Full year report January-December 2016

Contents

Financial calendar

Full year report 2016	17 February 2017
Annual report	22 March 2017
Interim report Jan-Mar 2017	2 May 2017
General Meeting	2 May 2017
Interim report Jan-Jun 2017	23 August 2017
Interim report Jan-Sep 2017	25 October 2017
Full year report 2017	16 February 2018

Conference call for investors, analysts and the media

The 2016 Financial Statement will be presented by Alligator's CEO, Per Norlén and members of the management group on **Friday February 17, 2017, at 10.00** (CET).

Phone numbers for participants from:

Europe: +44 (0) 2030089803, **Sweden**: +46 856642696, **US**: +1 8558315946

The recorded conference call will be available on Alligators website after completion of the conference, www.alligatorbioscience.com

Summary

- During the quarter were the company's shares listed for trading on Nasdaq Stockholm Mid Cap. In connection with this were new shares issued that provided the company 350 000 TSEK before underwriting expenses.
- The company's project portfolio has continued to develop according to plan including the start of dosing in a second phase I clinical trial that is done by Janssen Biotech.
- The Board of Directors proposes that no dividend shall be paid for the year 2016.

Fourth quarter 2016 in summary

- During the quarter, the company's shares were listed on the Nasdaq Stockholm Mid Cap.
- In connection with this, a new share issue which provided the company TSEK 350 000 before underwriting expenses was done.
- In October began dosing in a second phase I clinical trial with ADC-1013. This second study includes intravenous dose escalation and is done by Janssen Research & Development LLC.
- Net sales for the period amounted to TSEK 6 433 (512).
- Result for the period amounted to TSEK -19 352 (-39 450) which corresponds to a result per share before and after dilution with SEK -0,31 (0,67).
- Cash flow amounted to TSEK 310 886 (-28 690) and cash and cash equivalents at the end of the quarter amounted to TSEK 659 136 (365 605).

Events after the end of the period

- In January 2017 has 700 000 warrants been converted to an equal number of shares.

January - December 2016 in summary

- Alligator's clinical study with ADC-1013 was expanded in the first quarter resulting in a milestone payment of 5 MUSD following the terms in the partnership agreement with Janssen Biotech Inc.
- Janssen started in October a phase I clinical trial with ADC-1013.
- Cell-line development for manufacturing of clinical materials for ATOR-1015 began in January.
- Result for the period amounted to TSEK -48 356 (207 377), which is equivalent to earnings per share before and after dilution of SEK -0,80 (3,81 and 3,70 respectively).
- Cash flow for the period amounted to TSEK 287 135 (326 232).
- During the second quarter, the participation in the Biosynergy project was written down with TSEK 22 120.
- During 2016 has Alligator increased the share of expenses invested in R&D to 64,3% (54,6%).
- The number of employees has increased during 2016, mainly within R&D, and the company is well prepared for further development in 2017.

Financial summary (Group)

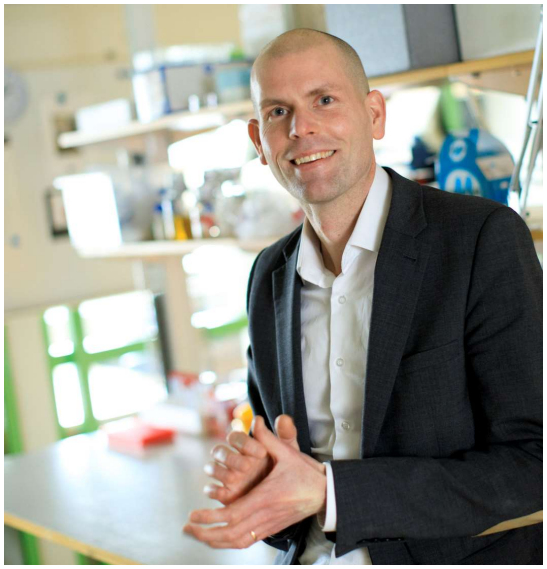
	October-December		January-December	
	2016	2015	2016	2015
Net sales, TSEK (SEK thousand)	6 433	512	58 240	289 797
Profit/loss for the period, TSEK	-19 352	-39 450	-48 356	207 377
Cash flow for the period, TSEK	310 886	-28 690	287 135	326 232
Cash and cash equivalents, TSEK	659 136	365 605	659 136	365 605
Equity ratio, %	96%	95%	96%	95%
R&D costs as % of operating costs excluding impairments	68,5%	47,3%	64,3%	54,6%
Earnings per share before dilution, SEK	-0,31	-0,67	-0,80	3,81
Earnings per share after dilution, SEK	-0,31	-0,67	-0,80	3,70
Average number of employees	35	26	31	27

CEO’s comments on 2016

Alligator´s vision is to be a world leading biotech company creating novel immuno-oncology therapeutics with a focus on the individual patient. During 2016 we have taken another significant step towards this strategic objective. The product portfolio has progressed well and is today stronger than ever before, harboring five immuno-oncology drug programs all with a potential to become first or best in class. Alligator is in a strong phase of development since the significant agreement with Janssen Biotech Inc. and confidence is very strong among the Board, management and staff. Our overall strategy is to build a differentiated pipeline within tumor-directed immunotherapy, to develop more drug candidates in parallel, and to push them faster and longer through clinical development.

