Interim report April - June 2018

NUEVOLUTION IN BRIEF

Stock

Market: Nasdaq, Stockholm

Ticker: NUE.ST

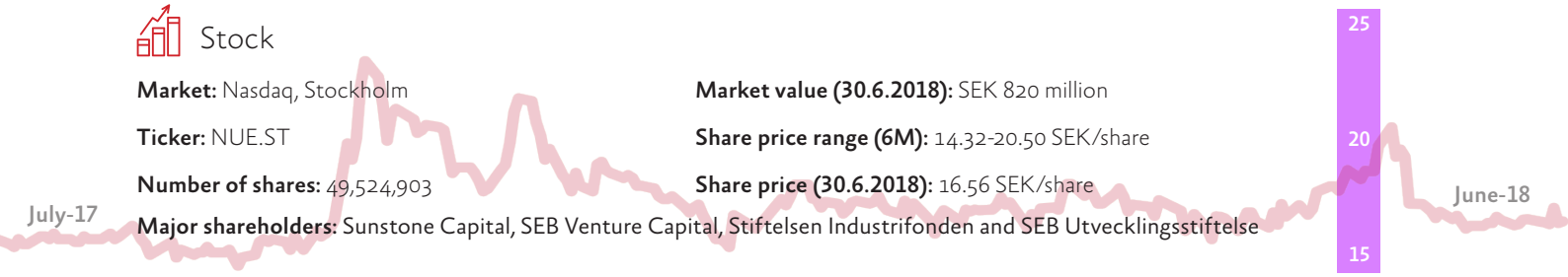
Number of shares: 49,524,903

Major shareholders: Sunstone Capital, SEB Venture Capital, Stiftelsen Industrifonden and SEB Utvecklingsstiftelse

Market value (30.6.2018): SEK 820 million

Share price range (6M): 14.32-20.50 SEK/share

Share price (30.6.2018): 16.56 SEK/share



Pipeline

		INDICATION	DISCOVERY	PRECLINICAL	PHASE I	PARTNER
PROGRAM	ROR γt inhibitor	Psoriasis, PsA				Almirall
	ROR γt inhibitor	AS, IBD				NUEVOLUTION
	BET-BD1	AD, Lupus, Fibrosis				NUEVOLUTION
	IL-17A	Inflammation				NUEVOLUTION
	ROR γt agonist	Immunooncology				NUEVOLUTION
	GRP78	Oncology				NUEVOLUTION
	10+ research programs	Oncology, Inflammation				NUEVOLUTION
RESEARCH COLLABORATIONS	Multi-target	Oncology, CNS				AMGEN
	Contract research	Oncology, Inflammation, Infectious diseases				janssen
	NSD1, 2, 3	Hematological cancers				BRIC

News flow (post release of first quarter 2018 report)

17 May: Nuevolution announces the publication of a second scientific article from the collaboration with Nobel Laureate Dr. Robert J. Lefkowitz

25 May: Nuevolution completes a directed issue raising gross proceeds of SEK 110 million

25 June: Trading of Nuevolution's shares start on the Nasdaq Stockholm main market

18 July: Amgen exercises opt-in right in first program from multiple target research collaboration with Nuevolution (post quarter)

Focus

- Apply discovery platform against many disease targets allowing high upside and lower risk
- Broad portfolio of pre-clinical progams
- Keep select programs for own development and out-license select programs for revenue generation

Internal pipeline within:

- Oncology
- Immuno-oncology
- Severe inflammatory indications

Agreements

17 agreements since 2004 with partners (incl. Merck, Novartis, GSK, Boehringer Ingelheim, Janssen, Amgen, Almirall)

App. SEK 530 million in realized partner income since 2004

Nuevolution

Founded: 2001 in Copenhagen, Denmark

Industry: Healthcare, Biotech

Homepage: www.nuevolution.com

Successful up-listing to Nasdaq Stockholm main market

Summary for the three-month period ended 30 June 2018

Financial summary	**April - June**		**January - June**	
SEK million	**2018**	**2017**	**2018**	**2017**
Revenue from contracts with customers	0.6	5.9	8.8	7.4
Total operating expenses, net	-34.4	-34.7	-65.5	-66.0
Operating result	-33.9	-28.8	-56.7	-58.6
Net result	**-32.1**	**-27.3**	**-53.5**	**-56.3**
Basic and diluted earnings per share (SEK)	**-0.71**	**-0.64**	**-1.21**	**-1.31**
Cash flow from operating activities	-33.5	-22.1	-59.1	31.8
Cash and cash equivalents	161.7	179.6	161.7	179.6

Business and R&D summary

- Nuevolution successfully completed the planned up-listing to the Nasdaq Stockholm main market in June. This achievement represents a major goal for the company and is in line with previously announced goals. This is expected to support our ambitious intentions for further growth and value creation with prospect for a better reach towards larger institutional and international investors
- Through a Directed Issue supporting the strengthening and diversification of our shareholder base, Nuevolution raised gross proceeds of SEK 110 million. The proceeds will be used for continued expansion of the pipeline, allowing more programs to be advanced, to advance specific programs towards becoming clinical development ready and to overall further strengthen the Company's deal making ability
- Nuevolution's challenging small molecule "cytokine X" inhibitor program has now reached a stage of development, where target identity disclosure will support the start of the external promotion of our program. Cytokine X is Interleukin-17A (IL-17A). Blockade of IL-17A is a medically and market wise very well validated approach for treatment of an increasing number of human autoimmune diseases, which currently includes treatment for psoriasis, psoriatic arthritis and ankylosing spondylitis.
- In the Bromodomain program, we have now nominated two promising compounds including NUE19796 as BET-BD1 pre-candidates. They are currently undergoing final explorations before progressing with candidate election.

"The up-listing to the main market and the capital raise allowing for further shareholder strengthening and diversification represented two important financial goals during the quarter, which was matched by R&D immediately following end of quarter, when we could announce that Amgen has exercised its rights to opt-in to the first program of our joint collaboration", said Alex Haahr Gouliaev, CEO

Events occurred between 30 June and 22 August 2018

On 18 July, Nuevolution announced that Amgen exercises its opt-in right in first program from the multiple target research collaboration with Nuevolution. Subject to further successful development, and upon Amgen's discretionary decision to exercise its future option to license, Nuevolution will initially be eligible to receive a licensing fee of at least USD 10 million depending on the development stage of the program at licensing.

Message from the CEO

Dear shareholder, Dear reader,

At the release of this quarterly report, we are pleased to conclude achievement of three important goals – two during the quarter and one post end of quarter.

- In Q2: Admission for trading on Nasdaq Stockholm's main market
- In Q2: Diversification and strengthening of Nuevolution's shareholder base
- Post Q2: Amgen uses its right to Opt-In to the first program

Following focused efforts and an intense process that was initiated some 12 months ago, and in line with the goals we announced in September 2017, we were pleased to see that Nasdaq Stockholm's listing committee approved admission of Nuevolution's shares (ticker: NUE) for trading on Nasdaq Stockholm's main market. The first day of trading was Monday June 25th, representing the achievement of a major goal for the company. The listing on the main market follows only after a significant scrutiny of the company's operations, evaluation of the company's fitness and assessment of skills and experience of board and management. Being allowed for trading on the main market is an honor, and it represents a quality stamp, that will support our ambitious intentions for further growth and value creation, and as a main market company, now with a better reach towards larger institutional and international investors also. A prospectus was prepared in connection with the listing and approved and registered by the Swedish Financial Supervisory Authority. The prospectus is available on Nuevolution's website, www.nuevolution.com.

By end of May, Nuevolution announced the completion of a directed share issue with the gross proceeds of SEK 110 million. Through the directed issue, Nuevolution achieved a first step of one of its other key goals being the diversification and strengthening of its shareholder base with new investors joining the current owners. It is the intention to use the proceeds from the directed share issue for the continued expansion of the pipeline, allowing more programs to be advanced, to advance specific programs towards becoming clinical development ready and to overall further strengthen the Company's deal making ability. We welcome our new investors and thank the existing owners for their continued confidence.

