of strong progress for Alligator. However, we never forget that the focus of all our efforts is to help patients who depend on us to find new approaches to the treatment of cancer. We were therefore honored to receive a donation for research into pancreatic cancer in memory of Jerker Löfgren, and we will continue to dedicate ourselves to finding solutions for those like Jerker whose lives have been affected by cancer.

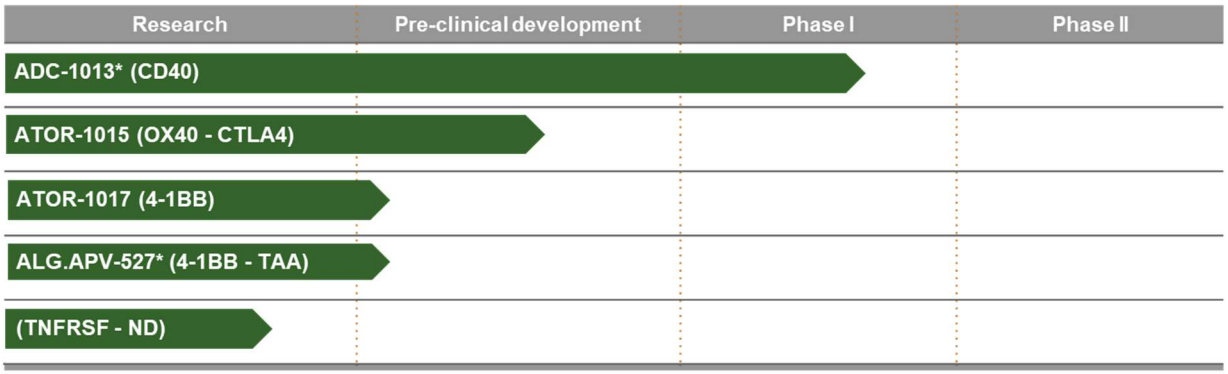
Per Norlén
CEO Alligator Bioscience AB (publ)
23 August 2017

Our pipeline

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

Alligator's project portfolio

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



TNFRSF: Tumor Necrosis Factor Receptor Superfamily
TAA: Tumor-Associated Antigen
ND: Not Disclosed
* ADC-1013 is partnered with Janssen Biotech Inc. and developed as JNJ-7107. ALG.APV-527 is based on Alligator's first generation bispecific antibody, ATOR-1016 and is co-developed with Aptevo Therapeutics

ADC-1013

ADC-1013 is an immune activating antibody for the treatment of metastatic cancer. The drug candidate is out-licensed to Janssen Biotech, Inc., an oncology company within the Johnson & Johnson group.
ADC-1013 is an agonistic, i.e. activating, antibody, directed at CD40, which is a receptor in antigen-presenting dendritic cells. Dendritic cells are the cells that detect internal and external enemies such as bacteria or cancer cells. Activation of CD40 enables dendritic cells to more effectively activate the main effector function of the immune system, which is the T cells. In this way, the immune attack is directed towards the cancer.
ADC-1013 has been optimized using the FIND® technology with the aim of improving affinity and potency. This makes it possible to achieve efficacy at very low doses. Models with human immune cells from healthy blood donors and various mouse models have been used to prove the immune activating effect. ADC-1013 induces a powerful tumor-directed immune response and a long-lasting immunity against tumors in preclinical models. Furthermore, preclinical studies have shown that ADC-1013 can be used against a large number of cancers such as lymphomas, melanomas and bladder cancer.
Two Phase I clinical trials have been initiated. One was conducted by Alligator and focused on intratumoral dosing. This trial was initiated in 2015 and completed in the first quarter 2017. The second study is run by Janssen Biotech Inc. and focused on intravenous dose escalation. The main objective of the Phase I studies is to identify a safe, tolerable and biologically active dose of ADC-1013.

Events during Q2

Data from the intratumoral Phase I study is being consolidated in a report and will be presented at a conference during the fourth quarter.
Janssen have continued dosage in the second clinical study with intravenously administered ADC-1013.