Our clinical study with ADC-1013 has progressed rapidly during 2016. In Q1 the study was expanded with an intravenous dosing arm, which triggered a milestone payment from Janssen of 5 MUSD. In October a second clinical phase I trial with ADC-1013 (JNJ-64457107) was initiated by Janssen. This study includes intravenous dose escalation and expansion cohorts, and will handle all intravenous dosing going forward. By administering ADC-1013intravenously the number of potential cancer indications increase considerably, while a larger patient base allows the clinical development to be driven forward even faster. This creates favorable conditions for Janssen’s future clinical studies, and gives ADC-1013 the best possible chance to become successful as a drug candidate.

Next to ADC-1013, ATOR-1015 is our main drug candidate. The drug candidate has a good possibility to become the first dual immune activating bispecific antibody in clinical phase globally. Bispecific immune activators with two different immune modulating entities is a completely new concept, and a space where Alligator is at the very forefront. Our belief is that this concept will take immuno-oncology to the next level and allow improved survival without adding significantly toxicity. At the end of 2016 cell line development was at a final phase and the product ready to start process development and subsequent production of clinical material.
ATOR-1016 is an example of the next generation tumor-directed immunotherapies. The bispecific compound is built from one immune activating antibody and one tumor binding antibody. The unique property of this product is that it will



accumulate in the tumor area in order to give a relatively stronger immune activation there compared to the rest of the body. We have augmented this further by designing the compound in a way that makes it fully active only once it has bound to the tumor. During 2016 ATOR-1016 has been optimized obtain the properties needed for successful manufacturing and subsequent clinical development.

The major event in the fourth quarter was Alligator´s listing on midcap at Nasdaq Stockholm. The share issue added another 350 MSEK to the company. This is an important step in realizing Alligator´s strategy to establish the company as a key player within tumor-directed immunotherapy, and secures the development of our pipeline for several years.

Alligator has received a number of awards during the year based on the success with ADC-1013, among those the prestigious SwedenBio Award.

Finally I would like to extend my gratitude for all the hard work that made 2016 a sensational year for Alligator. Specifically I would like to thank all our owners for their long standing support, and it is a great pleasure to be able to deliver on the high expectations. For me it is a privilege to have been part of the success of the company and I to lead the company forward.

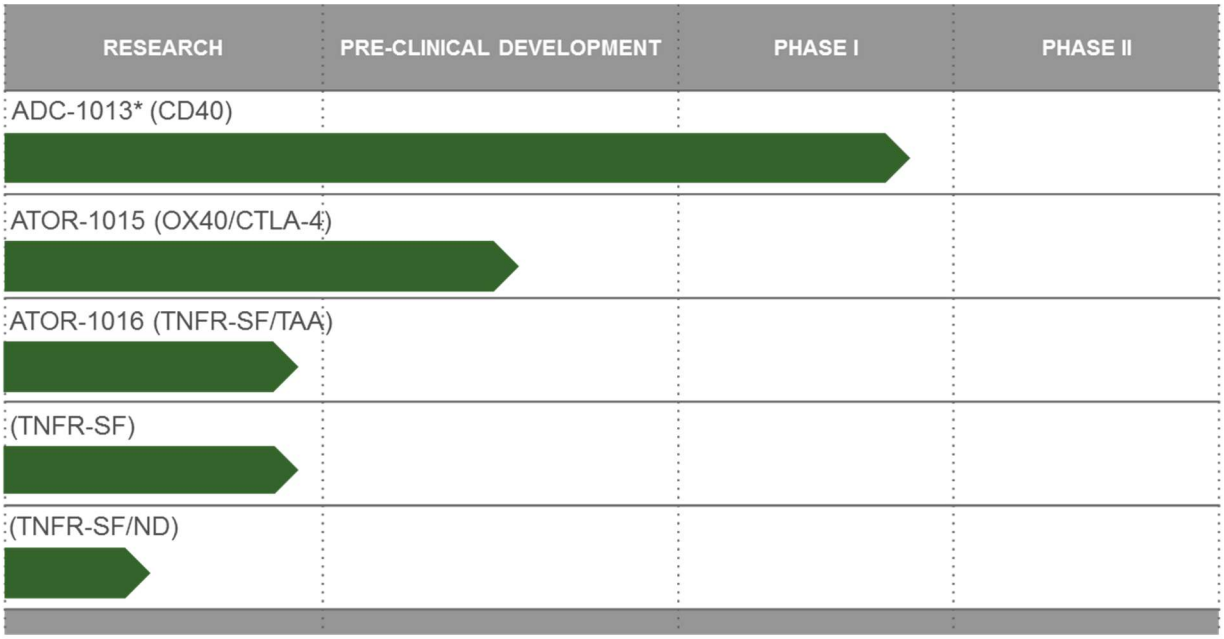
Per Norlén
CEO of Alligator Bioscience AB

Business operations

Alligator's core business is focused on research and development (R&D). New product ideas are evaluated on the basis of medical need, market potential and the possibility of patent protection, and then enter a structured R&D process. Alligator uses its technology platforms, the protein optimization technology FIND® and the human antibody library ALLIGATOR-GOLD®, to produce new 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 licenses product candidates to larger biotech or pharmaceutical companies.