Post end of quarter and on July 18th, we announced that Amgen had exercised its Opt-In right to a program that is part of its multiple target research collaboration with Nuevolution. Amgen will now cover all further research and development costs in this specific program as incurred by both parties. Amgen's decision to Opt-In follows the demonstration of proof-of-concept in animal disease models, a milestone that ends the early research phase in accordance with the agreement, and the parties have now jointly commenced the late-stage research phase with the mutual goal of nominating a clinical development candidate. Subject to further successful development, and upon Amgen's discretionary decision to exercise its future option to license, Nuevolution will be eligible to receive a licensing fee of at least USD 10 million depending on the development stage of the program at licensing. During the potential further development and commercialization of the program, Nuevolution will also be eligible to receive success-based milestone payments. These combined payments could amount to up to USD 410 million. Besides this, Nuevolution is also entitled to receive royalties on future sales.

Nuevolution's challenging "cytokine X" inhibitor program has now reached a stage of development, where target identity disclosure will support the start of the external promotion of our program. The target is Interleukin-17A (IL-17A). Blockade of IL-17A is a medically and market wise very well validated approach for treatment of an increasing number of autoimmune diseases, which currently includes approved use for psoriasis, psoriatic arthritis and ankylosing spondylitis. In 2017, the total IL-17A antibody market value was approximately USD 2.6 billion. IL-17A is extremely difficult target to tackle drug discovery wise and has until now only been possible to address with antibodies, i.e. expensive injectable treatment, where safer shorter acting, orally and topical, and lower-cost treatment would be better and very attractive to the physician, the patient and the payer. In this quarterly report, we summarize the data from our Lead program, which aims to offer and may show the first promise for such a potentially improved treatment option in the future.

In line with the three major goals of our Grand Plan announced in September 2017, we focus on progressing and expanding our partnered and own pipeline towards clinical development, while we also seek to realize further high value lead programs such as just mentioned above for IL-17A. During the quarter our R&D programs have progressed well in support of our business activities, and we continue to aim for closing of the next deal during 2018.

Stockholm, 22 August 2018

Alex Haahr Gouliaev, CEO
Nuevolution AB (publ)

Investor Relations

Directed issue and listing on Nasdaq main market

LISTING ON MAIN MARKET – ENHANCING THE FUTURE PROSPECTS

The successful up-listing to the Nasdaq Stockholm main market in June 2018 represented the fulfillment of a long-term goal. In September 2017, we announced to the public, the intention to apply for listing on the main market before the end of the first half of 2018 as one of our major goals.

The up-listing is a major achievement for Nuevolution, which has required substantial efforts, time and investments. It represents an important goal in support of our value creation going forward.

Recognised quality stamp

A main market listing is granted after a significant scrutiny of the company's operations, evaluation of the company's fitness, controls, processes and assessment of skills and experience of board and management. The up-listing is therefore a quality stamp, which put Nuevolution in the major Scandinavian investment league together with other larger companies and proves that we are capable of running the company at equal quality standards to the bigger players.

Enhanced partnering abilities

Being a main market company operating according to these uniform quality standards is recognized internationally and "expresses" professionalism, which may enhance our access to partners and strengthen negotiations and outcome.

Increased access to investors & increased trading

Further, being a main market company provides access to a substantially increased number of investors. Many larger institutional and international investors, can and will, only consider investments in companies listed on a (regulated) main market, as they put their trust in the uniform quality, and expect the efficiency of a regulated market, which generally supports better trading volume and thereby secures correct pricing of the share and ability to trade. This is a significant benefit to all current and future investors in the company.

Besides this, the market has over the past year seen the index value of Pharma & Biotech companies on the Main Market increase by 50%, which is triple that of First North companies. Following the up-listing at the end of June 2018, we have noted that a number of institutional investors have started to buy in Nuevolution.

Efficient & scalable business

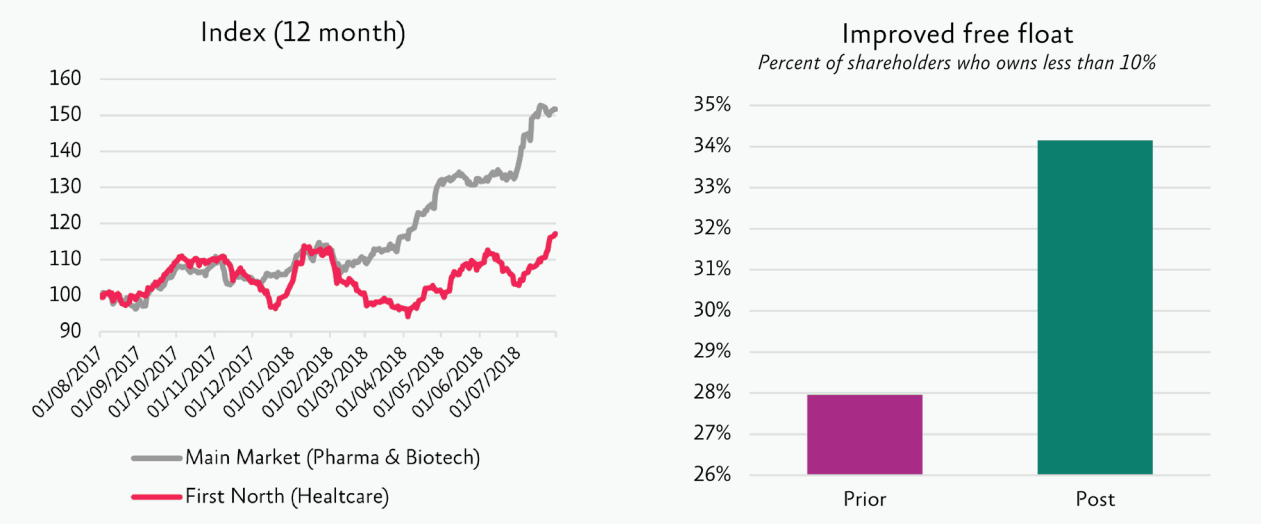
Finally, our investment in processes and control structures have made the company much more efficient, and also scalable, which will benefit us as we grow and expand our pipeline and in the future with potential clinical development.

In total, we consider the main market listing a strengthening of Nuevolution's ability to execute on our strategy for long-term growth and value creation to the benefit of shareholders and the equally important aim, to discover better and safer treatment of cancer and severe inflammatory diseases.

DIRECTED ISSUE – STRENGTHENING AND DIVERSIFICATION OF THE SHAREHOLDER BASE

In late May and as fulfilment of a second key goal, Nuevolution executed a directed share issue of 6.67 million new shares, providing the company with gross proceeds of SEK 110 million and improved shareholder diversification and strengthening through an increase in number of larger shareholders.

Together with the list change to the main market in June,



these achievements represent the fulfillment of key goals in the "Grand Plan – Reaching New Horizons", announced in September 2017.

Increased free float

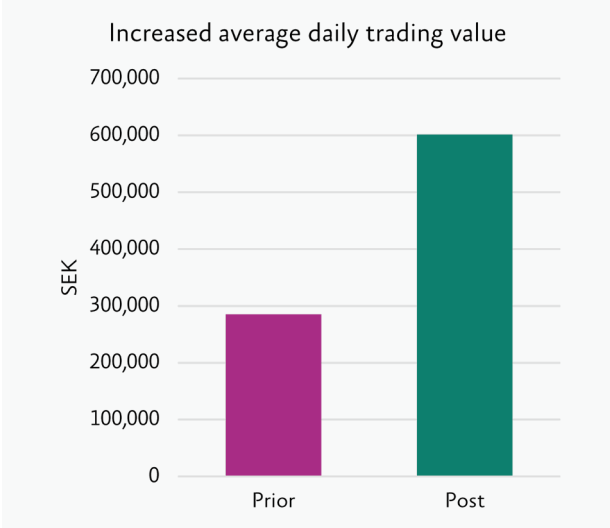
The free float (shares held by shareholders owning less than 10%) has been improved by more than six percentage points post the directed issue as compared to prior to the transaction. All things equal, this improvement will support an increase in the stock's liquidity and the attractiveness of the share for new investors.