ATOR-1015

ADC-1015 is a bispecific antibody for tumor-directed immuno-oncology and has been developed by Alligator for the treatment of metastatic cancer. The antibody has been developed using Alligator's unique bispecific scaffold-platform. It binds to two different immune activating target molecules: the checkpoint receptor CTLA-4, and the co-stimulatory receptor OX40. This has been found to lead to a significant increase in the immune stimulatory effect. The strong immune activation is expected to be stronger in areas where both target molecules are expressed at high levels, notably in the tumor microenvironment.
ATOR-1015 is developed to be used as a single agent or in combination with other immunotherapies such as PD-1 blockers to treat cancer. Preparation for production of clinical material began in January 2016 at Cobra Biologics and subsequently at BioInvent International.

Events during Q2

During the second quarter new data showing effect in several different tumor models was presented, as well as data confirming that the activation is effectively localized to the tumor. A first toxicology study was initiated.

ATOR-1017

ATOR-1017 is an agonistic IgG4 antibody that activates the co-stimulatory receptor 4-1BB (CD137). The product candidate is clearly differentiated compared to other 4-1BB-antibodies. ATOR-1017 has a unique binding profile and the immune-activating function dependent on cross-linking by Fcγ receptors expressed by immune cells. This directs the immune activation to the tumor area where 4-1BB as well as Fcγ receptors are highly expressed, resulting in a favorable safety-efficacy profile.

Events during Q2

In June pre-clinical development of the 4-1BB immuno-oncology antibody ATOR-1017 was initiated. Cell line development has been started at Sartorius Stedim Cellca GmbH and Glycotope Biotechnology GmbH has been contracted for subsequent manufacturing of clinical material.

ALG.APV-527 (previously ATOR-1016)

ALG.APV-527 is a bispecific antibody developed for tumor-directed immuno-oncology. The antibody binds to both 4-1BB and a tumor-associated antigen. The binding elements have been developed using the antibody library ALLIGATOR-GOLD, and the bispecific molecule has been built by Aptevo Therapeutics ADAPTIR-platform.
By combining a tumor-binding and an immunomodulatory antibody in the same molecule, a bispecific antibody is created whose effect is localized to the tumor area and the tumor-specific immune cells that are found there. This enables effective tumor-directed immune activation with minimal adverse reactions. ALG.APV-527 is developed for the treatment of metastatic cancer.

Events after the reporting period

In July Aptevo Therapeutics and Alligator Bioscience entered into an agreement to co-develop the bispecific antibody ALG.APV-527. The antibody is based on Alligator´s bispecific product candidate ATOR-1016. During the term of the agreement the companies will equally own and finance the development of the product candidate through clinical Phase II.

Other research projects

One of Alligator's research projects is a bispecific agonistic antibody that binds to a TNFR-SF member and another immune activating target protein. The product components have been created using ALLIGATOR-GOLD® and FIND® and the bispecific antibody was generated by Alligator's unique bispecific scaffold platform.

Through its subsidiary, Atlas Therapeutics AB, Alligator holds a stake in a research project, "Biosynergy", run by Korean AbClon Inc. Alligator allocates no resources to this project but has the right to a share of any future profits.
During the first quarter a payment of TSEK 1 160 was received in connection with a regional out-licensing of one of its product candidates, HER-2-antibody AC101.

Market

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

Comments on the report

This report is a translation from the Swedish version being approved by the Board of Directors.
The Group is being referred to unless otherwise stated in this interim report.

Because of the nature of the business operations, there may be large fluctuations between revenues for different periods. These are not seasonal or regular otherwise but are primarily related to when milestones are attained that trigger remunerations in licensed research projects.
Like revenues, expenses can also fluctuate between periods. Among other things, which phases the various projects are in has an effect as certain phases generate more costs.