Alligator's project portfolio

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



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

ADC-1013

ADC-1013 is a mono-specific immune activating antibody for the treatment of metastatic cancer. The drug candidate is licensed to Janssen Biotech, 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 with ADC-1013 means that dendritic cells can more effectively activate the immune system's weapons, which in this case are T cells. In this way, the immune system's attack is directed at the cancer.

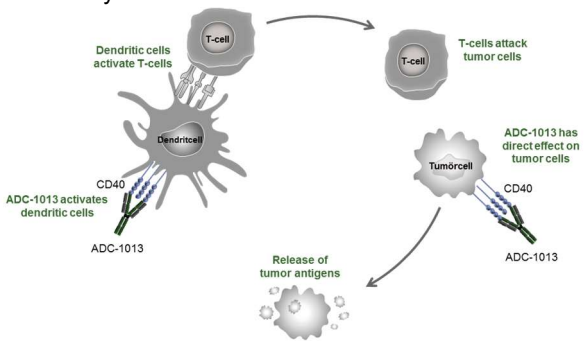


Diagram text: The figure shows the cancer immunity cycle, which describes how the immune system attacks tumors. The primary mechanism behind ADC-1013 is the activation of dendritic cells. Dendritic cells that are activated by stimulation with ADC-1013 can effectively show a cancer antigen to T cells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

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

Events during Q4

During Q4 2016, Alligator and Janssen have continued dosage in the clinical studies with ADC-1013, both intravenously and intratumorally.

ATOR-1015

ADC-1015 is a bispecific antibody for tumor-directed immuno-oncology and has been developed by Alligator for the treatment of metastatic cancer. ADC-1015 binds to two different agonistic target molecules: the checkpoint receptor CTLA-4, and the co-stimulatory receptor OX40. A very powerful anti-tumor response is achieved by combining antibodies to OX40 and CTLA-4. Research studies have found that ATOR-1015 creates interaction between CTLA-4 and OX40 expressing cells. ATOR-1015's ability to bind to both receptors at the same time has been found to lead to a significant increase of the immune stimulatory effect. The strong immune activation is expected therefore to be achieved primarily in environments where both the target molecules are found expressed at high levels, as inside a tumor.

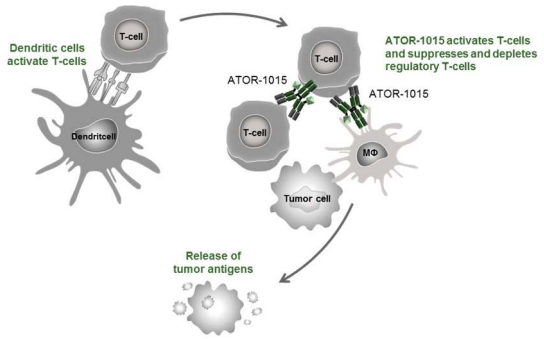


Diagram text: ATOR-1015 is a bispecific agonistic antibody that binds to two different target molecules: CTLA-4 and OX40, at the same time. Both CTLA-4 and OX40 are overexpressed in regulatory T cells in the tumor environment. ATOR-1015 reduces the number of regulatory T cells and activates effector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

The objective for ATOR-1015 is that, as the first CTLA-4 and OX40 binding bispecific antibody, to achieve a superior clinical anti-tumor effect, either as a monotherapy or in combination with other immunotherapies. ATOR-1015 is expected to be

able to be used to treat a large number of different types of cancer. Cell line development for future large-scale production of ATOR-1015 began in January 2016. This work was allocated to contract manufacturer Cobra Biologics, a company that has specialized in antibody production within clinical studies and which previously performed cell line development for the ADC-1013 project for Alligator.

Events during Q4

In Q4 2016, cell line development of ATOR-1015 was finalized and activities initiated concerning the production of clinical materials for ATOR-1015.

ATOR-1016

ATOR-1016 is a bispecific antibody developed for tumor-directed immuno-oncology. ATOR-1016 binds to a tumor-associated antigen and a TNFR-SF member. The binding elements have been developed using the antibody library ALLIGATOR-GOLD®.
By combining a tumor-binding and an immunomodulatory antibody in the same molecule, a bispecific antibody is created whose effect is localized to the tumor area and the tumor-specific immune cells that are found there. This enables effective tumor-directed immune activation with minimal adverse reactions. ATOR-1016 has been developed to be used as a monotherapy or in combination with currently established immunotherapies or other cancer therapy, and could be used for the treatment of metastatic cancer.
During 2016 ATOR-1016 has been optimized obtain the properties needed for successful manufacturing and subsequent clinical development.