Trading value doubled

The trading value (comparing 50 trading days after compared with 50 days before) has jumped two-fold following execution of the directed issue and list change. Thus, the average daily trading value has risen above SEK 600,000 after the directed issue and list change as compared to less than SEK 300,000 prior to the transaction. The same trend is observed when comparing the trading in June-July 2018 with June-July 2017. This is a benefit for both existing shareholders and new investors, who want to trade NUE.ST.

Strengthening the investor base - new investors joining

In connection with the limited directed issue, we saw new institutional investors joining among the top 20 shareholders, and overall, the number of shareholders holding 50,000 and 100,000 shares or more has increased by 25% and 45% respectively since April. Our efforts to further strengthen our share-



holder base will increase through continuation of our ambitious IR activities. It remains a goal for us to attract further large institutional and international investors.

The increased free float, improved trading value as well as the listing of the shares on the Nasdaq Stockholm main market in late June has made it more attractive to investors, in particular institutional investors. We have already seen the first signs of this during July, when additional new institutional investment funds joined as shareholders.

Other investor activities during the quarter
In the second quarter of 2018, Nuevolution continued the high level of meeting activity with investors and met with a significant number of institutional investors in the US, Europe as well as home markets Sweden and Denmark. In Sweden and Denmark, management also participated in several investor events for investors, organized by Redeye, Aktiespararna and Dansk Aktionærforening.

Nuevolution is covered by analysts from Jarl Securities, Redeye, and Edison. The analyst reports can be found here https://nuevolution.com/investors/stock-information/#2.

MEET US
The following events where Nuevolution's executive management will present have so far been scheduled for the rest of 2018:

18 September: Investordagen, Dansk Aktionærforening, Copenhagen

12 November: Store Aktiedagen, Aktiespararna, Stockholm

26 November: Store Aktiedagen, Aktiespararna, Gothenburg

Research and Development

HIGHLIGHTS

- Post Q2: Amgen exercises its option to Opt-In in the first oncology program
- *In vivo* compound testing in second Amgen oncology program initiated
- Disclosure of Cytokine X identity being IL-17A and program reporting
- Two BET-BD1 pre-candidates including NUE19796 for potential further development have been nominated internally. They are currently undergoing final explorations before progressing with candidate election
- Cell-based proof-of-concept in one early discovery inflammation program

"We are excited to see that Amgen has decided to execute their Opt-In for the first joint oncology program. The program has developed very fast internally with high quality compounds producing stellar efficacy. As Amgen now takes governance of program leadership and further development cost, the joint teams will now work together with the plan to deliver one or more clinical candidates hopefully providing cancer patients with novel treatment options", Thomas Franch, CSO.

AMGEN COLLABORATION

Cancer and neuroscience

Our two "fast-tracked" cancer programs with Amgen have seen much progress during the second quarter of 2018. In the first program, Amgen has now exercised their Opt-In right to the program (Post-quarter) where Nuevolution will now work closely with the Amgen team for the continued program development and with Amgen covering all further costs of program development. In the second cancer program, we are currently testing compounds in preclinical cancer models for proper target engagement and *in vivo* mechanism-of-action and hope to report more on this during the third quarter of 2018. A third program is presently in the hit optimization stage with the expectation of reaching cellular proof-of-concept in the second half of 2018.

BROMODOMAIN BET BD1 SELECTIVE INHIBITOR PROGRAM

Inflammation

The BET family of proteins are protein factors that have major importance in the regulation of multiple genes relevant for cancer and inflammatory disease. Nuevolution has identified and optimized BET-BD1 inhibitors that are uniquely selective for the first binding domain in the BET family of proteins. Animal safety studies already performed by Nuevolution demonstrate improved safety profile compared to non-selective inhibitors currently in clinical development.

In our continued exploration of BET-BD1 inhibitors, we have nominated two promising compounds including NUE19796 as pre-candidates. Both compounds have good overall properties and are currently undergoing final testing before progressing with candidate nomination. The main purpose of these explorations is to obtain sufficient detail on the pharmacology and finalize safety assessments to support the final candidate or back-up nomination for further development.

Based on the mechanism-of-action (MoA) of our BET-BD1 inhibitors on CCL2 secretion from skin cells or from fibroblast, we are currently testing in multiple *in vitro* and *in vivo* models to establish and correlate effects on the CCL2 biomarker from the dosing of our precandidates mentioned above as well as from the testing of further of our backup compounds.

RORγt INHIBITOR PROGRAM

Inflammation

Nuevolution completed the production of kilogram scale of API material of its internal RORγt candidate in the first quarter of 2018 enabling the potential next steps of formulation studies and further regulatory safety studies. Since the identification of the current candidate, several further high-quality and competitive backup compounds have been produced in support of the program. We are in the process of further characterizing the new backup compounds versus the candidate to compare efficacy and safety parameters before potentially commencing regulatory safety studies.

Nuevolution's RORγt collaboration with Almirall continue to progress well and in accordance with the mutually agreed work plan. Contingent on Almirall consent and in line with stock exchange requirements, we will report further from the program going forward.

EARLY DISCOVERY PROJECTS

Multiple disease areas

Several projects are progressing well, and we have obtained first proof-of-concepts in one program during the second quarter of 2018. We maintain our guidance and expect to have three projects available for nomination as lead discovery programs during 2018.

NEW SCIENTIFIC ARTICLE PUBLISHED

In collaboration with Nobel Laureate Dr. Robert J. Lefkowitz lab at Duke University, Nuevolution co-authored a new scientific publication describing the application of the Nuevolution Chemetic® technology for the identification of novel positive allosteric modulators of the ß2-adrenergic GPCR receptor signaling across cellular membranes. The new publication extends our previous joint publication from 2017 now showing the identification of compounds capable of stimulating signaling across a cell membrane by a key GPCR.

The joint article entitled "*Small Molecule Positive Allosteric Modulators of the β2-Adrenergic Receptor Isolated from DNA Encoded Libraries*" was published in the well-renowned journal Molecular Pharmacology in May 2018.

NUEVOLUTION SCIENTIFIC PRESENTATIONS

- "*DNA Encoded Library Technology: From hits to clinical candidates*", Dr. Luigi P. Stasi, The Danish Society for Medicinal Chemistry and Chemical Biology, Inaugural Symposium, 31 May 2018 in Copenhagen, Denmark.
- "*DNA Encoded Library Technology: From hits to preclinical candidates targeting BET-BD1*", Dr. Thomas Franch, Oxford Global 19th Annual Drug Discovery Summit, 6-8 June 2018 in Berlin, Germany.

UPCOMING EVENTS WHERE NUEVOLUTION IS INVITED SPEAKER

- EuroQSAR 2018. 16-20 September 2018, Thessaloniki, Greece
- Oxford Global, 5th Annual Drug Discovery USA Conference, 11-12 October 2018 in San Diego, US
- Global Engage 2nd Medicinal Chemistry Summit: Europe, 29-30 October 2018 in London, UK
- Society for Medicines Research, 6 December 2018 in London, UK

Nuevolution's "Cytokine X" Program aka Interleukin IL-17A (Inflammation)

Nuevolution provides disclosure of the identity of its cytokine X target corresponding to IL-17A. As described previously for our RORγt program, IL-17A is the founding signalling cytokine produced from TH17 cells of the immune system. This cytokine is responsible for driving multiple inflammatory diseases such as psoriasis, psoriatic arthritis, ankylosing spondylitis and considered a major contributing factor in diseases such as inflammatory bowel disease (IBD) and multiple sclerosis (see figure 1 for details).

Inhibition of IL-17A has been well validated in the clinic for improving inflammatory diseases with marketed antibodies such as secukinumab (Cosentyx[1] and ixekizumab (Taltz[2]) showing good efficacy in treating psoriasis, psoriatic arthritis and ankylosing spondylitis to name a few.