Figures in parentheses are for the corresponding period last year for figures related to the income statement and cash-flow and for the 31st of December 2016 for figures related to the financial position and personnel.
Amounts are in TSEK (SEK thousand) unless otherwise stated.

All amounts stated are rounded, which may lead to some totals not matching exactly.

Revenue, expenses and earnings

April – June 2017

Net sales this quarter TSEK 1 283 (3 787) refer to revenue from the licensing agreement for ADC-1013.

Other operating income TSEK 186 (288) refers this year mainly to a gift given to the company to be invested in research activities and to exchange gains in operations. Previous year the income was exchange gains in operations.

Operating costs totaled TSEK 30 920 (51 753). A write-down of the project Biosynergy with TSEK 22 120 done in 2016 explains the reduction in costs. The personnel costs increases due to people being employed in R&D.

Operating result before financial items amounted to TSEK -29 452 (-47 678).

Net financial items amounted to TSEK -1 548 (2 616) and relate to return on financial assets, liquidity and foreign exchange gains/losses resulting from significant cash balances in USD but also some in EUR.

Result before and after tax was TSEK -31 000 (-45 062).

Earnings per share before and after dilution were SEK -0.43 (-0.76).

January – June 2017

Net sales the first six months TSEK 3 806 (47 147) refer to revenue from the licensing agreement for ADC 1013. The reduction compared to previous year is related to an achieved milestone payment in the ADC-1013 project in 2016.

Other operating income TSEK 281 (495) refers this year mainly to a gift given to the company to be invested in research activities and to exchange gains in operations. Previous year the income was exchange gains in operations and research grants.

Operating costs totaled TSEK 52 660 (71 229). A write-down of the project Biosynergy with TSEK 22 120 done in 2016 explains the reduction in costs. The personnel costs increases following the increased number of FTE in R&D.

Operating result before financial items amounted to TSEK -48 573 (-23 587).

Net financial items amounted to TSEK -1 929 (2 124) and relate to return on financial assets, liquidity and foreign exchange gains/losses resulting from significant cash balances in mainly USD but also EUR.

Loss before and after tax was TSEK -50 502 (-21 463).

Earnings per share before and after dilution were SEK -0.71 (-0.36).

Statement of financial position

Equity amounted to TSEK 631 124 (676 185). This corresponds to an equity per outstanding share of SEK 8.84 (9.64) before dilution. The equivalent figure after dilution is SEK 8.84 (9.47).

Consolidated cash and cash equivalents consist of bank balances and short-term liquidity funds and totaled TSEK 540 515 (659 136). Some liquidity has during the first quarter been invested in a short-term interest fund and is reported as liquidity. The investment can easily be converted to cash and is exposed to a very small risk for changes in value. The investment in this fund is TSEK 200 000 (0) and the value at the end of the period was TSEK 200 554 (0). There were no borrowings as per 30 June 2017, and no loans have been taken out since this date. The Group has no loans or loan commitments.

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

Some liquid funds are invested in USD and EUR foreign currency accounts. In accordance with the Group's Financial Policy, inflows of foreign currencies exceeding eighteen months' expected needs are converted to SEK at the time of payment. Further hedging of currencies have not been done.

Capital expenditure and cash flow

Investments during the second quarter totaled TSEK 76 403 (743). These were mainly an investment in bonds with TSEK 74 520 (0). An investment of TSEK 1 500 (0) in improvements in leased premises was done for a new laboratory, and TSEK 364 (743) in laboratory equipment and TSEK 19 (0) in capitalization of patents relating to its technology platforms.
Cash flow for the quarter amounted to TSEK -97 221 (16 555).
Investments during the first six months totaled TSEK 78 052 (2 626). These were mainly an investment in bonds with TSEK 74 520 (0). An investment of TSEK 1 500 (0) in improvements in leased premises was done for a new laboratory, and TSEK 1 976 (2 626) in laboratory equipment and TSEK 57 (0) in capitalization of patents relating to its technology platforms.
Cash flow for the first six months amounted to TSEK -116 070 (-4 747).