Other research projects

Alligator has two research projects in its product portfolio. One project is an agonistic monoclonal antibody that activates a TNFR-SF member, and has been developed using the antibody library ALLIGATOR-GOLD®. Antibodies against this receptor are already in early clinical development. The antibody's characteristics are optimized currently using FIND® technology, with the goal to become the "best in class". The development of the product candidate has progressed rapidly during 2016, and cell line development for manufacturing of clinical material is projected to be start in the first half-year 2017.
Alligator's other research project is a bispecific agonistic antibody that binds to a TNFR-SF member and another target protein. The product components have been created with the help of ALLIGATOR-GOLD® and FIND®.
Through its subsidiary, Atlas Therapeutics AB, the Group holds a stake in a research project, "Biosynergy", run by Korean AbClon Inc. Alligator allocates no resources to this project but has the right to a share of any future profits.

Market

Each year cancer is diagnosed in 14 million people worldwide. This figure is expected to increase to 22 million within the next two decades, which means a very great need for advanced cancer-care. One reason for the increased number of diagnosed cancer cases is the increase in longevity. Another is that the diagnostic technology has been enhanced. This leads to more cancer cases detected, and more often in the early stages, which improves the chances of successful treatment.
During 2014 sales relating to cancer drugs increased with 7.9% and reached over 81 BUSD, from having been at 60 BUSD four years previously (Global Data). By the year 2019 sales of cancer medicines are expected to continue to increase by an average annual growth rate of about 4.4 per cent up to 100 BUSD (Global Data).
In the coming years a series of new innovative treatment methods are expected to be to be placed on the market, including new immune therapies that will form an important part of treatment options for cancer (IMS Institute for Healthcare Informatics global forecast for drugs up to 2020, April 2015).
The first immune therapeutic medicine, Yervoy® (Bristol-Myers Squibb), was approved in 2011. Since then, three more immune therapies for the treatment of cancer, Opdivo ® (Bristol Myers-Squibb), Keytruda ® (Merck & Co) and Tecentriq ® (Roche) have been approved.
Antibody-based immune therapies have the potential to be used in the treatment of virtually all forms of cancer. Today such pharmaceutical agents are used for the treatment of malignant melanoma, kidney, head and neck, lung and bladder cancer and Lymphoma. The number of cancers that are treated with immunotherapy is expected to increase in the future. Global Data estimates that the total immune oncology-market will amount to 14 BUSD per annum as early as 2019, and continue to grow to 34 BUSD per annum in 2024

Comments on the report

The Group is being referred to unless otherwise stated in this interim report. Figures in parentheses are for the corresponding period last year.
Amounts are in TSEK (SEK thousand) unless otherwise stated.
All amounts stated are correctly rounded, which may lead to some totals not matching exactly.

Revenue, expenses and earnings

October - December 2016

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

Net sales in Q4 totaled TSEK 6 433 (512). Net sales this year refer to revenue from the licensing agreement for ADC 1013 and from the licensing agreement regarding Project Biosynergy.

Other operating income TSEK 65 (314) refers to research grants and exchange gains in operations.

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

Operating costs totaled TSEK 28 630 (39 938). The decrease between the years is mainly explained by the fact that last year was a write-down of the value of the Biosynergy project with TSEK 10 080.

Operating loss before financial items amounted to TSEK -22 130 (-39 112).

Net financial items amounted to TSEK 2 779 (-338) and relate to interest income and foreign exchange gains/losses resulting from significant cash balances in EUR and USD. The increase from the previous year is due to higher foreign exchange gains and a capital gain of TSEK 863 from the sales of the Biocrine shares.

Loss before and after tax was TSEK -19 352 (-39 450).

Earnings per share before and after dilution were SEK -0,31 (-0,67).

January - December 2016

Net sales during the period totaled TSEK 58 240 (289 797). This year's revenue has been largely generated in Q1 when a milestone in ADC-1013 was achieved while revenues last year were largely generated in Q3 when the license agreement for ADC-1013 was concluded.

Other operating income TSEK 1 110 (3 822) relates primarily to government grants for a Vinnova project and exchange gains in operations.

Operating costs totaled TSEK 115 432 (90 613). During 2016 was the research project Biosynergy written down by TSEK 22 120 (10 080). The impairment was prompted by changed assessments regarding market conditions for the project in which the probability of achieving milestones and that the project will deliver a drug are estimated to have declined, and that changed contract terms have been agreed which gives Alligator right to a lesser extent than in the past to future revenues. Other significant differences between years have been increased costs for external contract research during 2016 (relates above all to ATOR-1016) and costs related to the stock exchange listing. The previous year’s costs related to the final settlement of an employment relationship with a former CEO and consulting expenses in connection with the signing of the licensing agreement for ADC-1013 have a positive effect on the comparison.

Operating profit/loss before financial items amounted to TSEK -56 081 (203 006).