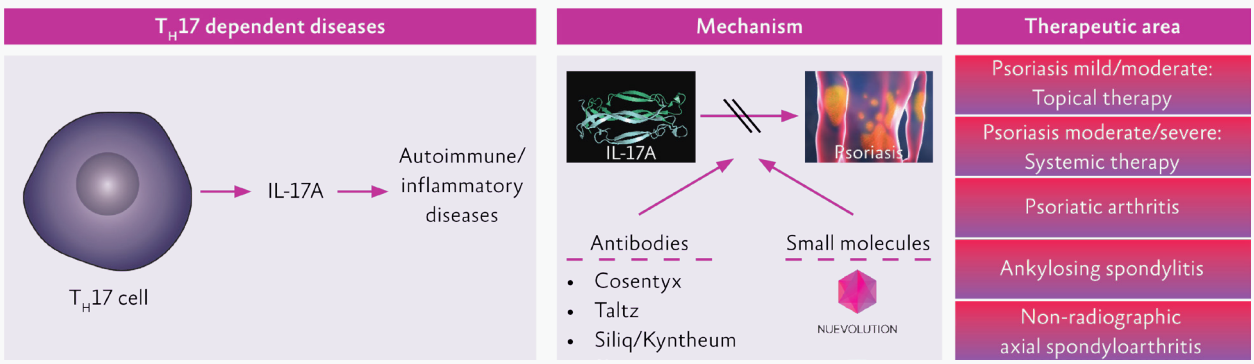


Figure 1. *Depiction of the TH17 cells production of IL-17A relevant for multiple disease like psoriasis, psoriatic arthritis and ankylosing spondylitis. A number of marketed antibodies have validated the IL-17A target in the clinic where Nuevolution is now pursuing small molecules in multiple programs to directly or indirectly block IL-17A disease pathology.*

Although antibodies can be effective in extracellular (outside the cell) target inhibition, they suffer from drawbacks such as i) a very high cost ii) dosing by injection multiple times per month/year through physician's treatment iii) potential adverse immune reactions against the antibody and iv) prolonged weakening of patient immune responses that may cause certain infections through long-term elimination of the patients own immune response capacity. Targeting disease cytokines by a small-molecule, may offer both convenient topical and tablet-based solution, which offers cost-efficient alternatives with fewer immune-related risks.

Historically, the identification of small-molecules for cytokines has proven extremely difficult due to the nature of the cytokine protein surfaces, e.g. large protein-protein interaction surfaces with limited and hard to find relevant binding options for small molecules, and no small molecules directly binding any of the major disease-causing cytokines have entered clinical trials.

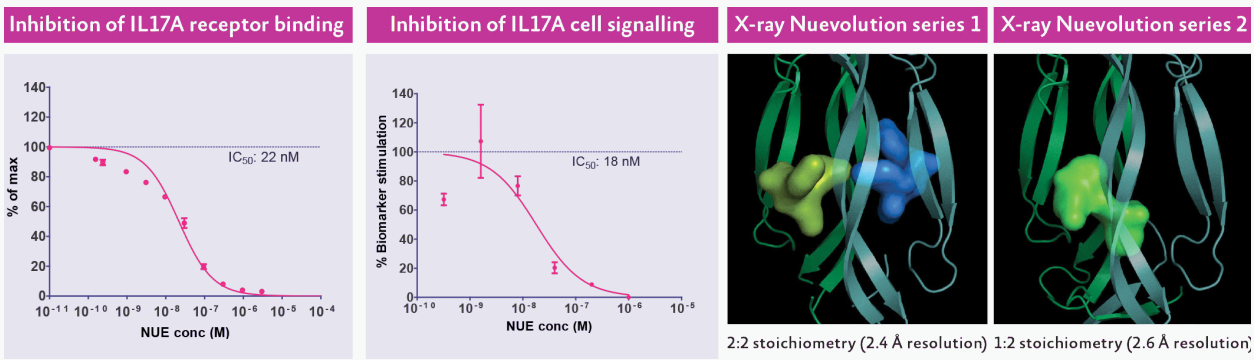


Figure 2. *IL-17A inhibition of a Nuevolution small molecule compound. A representative example of a Nuevolution small molecule compound (molecular weight less than 480 Dalton) binding IL-17A to prevent cytokine binding to the IL-17A receptor (panel 1) in an α-screen assay. The compound inhibits IL-17A with and IC$_{50}$ of 22 nM. The compound also potently represses IL-17A "disease" cell-signaling in human keratinocytes (panel 2) with an apparent IC$_{50}$ of 18 nM. The distinct mechanism of binding of each Nuevolution compound series is detailed by multiple high-resolution co-crystal structures between the Nuevolution small molecules and the IL-17A homodimer and supports our ongoing medicinal chemistry efforts (panel 3 and 4).*

[1] Cosentyx is a trademark of Novartis AG
[2] Taltz is a trademark of Eli Lilly and Company

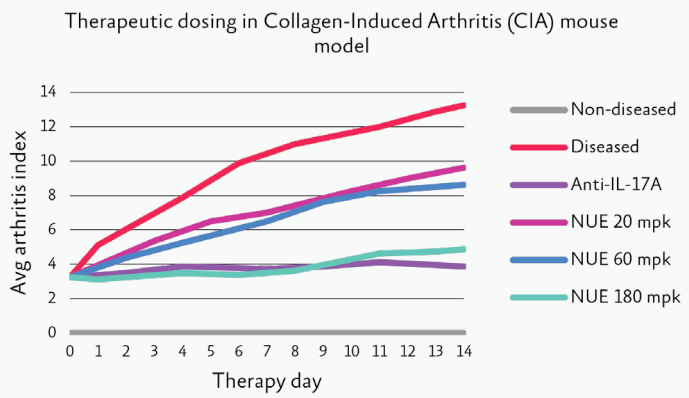


Figure 3. *A Nuevolution IL-17A blocker was tested in an in vivo efficacy study using the collagen-induced arthritis mouse model with therapeutic dosing. Mice show a high degree of "arthritis" clinical scoring when left untreated (red line). In contrast, an antibody specific for IL-17A dosed intraperitoneal prevent further disease progression (blue line). A Nuevolution small molecule IL-17A blocker (molecular weight less than 480 Da) dosed subcutaneously, twice daily, gave a dose-proportional effect in clinical score with the highest dose of 180 milligram-per-kilogram mouse (mpk) giving a reduction in clinical arthritis score equivalent to the neutralizing IL-17A antibody (dark green).*

In Nuevolution's IL-17A program, we have used the Chemetics® platform to identify very potent small molecule lead compounds that directly and selectively bind the human IL-17A homo-dimer protein and potently block IL-17A cell signaling to human keratinocytes (skin cells). We have identified three distinct chemotypes (compound structure classes) and produced more than 2,000 compounds during lead optimization with hundreds of compounds showing highly potent anti-IL-17A activity (see figure 2). Multiple IL-17A-compound x-ray structures have been generated showing distinct mechanisms of IL-17A binding of each chemotype aiding the lead optimization process further.

In order to validate the mechanism of action and benchmark one of our IL-17A blockers, we recently tested and compared the *in vivo* efficacy of a lead compound and an IL-17A neutralizing antibody in a collagen-induced arthritis (CIA) mouse model. The Nuevolution small molecule compound, provided a largely dose-proportional efficacy with the highest dose showing clinical efficacy on par with the benchmark antibody targeting IL-17A (figure 3). The positive data support that a small molecule directly targeting IL-17A can achieve the same efficacy in clinical scoring as a therapeutic antibody directed against IL-17A.

Our current optimization efforts are focusing on finalizing data for initially a potential topical use (local application with little systemic exposure i.e. high safety and convenience) of our IL-17A blockers as well as offering compounds with systemic exposure for future next generation tablet-based use with the ambition of achieving a potential first-in-class small molecule candidate(s) for both topical and systemic treatment options.

If successful, these potent small molecules in the program may have a potential for a future replacement of a high cost, and injectable antibody treatment, forging a high-value first-in-class, orally available (tablet-based) medicine with an expected improved safety profile.

The present program complements our RORγt program activities and support our ambition of targeting key diseases such as IL-17A pathologies using multiple and alternative modalities with the hope to have one or more chemical entities reaching market approval. Consequently, the development of compounds directly blocking IL-17A is well in line with our multiple-shots-at-goal strategy reported previously.