The Alligator share

The Alligator share in brief (June 30 2017)

- Listed on: Nasdaq Stockholm Mid Cap
- Number of shares: 71 388 615
- Market cap: 2 056 MSEK
- Ticker: ATORX
- ISIN: SE0000767188

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

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

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

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

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

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

Other information

Review

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

Personnel

The number of employees in the Group at the end of the quarter was 41 (36). Of these, 9 (9) were men and 32 were women (27).
Of the total number of employees, 37 (32) were employed within Research and Development.

Risks and uncertainties

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

Parent Company

Net sales and earnings trend, financial position and liquidity

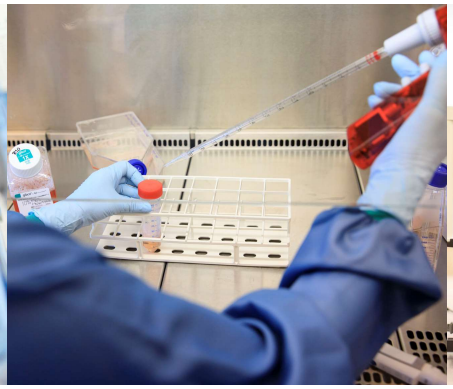
Both Group management functions as well as all operational activities are carried on within the Parent Company.
Please refer otherwise to data for the Group, as the subsidiary does not carry on any business.

Financial calendar

Financial statements

Alligator intends to give financial statements as follows:

- Interim report 25 October 2017.
- Full year report 2017 on 16 February 2018.
- Annual report 2017 on 22 March 2018.


Consolidated income statement

All amounts in TSEK unless spec	Note	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	2016 Jan-Dec
Net sales	5	1 283	3 787	3 806	47 147	58 240
Other operating income	5	186	288	281	495	1 110
Total operating income		**1 469**	**4 075**	**4 087**	**47 642**	**59 350**
Operating costs						
Other external costs		-19 716	-21 420	-32 469	-33 781	-63 278
Personnel costs		-10 490	-7 574	-18 789	-14 086	-27 479
Depreciation and impairment of tangible assets and intangible assets	3	-714	-22 759	-1 402	-23 362	-24 675
Total operating costs		**-30 920**	**-51 753**	**-52 660**	**-71 229**	**-115 432**
Operating profit/loss		**-29 452**	**-47 678**	**-48 573**	**-23 587**	**-56 081**
Result from other securities and receivables		75	0	75	0	863
Financial income		627	3 637	2 005	3 897	8 704
Financial expenses		-2 250	-1 021	-4 009	-1 773	-1 840
Net financial items		-1 548	**2 616**	**-1 929**	**2 124**	**7 726**
Profit/loss before tax		**-31 000**	**-45 062**	**-50 502**	**-21 463**	**-48 356**
Tax on profit for the period		0	0	0	0	0
Profit for the period attributable to Parent Company shareholders		**-31 000**	**-45 062**	**-50 502**	**-21 463**	**-48 356**
Earnings per share before dilution, SEK		**-0.43**	**-0.76**	**-0.71**	**-0.36**	**-0.80**
Earnings per share after dilution, SEK		**-0.43**	**-0.76**	**-0.71**	**-0.36**	**-0.80**

Consolidated statement of comprehensive income

All amounts in TSEK	Note	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	2016 Jan-Dec
Profit/loss for the period		-31 000	-45 062	-50 502	-21 463	-48 355
Other comprehensive income		0	0	0	0	0
Comprehensive income for the period		**-31 000**	**-45 062**	**-50 502**	**-21 463**	**-48 355**