Net financial items amounted to TSEK 7 726 (4 371) and relate to interest income and foreign exchange gains/losses resulting from significant cash balances in EUR and USD. A capital gain of TSEK 863 (2 000) was made in respect to the sale of securities.

The group has no tax cost in 2016 (0).

Profit/loss before and after tax amounted to TSEK -48 356 (207 377).

Earnings per share before and after dilution amounted to SEK -0,80 (3,81 and 3,70 respectively).

Statement of financial position

Equity amounted to TSEK 676 185 (396 969). This corresponds at the end of the period to an equity per outstanding share of SEK 9,64 (6,73) before dilution. The equivalent figure after dilution is SEK 9,47 (6,55).

Consolidated cash and cash equivalents consist of bank balances and at the end of the period totaled TSEK 659 136 (365 605). There were no borrowings as per 31 September 2016, 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.

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' supply are converted SEK at the time of payment.

Capital expenditure and cash flow

Investments for the fourth quarter totaled TSEK 514 (728) and consisted mainly of laboratory equipment and capitalization of patents relating to its technology platforms.

Cash flow for the quarter amounted to TSEK 310 886 (-28 690). The difference between years is mainly related to the share issue that was done in conjunction with the listing on Nasdaq in November 2016.

Investments during 2016 totaled TSEK 3 596 (2 024) and relate mainly to laboratory equipment.

Cash flow for the year was TSEK 287 135 (326 232).

Alligator's shares

The total number of outstanding shares in the Company at the end of 2016 was 70 113 615 (59,014,384). The increase during the year is attributable to a share issue of 10 769 231 shares in conjunction with the listing on Nasdaq and to the exercise of 330 000 warrants from the 2014 program. The increased number of shares provided the Company with a total of TSEK 359 270 of which TSEK 4 440 in share capital. At the end of the year had TSEK 6 300 been paid for conversion of 700 000 warrants, but the shares were not yet registered. At the end of the year, a total of 575 000 warrants remained in the 2014 program, each of which entitles the holder to subscribe for one share before 31 March 2017.

At the AGM held in Q2, a decision was adopted for two incentive programs: an employee stock option program and a warrant program.
A total of 900 000 stock options were allocated in the employee stock option program. The options were granted free of charge. To enable the delivery of shares under the employee stock option program and thereby to guarantee ancillary costs, primarily social security expenses, a wholly-owned subsidiary has subscribed for a total of 1 182 780 warrants. Each warrant issued in relation to the employee stock options program entitles the holder to subscribe for one share.
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. Each warrant issued in relation to the warrant program entitles the holder to subscribe for one share. At the end of 2016, a total of 857 000 warrants had been transferred at market value at the time of transfer to participants in the program.

With full exercise of all warrants that have been issued in respect of incentive programs for subscription of shares, a total of 3 557 780 shares will be issued and thus increase the maximum number of shares to 73 571 395.

Significant events during the quarter

The Company has during the quarter been listed on Nasdaq Stockholm Mid Cap.

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 year was 36 (27). Of these, 9 (6) were men and 27 were women (21).
Of the total number of employees, 32 (24) 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 2015. No significant events have occurred during the year 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.
During the year, the shares in its Atlas Therapeutics AB subsidiary were written down by TSEK 22,120. The impairment was prompted by changed assessments regarding market conditions for the project in which the probability of achieving milestones and that the project will deliver a drug are estimated to have declined, and that changed contract terms have been agreed which gives Alligator right to a smaller entitlement than in the past to future revenues.
The corresponding impairment in the consolidated accounts is recorded as an impairment of intangible assets (shares in development projects).
Please refer otherwise to data for the Group, as the subsidiary does not carry on any business.

Annual general meeting and financial calendar

Annual general meeting

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

Proposal for dividend

In accordance with the Board of Directors adopted dividend policy, it is proposed that no dividend be paid for the year 2016.

Financial statements

Alligator intends to give financial statements as follows:

- Annual report is expected to be available on the company's website www.alligatorbioscience.com on March 22 2017.
- Interim reports May 2, August 23 and October 25 2017.
- Full year report 2017 on February 16 2018.

Consolidated income statement

All amounts in TSEK	Note	October-December 2016	October-December 2015	January-December 2016	January-December 2015
Net sales	5	6 433	512	58 240	289 797
Other operating income	5	65	314	1 110	3 822
Total operating income		**6 498**	**826**	**59 350**	**293 619**
Operating costs					
Other external costs		-20 405	-21 731	-63 278	-49 335
Personnel costs		-7 571	-7 339	-27 479	-28 611
Depreciation and impairment of tangible assets and intangible assets	3	-653	-10 868	-24 675	-12 667
Total operating costs		**-28 630**	**-39 938**	**-115 432**	**-90 613**
Operating profit/loss		**-22 130**	**-39 112**	**-56 081**	**203 006**
Result from other securities and receivables		863	164	863	2 291
Financial income		2 866	-502	8 704	2 082
Financial expenses		-950	0	-1 840	-1
Net financial items		**2 779**	**-338**	**7 726**	**4 371**
Profit/loss before tax		**-19 352**	**-39 450**	**-48 356**	**207 377**
Tax on profit for the period		0	0	0	0
Profit for the year attributable to Parent Company shareholders		**-19 352**	**-39 450**	**-48 356**	**207 377**
Earnings per share before dilution, SEK		-0,31	**-0,67**	**-0,80**	**3,81**
Earnings per share after dilution, SEK		-0,31	**-0,67**	**-0,80**	**3,70**