Nuevolution IL-17A blockers - Program highlights

- More than 40 trillion compounds screened by Chemetics®
- Three tractable and potent chemical series identified with general molecular weight < 500 Dalton (a good starting point for topical and tablet-based medicines)
- Medicinal Chemistry program presently comprising: >> 2000 compounds and > 140 compounds showing IC_{50} < 100 nM (very potent)
- Effective and selective suppression of IL-17A signaling in human keratinocytes with sub-micromolar potencies.
- Design of new molecules assisted by structure-based drug design from multiple co-crystal structures (high resolution 3D structure) between IL-17A and the Nuevolution compounds
- *Key program compounds show:*
  - Good biochemical and cell-based potencies with IC_{50} between 1 - 100 nanomolar (nM)
  - Ligand Efficiency (LE) > 0.34 (good drug likeness characteristic)
  - Lipophilic Ligand Efficiency LLE > 4.7 (good drug likeness characteristic)
  - Tractable properties for development of topical and tablet-based therapies
  - Freedom-to-operate

IL-17A: a market perspective

INTRODUCTION

The identification of small molecules inhibiting the IL-17A pathway has proven extremely challenging for the industry. Small molecule (non-injectable) IL-17A inhibitors are however highly sought after by companies operating in the inflammatory space, in particular companies developing medications for diseases like psoriasis, psoriatic arthritis, ankylosing spondylitis and non-radiographic axial spondyloarthritis[3]. Injectable IL-17A inhibitors[4] gained market acceptance late 2015, with Cosentyx being presently marketed in the major markets globally[5], generating revenues of USD 2.1 billion (2017). The 2017 market value of sales of IL-17A inhibitors was USD 2.6 billion globally and is expected to grow to USD 6.7 billion in 2023.

"The currently available antibody-based medicines have validated the treatment approach of blocking IL-17A, but suffer from the high cost, dosing by injection and prolonged weakening of patient immune responses. Nuevolution is developing small molecule IL-17A inhibitors and aim to develop both topical applications as well as systemic (oral; tablet-based) compounds. In IL-17A driven diseases like psoriasis, both topical and orally formulated drugs would provide significant benefit to patients. Furthermore, an oral IL-17A inhibitor will likely provide future novel treatment options for diseases like psoriatic arthritis and ankylosing spondylitis requiring systemic treatments."

PSORIASIS

Treatment options in psoriasis are driven by the severity of the disease. Patients with mild symptoms of the disease are almost always treated with topical treatment options, medications that are applied directly to a part of the body, i.e. in this case the skin) through application of gels, creams, ointment or foams. Corticosteroids and vitamin D3 analogues (often used in combination) are main topical treatments, mainly differentiating from each other through formulation. Topically formulated corticosteroids and vitamin D analogues come with side effects, especially when administrated over a longer period and may not provide the efficacy needed. Globally approximately 16 million patients suffer from psoriasis, of which 80% suffer from a mild or moderate exposure of the disease. Global data estimates the present global market size for topical treatments in psoriasis at approximately USD 1.6 billion (2017). New innovative topical treatment options, differentiating on efficacy, long-term safety and user-friendly applicability could support an even further market growth.

Patients suffering from moderate to a severe condition of the disease, will, besides using combinations of topical and systemic treatment options, likely be treated with methotrexate, corticosteroids and potentially with antibody treatment option like TNF-inhibitors, IL-23 blockers (Stelara[6]) and the recently approved IL-17A inhibitors (like Cosentyx and Taltz). The IL-17A inhibitors have shown their early successes in the treatment of severe psoriasis and validated the approach of blocking the disease IL-17A response. However, antibody treatment options come with a number of drawbacks as mentioned earlier. Recently launched tablet-based treatment (e.g. Otezla[7], a product that generated USD 1.3 bn in 2017) have shown tremendous market success mainly due to convenient treatment administration (tablet) and good safety, but the efficacy of this treatment is only of low to moderate benefit for the patients. A more efficacious treatment, keeping good safety, delivered in a tablet form is needed.

The development of an innovative topical as well as tablet-based small molecule, targeting the IL-17A pathway, where presently only very expensive, injectable IL-17A treatment options apply, would be of very high value. As earlier reported, Global Data[8] expects the global psoriasis market to grow to USD 13 billion in 2024.

PSORIATIC ARTHRITIS & ANKYLOSING SPONDYLITIS

IL-17A inhibitors obtained their approval with psoriasis as lead indication and later in other IL-17A driven diseases. Presently, Cosentyx as well as Taltz has been approved for psoriatic arthritis, whereas Cosentyx is also available to patient suffering ankylosing spondylitis (see hereafter). Global Data[9] expects the global psoriatic arthritis market to grow to USD 13 billion in 2025, and the global ankylosing spondylitis market to grow to USD 2.4 billion in 2024.

Overall, the arrival of new, innovative IL-17A inhibitor treatment options in therapy area like psoriasis, psoriatic arthritis and ankylosing spondylitis, has resulted in better, but expensive treatment options in the categories of moderately and severely impacted patients. Access to effective, safe, more user friendly as well as cost attractive treatment alternatives, remains a significant unmet medical need. The availability of topically as well as orally available medicines, targeting IL-17A inhibition has the potential to offer a highly attractive opportunity with better treatment for patients.

[3] nrAxSpA: AxSpA is an umbrella term that includes ankylosing spondylitis (AS) and non-radiographic axial spondyloarthritis. In some cases, nr-AxSpA is the earlier form of the disease and may progress to AS
[4] IL-17A inhibitors are presently approved for psoriasis, psoriatic arthritis, ankylosing spondylitis. Cosentyx is pursuing phase 3 clinical studies for nrAxSpA
[5] Globally (or major markets) refers to US, Germany, UK, France, Spain, Italy, Japan.
[6] Stelara is a trademark of Johnson & Johnson.
[7] Otezla is a trademark of Celgene Corp.
[8] Psoriasis – Global drug forecast and market analysis to 2024
[9] PharmaPoint: Psoriatic Arthritis – Global Drug Forecast and Market Analysis to 2025

Amgen collaboration

On the 18 July, Nuevolution announced the "Opt-In" by Amgen in the first program being part of the multi-target collaboration between the two companies. A collaboration that was entered in late 2016.

In this collaboration, Amgen and Nuevolution have agreed the pursuit of multiple drug discovery & development programs, covering the therapeutic areas of cancer and neuroscience.

During the early stages of the collaboration, Nuevolution is applying its drug discovery platform and expertise for the identification and lead optimization of attractive compounds, specifically relevant for the disease target of interest. Nuevolution develop programs up to *in vivo* Proof-of-Concept studies to show that compounds have good efficacy and safety in animal models. Upon overall success in the progress of each program, Amgen's involvement increases, subject to the mutually agreed working plan that both companies adhere to.

By the "Opt-In", now exercised by Amgen in this first program, Amgen gains full responsibility for preclinical development, clinical development and commercialization worldwide, and will cover all costs as incurred by both parties in this program.

The progress in the program, for which Amgen exercised its option to Opt-In, will be secured through late stage research by both Amgen and Nuevolution in collaboration. Subject to further successful development of the program, and upon Amgen's discretionary decision to exercise its future option to license the program, Nuevolution will be eligible to receive a licensing fee of at least USD 10 million depending on the development stage of any of the program, when licensed.

"*The increased activity efforts that Amgen has put into this program as well as other programs is very encouraging to us. The capabilities that Amgen bring to our joint program development efforts is impressive, and we look forward to seeing the program maturing to the candidate stage*", states Thomas Franch, CSO at Nuevolution.

During the further development and commercialization of the program, Nuevolution will also be eligible to receive specified research, development and commercial milestones, amounting up to USD 410 million per target. Nuevolution will also be entitled to receive royalties on future sales.

Who is Amgen?

- Location: Thousand Oaks (California), United States
- Incorporated: 1980
- Stock listing: NASDAQ (AMGN)
- Number of employees: ca. 20,800 (2017)
- Key disease areas: oncology, neuroscience, cardiovascular disease, bone health, nephrology and inflammation
- Key oncology drugs: Aranesp, Vectibix, Kyprolis, Blincyto, Imlygic, Neulasta, XGEVA
- Revenues (2017): USD 22.8 billion
- Global ranking: Top-15 Global Biopharmaceutical company
- R&D expenses (2017): 16% of revenues
- Marketing & sales in ca. 100 countries worldwide

Business & Partnering Activities

HIGHLIGHTS

- Continued progress in partnering discussions, both on programs and drug discovery collaborations
- Increased interest in our selective bromodomain BET BD1 inhibitor program
- We continue our aim for realization of a further partnership during 2018

During the second quarter of 2018, we have maintained and progressed our discussions for realization of the next partnerships. We are experiencing a continued strong interest in our selective bromodomain BET BD1 inhibitor program, a program strongly positioned due to the unique selective mechanism of action as well as based on our strong data relevant in diseases like atopic dermatitis.