Consolidated statement of financial position

All amounts in TSEK	Note	2017-06-30	2016-06-30	2016-12-31
ASSETS				
Fixed assets				
Intangible assets				
Participations in development projects	3	17 949	17 949	17 949
Patents		1 815	2 685	2 306
Tangible assets				
Improvements in leased premises	2	1 500		
Equipment, machinery and computers		5 470	4 367	4 349
Financial assets				
Other investments held as fixed assets	2,6	74 508	95	0
Total fixed assets		**101 242**	**25 095**	**24 603**
Current assets				
Current receivables				
Accounts receivable	6	2 909	3 040	0
Other receivables	6	3 626	5 362	12 417
Prepayments and accrued income		4 540	1 740	4 624
Cash and cash equivalents	6	540 515	362 777	659 136
Total current assets		**551 590**	**372 919**	**676 178**
TOTAL ASSETS		**652 832**	**398 014**	**700 780**
EQUITY AND LIABILITIES				
Equity				
Share capital		28 555	23 689	28 045
Other capital contributions		662 614	337 654	657 949
Retained earnings and profit/loss for the period		-60 045	16 849	-9 809
Equity attributable to Parent Company shareholders		**631 124**	**378 192**	**676 185**
Current liabilities				
Accounts payable		12 064	7 946	13 340
Other liabilities	6	0	441	686
Accrued expenses and deferred income		9 643	11 435	10 569
Total current liabilities		**21 708**	**19 822**	**24 595**
TOTAL EQUITY AND LIABILITIES		**652 832**	**398 014**	**700 780**

Consolidated statement of changes in equity, in summary

All amounts in TSEK	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	2016 Jan-Dec
Opening balance	**662 058**	**420 567**	**676 185**	**396 969**	**396 969**
New capital issue	0	2 070	5 175	2 070	359 270
Option premiums received	0	617	0	617	733
Underwriting expenses	0	0	0	0	-32 665
Effect of share-based payments	67	0	267	0	234
Profit/loss for the period	-31 000	-45 062	-50 502	-21 463	-48 356
Other comprehensive income in the period	0	0	0	0	0
Closing balance	**631 124**	**378 192**	**631 124**	**378 192**	**676 185**

Consolidated statement of cash flows

All amounts in TSEK	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	2016 Jan-Dec
Operating activities					
Operating profit/loss	-29 452	-47 678	-48 573	-23 587	-56 081
Adjustments for items not generating cash flow					
Depreciation and impairments	714	22 759	1 402	23 362	24 675
Effect from warrant program	67	0	267	0	234
Other items, no impact on cash flow	467	-2	640	-2	19
Interest received	1	118	1	217	468
Interest paid	-2	-3	-8	-3	-4
Tax paid	0	0	0	0	0
Cash flow from operating activities before changes in working capital	**-28 205**	**-24 806**	**-46 271**	**-12**	**-30 689**
Changes in working capital					
Change in operating receivables	232	40 349	5 966	-5 331	-12 229
Change in operating liabilities	7 156	-931	-2 888	535	5 308
Cash flow from operating activities	**-20 818**	**14 611**	**-43 193**	**-4 808**	**-37 610**
Investing activities					
Result from participations in other companies	-74 520	0	-74 520	0	0
Acquisition of intangible assets	0	0	0	0	957
Acquisition of tangible assets	-19	0	-57	0	-217
Sales of tangible assets	-1 864	-743	-3 476	-2 626	-3 379
Cash flow from investing activities	0	0	0	0	45
Investing activities	**-76 403**	**-743**	**-78 052**	**-2 626**	**-2 593**
Financing activities					
New share issue	0	2 070	5 175	2 070	359 270
Underwriting expenses	0	0	0	0	-32 665
Option premiums received	0	617	0	617	733
Cash flow from financing activities	**0**	**2 687**	**5 175**	**2 687**	**327 338**
Cash flow for the period	**-97 221**	**16 555**	**-116 070**	**-4 747**	**287 135**
Cash and cash equivalents at beginning of period	**639 739**	**343 718**	**659 136**	**365 605**	**365 605**
Exchange rate differences in cash and cash equivalents	-2 002	2 503	-2 550	1 919	6 396
Cash and cash equivalents at end of period	**540 515**	**362 777**	**540 515**	**362 777**	**659 136**