Consolidated statement of comprehensive income

All amounts in TSEK	October-December 2016	October-December 2015	January-December 2016	January-December 2015
Profit/loss for the period	-19 352	-39 450	-48 356	207 377
Other comprehensive income	0	0	0	0
Comprehensive income for the period	**-19 352**	**-39 450**	**-48 356**	**207 377**

Consolidated statement of financial position

All amounts in TSEK	Note	31.12.2016	31.12.2015
Assets			
Fixed assets			
Intangible assets			
Participations in development projects	3	17 949	40 069
Patents		2 306	3 354
Tangible assets			
Equipment, machinery and computers		4 349	2 323
Financial assets			
Other investments held as fixed assets	6	0	95
Total fixed assets		**24 603**	**45 840**
Current assets			
Current receivables			
Accounts receivable	6	0	689
Other receivables	6	12 417	2 804
Prepayments and accrued income		4 624	1 319
Cash and cash equivalents	6	659 136	365 605
Total current assets		**676 178**	**370 417**
TOTAL ASSETS		**700 780**	**416 256**
Equity and liabilities			
Equity			
Share capital		28 045	23 606
Other capital contributions		657 949	335 051
Retained earnings		38 546	-169 065
Profit/loss for the period		-48 355	207 377
Equity attributable to Parent Company shareholders		**676 185**	**396 969**
Current liabilities			
Accounts payable	6	13 340	4 890
Other liabilities	6	686	632
Accrued expenses and deferred income		10 569	13 765
Total current liabilities		**24 595**	**19 287**
TOTAL EQUITY AND LIABILITIES		**700 780**	**416 256**

Consolidated statement of changes in equity, in summary

	January-December	
All amounts in TSEK	**2016**	**2015**
Opening balance	**396,969**	**68,519**
New capital issue	352 970	121 574
Option premiums received	733	0
Paid, not registered share capital	6 300	0
Underwriting expenses	-32 665	-501
Effect of share-based payments	234	0
Profit/loss for the period	-48 356	207 377
Other comprehensive income in the period	0	0
Closing balance	**676 185**	**396 969**

Consolidated statement of cash flows

All amounts in TSEK	October-December 2016	October-December 2015	January-December 2016	January-December 2015
Operating activities				
Operating profit/loss	-22 130	-39 112	-56 081	203 006
Adjustments for items not generating cash flow				
Depreciation and impairments	653	10 868	24 675	12 667
Effect of share-based payments	148	0	234	0
Other items, no impact on cash flow	18	0	19	0
Interest received	125	4	468	42
Interest paid	-1	0	-4	-1
Tax paid	0	0	0	0
Cash flow from operating activities before changes in working capital	**-21 187**	**-28 240**	**-30 689**	**215 715**
Changes in working capital				
Change in operating receivables	-5 099	-1 320	-12 229	-833
Change in operating liabilities	12 149	1 307	5 308	-9 988
Cash flow from operating activities	**-14 137**	**-28 253**	**-37 610**	**204 894**
Investing activities				
Result from participations in other companies	957	291	957	2 291
Acquisition of intangible assets	-62	-167	-217	-1 187
Acquisition of tangible assets	-453	-561	-3 379	-838
Sales of tangible assets	45	0	45	0
Cash flow from investing activities	**488**	**-437**	**-2 593**	**266**
Financing activities				
New share issue	357 200	0	359 270	121 073
Underwriting expenses	-32 665	0	-32 665	0
Option premiums received	0	0	733	0
Cash flow from financing activities	**324 535**	**0**	**327 338**	**121 073**
Cash flow for the period	**310 886**	**-28 690**	**287 135**	**326 232**
Cash and cash equivalents at beginning of period	**346 457**	**394 895**	**365 605**	**37 428**
Exchange rate differences in cash and cash equivalents	1 792	-601	6 396	1 944
Cash and cash equivalents at end of period	**659 136**	**365 605**	**659 136**	**365 605**

Parent Company income statement

All amounts in TSEK	Note	October-December 2016	October-December 2015	January-December 2016	January-December 2015
Net sales	5	5 530	512	57 338	289 797
Other operating income	5	65	314	1 110	3 822
Total operating income		**5 595**	**826**	**58 448**	**293 619**
Operating costs					
Other external costs		-20 404	-21 731	-63 276	-49 333
Personnel costs		-7 571	-7 339	-27 479	-28 611
Depreciation and impairment of tangible assets and intangible assets		-653	-788	-2 555	-2 587
Total operating costs		**-28 629**	**-29 858**	**-93 310**	**-80 531**
Operating profit/loss		**-23 033**	**-29 032**	**-34 862**	**213 088**
Results from financial items					
Impairment of investments in subsidiaries	3	0	-10 080	-22 120	-10 080
Result from other securities and receivables		863	164	863	2 291
Other interest income and similar income statement items		2 866	-502	8 704	2 081
Interest expense and similar income statement items		-950	0	-1 840	-1
Net financial items		**2 779**	**-10 418**	**-14 393**	**-5 709**
Profit/loss after financial items		**-20 255**	**-39 450**	**-49 255**	**207 379**
Tax on profit for the year		0	0	0	0
Profit/loss for the period		**-20 255**	**-39 450**	**-49 255**	**207 379**