Furthermore, we have seen an increase in requests for partnerships around our technology platform. Although we see this as encouraging, we will only consider entering into technology platform partnerships that provide long-term upside for the company and its shareholders.

In the broad and valuable collaboration with Amgen, we were pleased to announce a post-quarter event, reporting Amgen's decision to use their right to Opt-In to the first oncology program. This is reported in more detail in the Research and Development section and above.

In line with our previous guidance, we aim for the realization of a further partnership during 2018. This guidance should not be interpreted as a guarantee that partnership agreements will happen.

Financial report

Group - Key ratios

TSEK, if not stated otherwise	Apr. - Jun. 2018	Apr. - Jun. 2017	Jan. - Jun. 2018	Jan. - Jun. 2017
INCOME STATEMENT				
Revenue from contracts with customers	585	5,857	8,847	7,395
Research and development expenses	-25,665	-28,485	-49,932	-54,638
Sales, general and administration expenses	-9,466	-6,282	-16,463	-11,510
Total operating expenses	-35,131	-34,767	-66,395	-66,148
Operating result	-33,854	-28,819	-56,685	-58,598
Net financial items	-197	-104	-714	-410
Net result	-32,144	-27,280	-53,455	-56,307
Comprehensive result for the period	-31,414	-25,966	-49,899	-55,400
BALANCE SHEET				
Non-current assets			15,582	11,935
Current assets			170,805	189,720
Total assets			186,387	201,655
Share capital			49,525	42,858
Shareholders' equity			165,535	169,962
Non-current liabilities			2,466	2,939
Current liabilities			18,386	28,754
Investment in intangible and tangible assets			519	1,225
CASH FLOW				
Cash flow from operating activities	-33,470	-22,129	-59,093	31,814
Cash flow from investing activities	-239	0	-373	-73
Cash flow from financing activities	103,954	-346	103,567	-671
Cash flow for the period	70,245	-22,475	44,101	31,070
FINANCIAL RATIOS				
Basic earnings per share (EPS), SEK	-0.71	-0.64	-1.21	-1.31
Diluted earnings per share (EPS-D), SEK[1]	-0.71	-0.64	-1.21	-1.31
Shareholders' equity per share, SEK			3.34	3.97
Period-end share price, SEK			16.56	16.50
Equity ratio (%)			89	84
Number of shares outstanding, average, million shares	45.496	42.858	44.184	42.858
Number of shares outstanding, end-period, million shares	49.525	42.858	49.525	42.858
Diluted number of shares outstanding, average, million shares	46.318	43.634	45.010	43.634
Average number of employees (FTE)			49	43
Number of employees (FTE) at period-end			48	44

[1]No dilution since the warrants are currently anti-dilutive.

GROUP

REVENUE

Consolidated revenue for the second quarter of 2018 was SEK 0.6 million compared to SEK 5.9 million in the second quarter of 2017. The revenue for the second quarter of 2018 and the second quarter of 2017 was related to deferred revenue from the Janssen Biotech drug discovery collaboration.

Consolidated revenues for the first half of 2018 was 8.8 million compared with SEK 7.4 million in the first half of 2017. The revenue for the first half of 2018 and first half of 2017 stems from a license fee and deferred revenues from the Janssen Biotech drug discovery collaboration. For additional comments on revenue, refer to note 4.

EXPENSES

Total group expenses amounted to SEK 35.1 million in the second quarter of 2018 against total expenses of SEK 34.8 million in the same quarter last year. The increase of SEK 0.3 million was led by a decrease in research and development (R&D) expenses of SEK 2.8 million, consisting of lower patent expenses in connection with patent grants and a decrease in expenses for external Contract Research Organizations (CROs), and an increase in sales, general and administrative (SG&A) expenses of SEK 3.2 million. This includes expenses related to activities in connection with the listing on the Nasdaq main market in June 2018.

Total group expenses amounted to SEK 66.4 million in the first half of 2018 against total expenses of SEK 66.1 million in the first half of last year. The increase of SEK 0.4 million was led by a decrease in research and development (R&D) expenses of SEK 4.7 million, consisting of lower patent expenses in connection with patent grants, a decrease in expenses for external Contract Research Organizations (CROs) and increased personnel expenses, and an increase in sales, general and administrative (SG&A) expenses of SEK 5.1 million. This includes expenses related to activities in connection with the listing on the Nasdaq main market in June 2018.

PROFIT & LOSS

In the second quarter of 2018, the group showed an operating loss of SEK 33.9 million against a loss of SEK 28.8 million in the second quarter of 2017. The loss before tax was SEK 34.1 million in the second quarter of 2018 against a loss of SEK 28.9 million in the same quarter of last year. In the second quarter of 2018, the group recorded a corporate tax income of SEK 1.9 million, against SEK 1.6 million in the same period in the prior year, due to the Danish R&D tax credit program. A net loss of SEK 32.1 million was recorded in the second quarter of 2018, against a loss of SEK 27.3 million in the same quarter of last year. The higher operating and net loss stem from lower revenues and increased expenses. Basic (EPS) and diluted earnings per share (EPS-D) was SEK -0.71 in the second quarter of 2018 against an EPS and EPS-D of SEK -0.64 in the second quarter of 2017.

In the first half of 2018, the group recorded an operating loss of SEK 56.7 million against a loss of SEK 58.6 million in the first half of 2017. The loss before tax was SEK 57.2 million in the first half of 2018 against a loss of SEK 59.0 million in the first half of last year. In the first half of 2018, the group recorded a corporate tax income of SEK 3.7 million, against SEK 2.7 million in the same period in the prior year, due to the Danish R&D tax credit program. A net loss of SEK 53.5 million was recorded in the first half of 2018, against a loss of SEK 56.3 million in the first half of last year. The lower operating loss primarily comes from higher revenues, while the lower net loss also benefited from a higher tax income. Basic (EPS) and diluted earnings per share (EPS-D) was SEK -1.21 in the first half of 2018 against an EPS and EPS-D of SEK -1.31 in the first half of 2017.

CASH FLOW AND INVESTMENTS

The total cash flow for the second quarter of 2018 showed an inflow of SEK 70.2 million against an outflow of SEK 22.5 million in the second quarter of 2017.

Cash flow from operating activities amounted to an outflow SEK 33.5 million in the second quarter of 2018 against an outflow of SEK 22.1 million in the second quarter of 2017. The cash outflow in the second quarter of 2018 was higher than in the same quarter of last year due to lower cash inflow from partners, while the second quarter 2017 benefited from an inflow from working capital.

Investments in equipment in the second quarter of 2018 were SEK 0.2 million compared to zero in the same quarter in the prior year.

Cash flow from financing activities in the second quarter of 2018 amounted to an inflow of SEK 104.0 million, due to the directed issue of 6,666,667 new shares and repayment of leasing liabilities, against an outflow of SEK 0.3 million in the second quarter of 2017.

The total cash flow for the first half of 2018 showed an inflow of SEK 44.1 million against an inflow of SEK 31.1 million in the first half of 2017.

Cash flow from operating activities amounted to an outflow SEK 59.1 million in the first half of 2018 against an inflow of SEK 31.8 million in the first half of 2017. The cash outflow in

the first half of 2018 against the inflow in the first half of last year was primarily due to the upfront payment from Almirall in the latter period.

Investments in equipment in the first half of 2018 were SEK 0.4 million compared to SEK 0.1 million in the first half of 2017.

Cash flow from financing activities in the first half of 2018 amounted to an inflow of SEK 103.6 million, due to the directed issue of 6,666,667 new shares and repayment of leasing liabilities, against an outflow of SEK 0.7 million in the first half of 2017.

EQUITY AND NET CASH

As of 30 June 2018, total shareholders' equity amounted to SEK 165.5 million against SEK 111.1 million 31 December 2017, caused by the net comprehensive loss of SEK 49.9 million and the directed issue amounting to SEK 104.3 million.