Parent Company income statement

All amounts in TSEK	Note	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	2016 Jan-Dec
Net sales	5	1 283	3 787	2 646	47 147	57 338
Other operating income	5	186	288	281	495	1 110
Total operating income		**1 469**	**4 075**	**2 927**	**47 642**	**58 448**
Operating costs						
Other external costs		-19 716	-20 669	-32 467	-33 779	-63 278
Personnel costs		-10 490	-7 574	-18 789	-14 086	-27 479
Depreciation and impairment of tangible assets and intangible assets		-714	-639	-1 402	-1 243	-2 555
Total operating costs		**-30 920**	**-28 882**	**-52 658**	**-49 107**	**-93 310**
Operating profit/loss		**-29 452**	**-24 807**	**-49 731**	**-1 466**	**-34 862**
Results from financial items						
Impairment of investments in subsidiaries	3	0	-22 120	0	-22 120	-22 120
Result from other securities and receivables		75	0	75	0	863
Other interest income and similar income statement items		246	3 637	1 452	3 897	8 704
Interest expense and similar income statement items		-2 250	-1 772	-4 009	-1 772	-1 840
Net financial items		**-1 930**	**-20 255**	**-2 483**	**-19 996**	**-14 393**
Profit/loss after financial items		**-31 381**	**-45 062**	**-52 214**	**-21 461**	**-49 256**
Tax on profit for the year		0	0	0	0	0
Profit/loss for the period		**-31 381**	**-45 062**	**-52 214**	**-21 461**	**-49 256**

Parent Company statement of comprehensive income

All amounts in TSEK	Note	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	2016 Jan-Dec
Profit/loss for the period		-31 381	-45 062	-52 214	-21 461	-49 256
Other comprehensive income		0	0	0	0	0
Profit/loss for the year		**-31 381**	**-45 062**	**-52 214**	**-21 461**	**-49 256**

Parent Company balance sheet

All amounts in TSEK	Note	2017-06-30	2016-06-30	2016-12-31
ASSETS				
Fixed assets				
Intangible assets				
Patents		1 815	2 685	2 306
Total intangible assets		**1 815**	**2 685**	**2 306**
Tangible assets				
Improvements in leased premises	2	1 500		
Equipment, machinery and computers		5 470	4 367	4 349
Total tangible assets		**6 970**	**4 367**	**4 349**
Financial assets				
Participations in Group companies	3	20 294	20 294	20 294
Other investments held as fixed assets	2,6	74 508	95	0
Total financial assets		**94 802**	**20 388**	**20 294**
Total fixed assets		**103 587**	**27 440**	**26 949**
Current assets				
Current receivables				
Accounts receivable		2 909	3 040	0
Other receivables		3 626	6 222	12 417
Prepayments and accrued income		4 540	1 740	4 624
Total current receivables		**11 075**	**11 003**	**17 041**
Other short-term investments		200 000	0	0
Cash and bank deposits		337 287	361 418	657 619
Total current assets		**548 361**	**372 421**	**674 659**
TOTAL ASSETS		**651 948**	**399 861**	**701 608**
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		28 555	23 689	28 045
Paid in, non-registered new share issue		0	198	6 300
Total restricted equity		**28 555**	**23 887**	**34 345**
Non-restricted equity				
Share premium reserve		662 741	337 700	651 776
Retained earnings		-8 842	39 913	40 147
Profit/loss for the period		-52 214	-21 461	-49 256
Total non-restricted equity		**601 685**	**356 152**	**642 667**
Total equity		**630 241**	**380 039**	**677 013**
Current liabilities				
Accounts payable		12 064	7 946	13 340
Other liabilities		0	441	686
Accrued expenses and deferred income		9 643	11 435	10 569
Total current liabilities		**21 708**	**19 822**	**24 595**
TOTAL EQUITY AND LIABILITIES		**651 948**	**399 861**	**701 608**