Parent Company statement of comprehensive income

All amounts in TSEK	October-December 2016	October-December 2015	January-December 2016	January-December 2015
Profit/loss for the period	-20 255	-39 450	-49 255	207 379
Other comprehensive income	0	0	0	0
Profit/loss for the year	**-20 255**	**-39 450**	**-49 255**	**207 379**

Parent Company balance sheet

All amounts in TSEK	Note	31.12.2016	31.12.2015
ASSETS			
Fixed assets			
Intangible assets			
Patents		2 306	3 354
Tangible assets			
Equipment, machinery and computers		4 349	2 323
Financial assets			
Participations in Group companies	3	20 294	42 120
Other investments held as fixed assets		0	95
Total financial assets		**20 294**	**42 215**
Total fixed assets		**26 949**	**47 891**
Current assets			
Current receivables			
Accounts receivable		0	689
Other receivables		12 417	2 804
Prepayments and accrued income		4 624	1 319
Total current receivables		**17 041**	**4 812**
Cash and bank deposits		657 619	365 155
Total current assets		**674 659**	**369 966**
TOTAL ASSETS		**701 608**	**417 857**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		28 045	23 606
Paid in, non-registered new share issue		6 300	0
Total restricted equity		**34 345**	**23 606**
Non-restricted equity			
Share premium reserve		651 776	335 051
Retained earnings		40 147	-167 466
Profit/loss for the period		-49 256	207 379
Total non-restricted equity		**642 667**	**374 964**
Total equity		**677 013**	**398 570**
Current liabilities			
Accounts payable		13 340	4 890
Other liabilities		686	632
Accrued expenses and deferred income		10 569	13 765
Total current liabilities		**24 595**	**19 287**
TOTAL EQUITY AND LIABILITIES		**701 608**	**417 857**

Performance measures, Group

	Note	October-December		January-December	
		2016	2015	2016	2015
Net sales, TSEK	5	6 433	512	58 240	289 797
Operating profit/loss, TSEK		-22 130	-39 112	-56 081	203 006
Profit/loss for the period, TSEK		-19 352	-39 450	-48 356	207 377
Average outstanding shares, before dilution		63 111 608	59 014 384	60 114 511	54 393 338
Average outstanding shares, after dilution		63 111 608	59 014 384	60 114 511	54 393 338
Earnings per share before dilution, SEK		-0,31	-0,67	-0,80	3,81
Earnings per share after dilution, SEK*		-0,31	-0,67	-0,80	3,70
R&D costs, TSEK		-19 602	-18 897	-59 987	-49 490
R&D costs as a percentage of operating costs excluding impairments, TSEK		68,5%	63,3%	64,3%	61,5%
Cash and cash equivalents at end of period, TSEK		659 136	365 605	659 136	365 605
Cash flow from operating activities, TSEK		-14 137	-28 253	-37 610	204 894
Cash flow for the period, TSEK		310 886	-28 690	287 135	326 232
Equity, TSEK		676 185	396 969	676 185	396 969
Equity per share before dilution, SEK		9,64	6,73	9,64	6,73
Equity per share after dilution, SEK		9,47	6,55	9,47	6,55
Equity ratio, %		96%	95%	96%	95%
Average number of employees		35	26	31	27
Average number of employees employed within R&D		31	23	28	24

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

Notes

Note 1 General information

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

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

The Alligator Group's quarterly report for the fourth quarter 2016 was approved for publication on February 17 2017 in accordance with the Board decision of February 16 2017.

Note 2 Accounting policies

The consolidated financial statements for Alligator Bioscience AB (publ.) have been prepared in accordance with International Financial Reporting Standards (IFRS), the Swedish Annual Accounts Act (ÅRL) and the Swedish Financial Reporting Board's recommendation RFR 1 'Supplementary accounting rules for groups of companies'. 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'.

Share-based payments
In 2016, Alligator issued employee stock options which were granted free of charge. The fair value of employee stock options is determined at the time of allocation of the right to compensation. The value is reported as a personnel cost in the income statement over the vesting period with a corresponding increase in equity. The expense recognized is the fair value of the number of options expected to be earned. In subsequent periods, this cost is adjusted to reflect the actual number of earned options. Associated social security contributions are recognized as an expense and a liability with continuous revaluation based on changes in the fair value of the warrants in accordance with the Swedish Financial Reporting Board's UFR 7.