Cash and cash equivalents amounted to SEK 161.7 million as per 30 June 2018, as compared with SEK 114.8 million at 31 December 2017. Net cash amounted to SEK 158.0 million as per 30 June 2018 (SEK 110.6 million at 31 December 2017) after the deduction of leasing liabilities of SEK 3.7 million (SEK 4.2 million at 31 December 2017).

NUMBER OF SHARES

At 30 June 2018, the total number of outstanding shares in Nuevolution AB (publ) was 49,524,903, an increase of 6,666,667 compared with 31 December 2017, due to the directed issue of new shares in May 2018.

PARENT COMPANY

The parent company had inter-company revenue in the second quarter of 2018 of SEK 0.4 million against SEK 0.3 million in the second quarter of 2017. The parent company incurred total expenses of SEK 5.5 million in the second quarter of 2018 against total expenses of SEK 1.9 million in the same quarter in the prior year. The increase of SEK 3.6 million is due to expenses related to activities in connection with the listing on Nasdaq main market. The operating loss amounted to SEK 5.1 million in the second quarter of 2018 against an operating loss of SEK 1.6 million in the second quarter of 2017. A net loss of SEK 5.2 million was recorded in the second quarter of 2018 against a net loss of SEK 1.6 million in same quarter in the prior year. The increase in operating and net loss relates to the increase in expenses mentioned above.

The parent company had inter-company revenue in the first half of 2018 of SEK 0.9 million against SEK 0.6 million in the first half of 2017. The parent company incurred total expenses of SEK 9.3 million in the first half of 2018 against total expenses of SEK 3.6 million in the first half in the prior year. The increase of SEK 5.7 million is primarily due to expenses related to activities in connection with the listing on Nasdaq main market. The operating loss amounted to SEK 8.4 million in the first half of 2018 against an operating loss of SEK 3.0 million in the first half of 2017. A net loss of SEK 8.5 million was recorded in the first half of 2018 against a net loss of SEK 3.0 million in same period of the prior year. The increase in operating and net loss relates to the increase in expenses mentioned above.

The parent company's cash and cash equivalents amounted to SEK 130.9 million at 30 June 2018, against SEK 35.5 million at 31 December 2017. Shareholders' equity was SEK 812.3 million at 30 June 2018, against SEK 716.1 million at 31 December 2017.

The group consists of Nuevolution AB (publ) (reg. no. 559026-4304) and Nuevolution A/S (reg. no. 26029708), which is the operating company within in the group.

Other information

LARGEST SHAREHOLDERS AS OF 29 JUNE 2018

Shareholder	Number of shares	Percent of capital
Sunstone LSV Fund I K/S	10,242,701	20.7
SEB Venture Capital	10,084,942	20.4
Stiftelsen Industrifonden	8,997,908	18.2
SEB Utvecklingsstiftelse	3,288,306	6.6
SEB-Stiftelsen	2,458,009	5.0
Avanza Pensionförsäkrings AB	1,180,922	2.4
LMK Forward	1,134,000	2.3
AAGCS NV RE AACB NV RE EURO CCP	704,936	1.4
Nordnet Pensionförsäkrings AB	503,909	1.0
Vätterleden AB	500,000	1.0
Claus Resen Steenstrup and family	390,672	0.8
LUXEMBOURG AIF Clients account	390,092	0.8
Granit Småbolag	365,000	0.7
Henry Dunkers Förvaltning	283,225	0.6
Carnegie Investment Bank AB	242,868	0.5
TIBIA Konsult AB	240,000	0.5
Fynske Bank	218,776	0.4
Stig Løkke Pedersen	212,334	0.5
Hans Engblom and family	200,070	0.4
Elementa	192,045	0.4
Others	7,694,188	15.5
Total no. shares outstanding	**49,524,903**	**100.0**

The shareholdings by Nuevolution's Stig Løkke Pedersen (Chairman) (212,334) and Alex Haahr Gouliaev (CEO) (70,778) are unchanged compared with 31 December 2017.

FINANCIAL CALENDAR

Dates are updated compared to previously announced.

EVENT	DATE
Q3 2018 report	28 November 2018
Q4 2018 report	7 March 2019

FORWARD-LOOKING STATEMENTS

This financial report includes statements that are forward-looking, and actual future results may differ materially from those stated. In addition to the factors explicitly commented upon, other factors that may affect the actual future results are for example development within research programs, including development in preclinical and clinical trials, the impact of competing research programs, the effect of economic conditions, the effectiveness of the company's intellectual property rights and preclusions of potential second party's intellectual property rights, technological development, exchange rate and interest rate fluctuations and political risks.

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This information is information that Nuevolution AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Market Act. The information was sent for publication, through the agency of the contact persons set out above, on 22 August 2018 at 18:00.

Group - Condensed interim consolidated income statement

TSEK	Apr. - Jun. 2018	Apr. - Jun. 2017	Jan. - Jun. 2018	Jan. - Jun. 2017
Revenue from contracts with customers	585	5,857	8,847	7,395
Research and development expenses	-25,665	-28,485	-49,932	-54,638
Sales, general and administration expenses	-9,466	-6,282	-16,463	-11,510
Operating expenses	**-35,131**	**-34,767**	**-66,395**	**-66,148**
Other operating income	692	91	863	155
Operating result	**-33,854**	**-28,819**	**-56,685**	**-58,598**
Financial income	117	274	313	559
Financial expenses	-314	-378	-831	-969
Result before tax	**-34,051**	**-28,923**	**-57,203**	**-59,008**
Corporate tax	1,907	1,643	3,748	2,701
Net result for the period	**-32,144**	**-27,280**	**-53,455**	**-56,307**
Net income attributable to stockholders of the parent company	**-32,144**	**-27,280**	**-53,455**	**-56,307**
Basic earnings per share (EPS), SEK	-0.71	-0.64	-1.21	-1.31
Diluted earnings per share (EPS-D), SEK	-0.71	-0.64	-1.21	-1.31

Group - Condensed consolidated statement of comprehensive income

Net result for the period	**-32,144**	**-27,280**	**-53,455**	**-56,307**
Other comprehensive income:				
Items subsequently reclassified to Profit and Loss:				
Foreign exchange differences	730	1,314	3,556	907
Total net comprehensive result for the period	**-31,414**	**-25,966**	**-49,899**	**-55,400**

Group - Condensed interim consolidated balance sheet

TSEK	30 June 2018	30 June 2017	31 Dec. 2017
ASSETS			
Non-current assets			
Tangible fixed assets	6,038	5,538	6,340
Financial fixed assets	9,544	6,397	5,334
Total non-current assets	**15,582**	**11,935**	**11,674**
Current assets			
Current receivables, non-interest bearing	9,116	10,125	10,326
Cash and cash equivalents	161,689	179,595	114,758
Total current assets	**170,805**	**189,720**	**125,084**
TOTAL ASSETS	**186,387**	**201,655**	**136,758**
EQUITY AND LIABILITIES			
Shareholders' equity	**165,535**	**169,962**	**111,091**
Non-current interest bearing liabilities	**2,466**	**2,939**	**2,810**
Current liabilities			
Current liabilities, interest bearing	1,273	1,482	1,375
Current liabilities, non-interest bearing	16,535	19,506	18,450
Contract liabilities	578	7,766	3,032
Total current liabilities	**18,386**	**28,754**	**22,857**
TOTAL EQUITY AND LIABILITIES	**186,387**	**201,655**	**136,758**