Performance measures, Group

	Note	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	2016 Jan-Dec
Result (TSEK)						
Net sales	5	1 283	47 147	3 806	47 147	58 240
Operating profit/loss		-29 452	-23 587	-48 573	-23 587	-56 081
Profit/loss for the period		-31 000	-21 463	-50 502	-21 463	-48 356
R&D costs		-21 956	-19 862	-36 670	-30 618	-59 987
R&D costs as a percentage of operating costs excluding impairments		71.0%	67.0%	69.6%	62.3%	64.3%
Capital (TSEK)						
Cash and cash equivalents at end of period		540 515	362 777	540 515	362 777	659 136
Cash flow from operating activities		-20 818	14 611	-43 193	-4 808	-37 610
Cash flow for the period		-97 221	16 555	-116 070	-4 747	287 135
Equity		631 124	378 192	631 124	378 192	676 185
Equity ratio, %		97%	95%	97%	95%	96%
Info per share (SEK)						
Earnings per share before dilution		-0.43	-0.76	-0.71	-0.36	-0.80
Earnings per share after dilution*		-0.43	-0.76	-0.71	-0.36	-0.80
Equity per share before dilution		8.84	6.39	8.84	6.39	9.64
Equity per share after dilution		8.84	6.24	8.84	6.24	9.47
Personnel						
Number of employees at end of period		41	32	41	32	36
Average number of employees		41	32	39	30	31
Average number of employees employed within R&D		37	30	35	27	28

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

Notes

Note 1 General information

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

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

The Alligator Group's report for the first six months 2017 was approved for publication on August 23 2017 in accordance with the Board decision of August 22 2017.

Note 2 Accounting policies

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

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

Investments in leased premises
Investments in leased premises refer to adjustments done in leased premises for a new laboratory. This investment is ongoing at the closing June 30 2017, the premises are expected to available for lab activities during the 4th quarter 2017. This asset is being reported following the principles for fixed assets and depreciation is posted to expenses on a linear basis over the period of the lease agreement.

Investments being held to maturity
Other investments held as fixed assets at June 30 2017 is categorized as "Investments being held to maturity". These are initially reported at historical cost and thereafter at accrued acquisition value applying the effective rate method, minus any impairments. The accrued acquisition value equals the initial cost less reductions for payments of nominal value plus or minus possible adjustments for effective rate.

Apart from these, the accounting principles and methods of calculation conform with those described in the 2016 annual report.New standards and interpretations that came into force on 1 January 2017 have had no impact on the Group's or the Parent Company's financial statements for the interim period.

The new standard IFRS 15, Revenue from contracts with customers, enters into force for financial years beginning January 1, 2018 or later. The standard replaces all previously issued standards and interpretations concerning revenue. The Management has carried out a full evaluation of the possible 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.

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

Note 3 Effects of changed estimates and judgments

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

Note 4 Segment information

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

Note 5 Consolidated income

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

All amounts in TSEK	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	2016 Jan-Dec
Licensing income	1 283	3 787	3 806	47 147	58 240
Swedish government grants received	0	0	0	241	484
EU grants received	0	0	0	0	0
Operational exchange rate gains	21	288	116	253	626
Other	165	0	165	0	0
Total	**1 469**	**4 075**	**4 087**	**47 642**	**59 350**

Licensing income has been defined as initial license fees, milestone payments, payments for development work and future royalties on sales of the medicine. For the current period is all income payments for development work.
Alligator's income consists primarily of income from the licensing of ADC-1013 to Janssen Biotech Inc.
During the first quarter in 2017 Alligator also received a milestone payment in the project Biosynergy.
Alligator receives license income in USD when specific milestones in the development projects are attained.