In other respects, the accounting principles and methods of calculation applied in conformity with these are described in the Annual Report for 2015. New standards and interpretations that came into force on 1 January 2016 have had no impact on the Group's or the Parent Company's financial statements for the interim period.

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.

ESMA's Guidelines on Alternative Performance Measures are applied from and including the previous report 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 2 in the Annual Report for 2015. Impairment testing of tangible assets is described in this note. Note 16 of the Annual Report for 2015 states how impairment testing of the Group's acquired participations in development projects has been carried out. The impairment test in 2015 for the Biosynergy project shows that there was no impairment at that time. The impairment in 2016 was prompted by changed assessments regarding market conditions for the project in which the probability of achieving milestones and that the project will deliver a drug are estimated to have declined and that changed contract terms have been agreed which give Alligator a smaller entitlement than in the past to future revenues.

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.
The Board of Directors has been identified as the principal executive decision-maker within the Group.

Note 5 Consolidated income

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

	October-December		January-December	
All amounts in TSEK	**2016**	**2015**	**2016**	**2015**
Licensing income	4 669	0	50 107	289 286
Income from research cooperation	1 760	512	8 129	512
EU grants received	0	0	0	640
Swedish government grants received	-187	295	484	1 184
Other	257	19	631	1 998
Total	**6 498**	**826**	**59 350**	**293 619**

Alligator's income consists primarily of income from the licensing of ADC-1013 to Janssen Biotech Inc. Alligator receives license income in USD when specific milestones in the development project are attained.

Note 6 Financial instruments

All amounts in TSEK	**31.12.2016**	**31.12.2015**
Available-for-sale financial assets		
Other investments held as fixed assets	0	95
Loans and receivables		
Accounts receivable	0	689
Other receivables	12 417	220
Cash and cash equivalents	659 136	365 605
Financial assets	**671 552**	**366 608**
Financial liabilities		
Accounts payable	13 340	4 890
Other liabilities	686	632
Financial liabilities	**14 026**	**5 522**

Other investments held as fixed assets refers to unlisted which were sold during the fourth quarter 2016.
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 Q4, this is an expense of TSEK 180 and for 2016, the fee amounts to TSEK 720.

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.

	October-December		January-December	
	2016	2015	2016	2015
Profit/loss for the period, TSEK	-19 352	-39 450	-48 356	207 377
Average number of shares before dilution	63 111 608	59 014 384	60 114 511	54 393 338
Earnings per share before dilution, SEK	**-0,31**	**-0,67**	**-0,80**	**3,81**
Average number of shares after dilution	66 111 608	59 014 384	60 114 511	55 393 338
Earnings per share after dilution, SEK	**-0,31**	**-0,67**	**-0,80**	**3,70**
Operating costs, TSEK	-28 630	-39 938	-115 432	-90 613
Impairment of tangible assets and intangible assets, TSEK	0	10 080	22 120	10 080
Operating costs excluding impairments, TSEK	**-28 630**	**-29 858**	**-93 312**	**-80 533**
Administrative expenses, TSEK	8 375	10 173	30 770	28 456
Depreciation, TSEK	653	788	2 555	2 587
Research and development costs, TSEK	**-19 602**	**-18 897**	**-59 987**	**-49 490**
R&D costs / Operating costs excluding impairments %	**68,5%**	**63,3%**	**64,3%**	**61,5%**
Equity, TSEK	676 185	396 969	676 185	396 969
Average number of shares before dilution	70 113 615	59 014 384	70 113 615	59 014 384
Equity per share before dilution, SEK	**9,64**	**6,73**	**9,64**	**6,73**
Average number of shares after dilution	71 388 615	60 619 384	71 388 615	60 619 384
Equity per share after dilution, SEK	**9,47**	**6,55**	**9,47**	**6,55**
Equity, TSEK	676 185	396 969	676 185	396 969
Total assets, TSEK	700 780	416 256	700 780	416 256
Equity ratio, %	**96%**	**95%**	**96%**	**95%**

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, 16 February 2017

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

Definitions

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

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

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

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

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

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

Cash and cash equivalents
Cash and bank deposits

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 and after dilution
Equity divided by the number of shares at the end of the period before and after dilution respectively

Total assets
Total of the Company's assets.

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.

Contacts

For further information, please contact:
Rein Piir, VP IR, rein.piir@alligatorbioscience.com, +46 (0) 46 286 42 80
Per Norlén, CEO, per.norlen@alligatorbioscience.com, +46 (0) 46 286 42 80
Per-Olof Schrewelius, CFO, per-olof.schrewelius@alligatorbioscience.com, +46 (0) 46 286 42 85

Alligator Bioscience AB (publ) Swedish corporate identity no. 556597-8201, Medicon Village, Scheelevägen 2, 223 81 Lund,
Phone: + 46 (0) 46 286 42 80

This information is such information as Alligator Bioscience AB (publ) is obligated to disclose in accordance with EU market abuse regulation. The information was submitted, through the above contact persons, for publication on 17 February 2017 at 08:00 (CET)