Note 6 Financial instruments

All amounts in TSEK	30.06.2017	30.06.2016	31.12.2016
Available-for-sale financial assets			
Other investments held as fixed assets	0	95	0
Investments being held to maturity			
Other investments held as fixed assets	74 508	0	0
Loans and receivables			
Accounts receivable	2 909	3 040	0
Other receivables	536	534	6 043
Cash and cash equivalents	540 515	362 777	659 136
Financial assets	**618 468**	**366 446**	**665 179**
Financial liabilities			
Accounts payable	12 064	7 946	13 340
Other liabilities	0	0	686
Financial liabilities	**12 064**	**7 946**	**14 026**

Available-for-sale financial assets refers to unlisted shares which were sold during the fourth quarter 2016 that was valued at the acquisition value.
Investments being held to maturity refers to bonds.
Cash and cash equivalents as of June 30 2017 consists of cash held on bank accounts TSEK 339 962 and an investment in a Liquidity fund of TSEK 200 554. For the other periods cash and cash equivalents only consists of cash on bank accounts.
For other financial assets and liabilities, the carrying amount according to the above is deemed to be a reasonable approximation of fair value.

Note 7 Transactions with affiliated parties

The consulting agreement with Board Member Carl Borrebaeck relates to expert assistance with evaluation of discovery projects and new antibodies. Carl Borrebaeck also has an important role in building and developing contacts with leading researchers and prominent organizations within cancer immunotherapy. Pricing has been determined on market conditions. For the second quarter, this is an expense of TSEK 180 (180) and for the first six months it is TSEK 360 (360). There is no debt at the end of the period.

Calculation of performance measures

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

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

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

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

For definitions, see the section "Definitions of performance measures" at the end of this report.

All amounts in TSEK unless spec	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	2016 Jan-Dec
Profit/loss for the period	-31 000	-45 062	-50 502	-21 463	-48 356
Average number of shares before dilution	71 388 615	59 069 241	71 176 184	59 041 813	60 114 511
Earnings per share before dilution, SEK	**-0.43**	**-0.76**	**-0.71**	**-0.36**	**-0.80**
Average number of shares after dilution	71 388 615	59 069 241	71 176 184	59 041 813	60 114 511
Earnings per share after dilution, SEK	**-0.43**	**-0.76**	**-0.71**	**-0.36**	**-0.80**
Operating costs	-30 920	-51 753	-52 660	-71 229	-115 432
Impairment of tangible assets and intangible assets	0	-22 120	0	-22 120	-22 120
Operating costs excluding impairments	**-30 920**	**-29 633**	**-52 660**	**-49 109**	**-93 312**
Administrative expenses	-8 251	-9 132	-14 588	-17 248	-30 770
Depreciation	-714	-639	-1 402	-1 242	-2 555
Research and development costs	**-21 956**	**-19 862**	**-36 670**	**-30 618**	**-59 987**
R&D costs / Operating costs excluding impairments %	**71.0%**	**67.0%**	**69.6%**	**62.3%**	**64.3%**
Equity	631 124	378 192	631 124	378 192	676 185
Average number of shares before dilution	71 388 615	59 222 384	71 388 615	59 222 384	70 113 615
Equity per share before dilution, SEK	**8.84**	**6.39**	**8.84**	**6.39**	**9.64**
Average number of shares after dilution	71 388 615	60 619 384	71 388 615	60 619 384	71 388 615
Equity per share after dilution, SEK	**8.84**	**6.24**	**8.84**	**6.24**	**9.47**
Equity	631 124	378 192	631 124	378 192	676 185
Total assets	652 832	398 014	652 832	398 014	700 780
Equity ratio, %	**97%**	**95%**	**97%**	**95%**	**96%**

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

Lund 23 August 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 Member of the Board	Per Norlén CEO	

Definitions

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

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

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

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

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

R&D costs as a percentage of operating costs excluding impairments
R&D costs divided by Operating costs excluding impairments

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

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

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

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

Equity per share before and after dilution
Equity divided by sum of the number of shares and outstanding warrants where the current share price exceeds the 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.