Group - Condensed interim consolidated statement of cash flows

TSEK	Apr. - Jun. 2018	Jul. - Sep. 2017	Jan. - Jun. 2018	Jan. - Jun. 2017
Operating activities				
Result before tax	-34,051	-28,923	-57,203	-59,008
Adjustment for depreciation of plant and equipment	492	441	983	864
Adjustment for non-cash effect of the share-based payments	24	0	51	0
Financial income	-117	-274	-313	-559
Financial expenses	314	378	831	969
Cash flow before change in working capital	**-33,338**	**-28,378**	**-55,651**	**-57,734**
Change in working capital	141	6,346	-2,866	110,261
Cash flow from operations	**-33,197**	**-22,032**	**-58,517**	**52,527**
Interest received	38	211	163	275
Interest paid	-311	-308	-739	-764
Corporate taxes paid	0	0	0	-20,224
Cash flow from operating activities	**-33,470**	**-22,129**	**-59,093**	**31,814**
Investing activities				
Investments in plant, equipment, fittings and tools	-239	0	-345	-64
Investments in financial assets	0	0	-28	-9
Cash flow from investing activities	**-239**	**0**	**-373**	**-73**
Financing activities				
New share issue	110,000	0	110,000	0
Issue expenses	-5,708	0	-5,708	0
Repayments of lease liabilities	-338	-346	-725	-671
Cash flow from financing activities	**103,954**	**-346**	**103,567**	**-671**
Cash flow for the period	**70,245**	**-22,475**	**44,101**	**31,070**
Currency translation differences	614	1,163	2,830	843
Cash and cash equivalents, beginning of period	90,830	200,907	114,758	147,682
Cash and cash equivalents, end of period	**161,689**	**179,595**	**161,689**	**179,595**

Group - Condensed interim consolidated statement of changes in equity

TSEK	Share capital	Share premium	Retained earnings	Currency translation reserve	Total equity
Equity at 1 January 2018	**42,858**	**699,203**	**-631,559**	**589**	**111,091**
Result for the period	-	-	-53,455	-	-53,455
Other comprehensive income	-	-	-	3,556	3,556
Total comprehensive income	**-**	**-**	**-53,455**	**3,556**	**-49,899**
Transactions with owners					
Share based payments	-	-	51	-	51
Share issue	6,667	103,333	-	-	110,000
Costs related to the share issue	-	-5,708	-	-	-5,708
Total transaction with owners	**6,667**	**97,625**	**51**	**-**	**104,343**
Total changes in equity	**6,667**	**97,625**	**-53,404**	**3,556**	**54,444**
Equity at 30 June 2018	**49,525**	**796,828**	**-684,963**	**4,145**	**165,535**

TSEK	Share capital	Share premium	Retained earnings	Currency translation reserve	Total equity
Equity at 1 January 2017	**42,858**	**699,203**	**-514,186**	**-2,513**	**225,362**
Result for the period	-	-	-56,307	-	-56,307
Other comprehensive income	-	-	-	907	907
Total comprehensive income	**-**	**-**	**-56,307**	**907**	**-55,400**
Transactions with owners					
Share based payments	-	-	-	-	-
Total transaction with owners	**-**	**-**	**-**	**-**	**-**
Total changes in equity	**-**	**-**	**-56,307**	**907**	**-55,400**
Equity at 30 June 2017	**42,858**	**699,203**	**-570,493**	**-1,606**	**169,962**

Parent - Condensed interim income statement

TSEK	Apr. - Jun. 2018	Apr. - Jun. 2017	Jan. - Jun. 2018	Jan. - Jun. 2017
Revenue	412	323	853	646
Research and development expenses	0	0	0	0
Sales, general and administration expenses	-5,539	-1,933	-9,258	-3,607
Operating expenses	**-5,539**	**-1,933**	**-9,258**	**-3,607**
Operating result	**-5,127**	**-1,610**	**-8,405**	**-2,961**
Financial income	9	1	11	4
Financial expenses	-70	-7	-116	-15
Result before tax	**-5,188**	**-1,616**	**-8,510**	**-2,972**
Corporate tax	0	0	0	0
Net result for the period	**-5,188**	**-1,616**	**-8,510**	**-2,972**

Parent - Condensed interim balance sheet

TSEK	30 June 2018	30 June 2017	31 Dec. 2017
ASSETS			
Non-current assets			
Investments in subsidiaries	682,699	632,699	682,699
Total non-current assets	**682,699**	**632,699**	**682,699**
Current assets			
Current receivables, Group Company, interest bearing	412	318	629
Current receivables, non-interest bearing	1,381	766	1,197
Cash and cash equivalents	130,913	90,982	35,451
Total current assets	**132,706**	**92,066**	**37,277**
TOTAL ASSETS	**815,405**	**724,765**	**719,976**
EQUITY AND LIABILITIES			
Shareholders' equity	**812,344**	**723,074**	**716,061**
Current liabilities			
Current liabilities, non-interest bearing	3,061	1,691	3,915
Total current liabilities	**3,061**	**1,691**	**3,915**
TOTAL EQUITY AND LIABILITIES	**815,405**	**724,765**	**719,976**

Notes to the interim condensed consolidated financial statements

Note 1: Accounting policies

The Interim Report for the group and parent company comprises summary consolidated financial statements of Nuevolution AB (publ). The interim consolidated financial statements include the Company's wholly-owned Danish subsidiaries, Nuevolution A/S and the parent company, Nuevolution AB.

ACCOUNTING POLICIES
The Interim Condensed Report for the group has been prepared in accordance with the International Financial Reporting Standard IAS 34 "Interim Financial Reporting" as adopted by EU and additional Swedish disclosure requirements for the financial statements of listed companies. The parent company prepares its interim report in compliance with Sweden's Annual Account Act.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2017.

At the annual general meeting on 12 October 2017, the shareholders approved new Articles of Association, including the change of fiscal year from 1 July - 30 June to 1 January - 31 December. This means that Nuevolution reported a shorter 2017 fiscal year, which comprises 1 July – 31 December 2017. Therefore, this interim report is the second for the fiscal year 1 January – 31 December 2018.

Reclassification
Previously reimbursed expenses (Q2 2018: TSEK 0, Q2 2017: TSEK 48, H1 2018: TSEK 169, H1 2017: TSEK 48) and government grants (Q2 2018: TSEK 692, Q2 2017 TSEK 137, H1 2018: TSEK 863, H1 2017 TSEK 201) have been presented as revenue. Since neither reimbursed expenses nor government grants meet the characteristics of revenue, reimbursement of expenses has been reclassified and set-off against related costs and income from government grants has been reclassified to other operating income. The reclassification has no impact on the net result, earnings per share, financial position or cash flow. The comparative figures in the income statement have been restated retrospectively.

NEW STANDARDS AND INTERPRETATIONS
The Group has for the first time applied standards and interpretations, which are effective for the financial year 2018:

- IFRS 9 Financial Instruments.
- IFRS 15 Revenue from contract with customers.
- Amendment to IFRS 2 Classification and measurement of share based-payment transactions
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- Annual improvements to IFRS Standards 2015-2017

The new standards and interpretations have no significant impact on the group.

For the first time, the Group has applied IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers.

Adoption of IFRS 9 Financial instruments requires an update of the accounting policy for possible impairment of trade receivables and other financial assets. From 1 January 2018, the group has adopted the expected loss model which changes the timing of when an impairment loss will be recognized. Neither the former model for impairment of financial assets nor adoption of the new expected loss model lead to recognition of impairment losses.

The accounting policy for IFRS 9 Financial Instruments will be updated reflecting the new accounting standards during the financial year and published in connection with the annual financial reporting for 2018.

The group applied IFRS 15 Revenue from contract with customers using the modified retrospective method which means that the comparative figures not are restated. Implementation of IFRS 15 has not resulted in any difference in income statement, which means that implementation is expected to have limited impact on comparability with comparative periods. For a more detailed

description of the implementation of IFRS 15 and the Group's accounting principles in accordance with IFRS 15, see the Group's interim report for the first quarter of 2018.

Except of the adoption of IFRS 9 and IFRS 15 the accounting policies are consistent with those applied to the Annual Report for 2017, prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. For a full description of accounting policies, see Annual Report for 2017 page 32-35 and notes to the income statement and balance sheet.

NEW STANDARDS EFFECTIVE FROM 2019
IASB has issued IFRS 16 "Leases", which is effective for accounting periods beginning 1 January 2019. The Group plans to adopt the new standard on the required effective date by using the modified retrospective method, which means that comparative figures for prior periods is not restated. The Group has operational lease agreements for office premises, affected by the implementation of IFRS 16. The implementation of the retrospective model is expected to impact the total assets and liabilities on 1 January 2019, but is not expected to have an impact on the opening equity. The implementation is expected to have minor impact on net and operating profit and earnings per share. Cash flow will not be impacted by the adoption of IFRS 16.

For a more detailed description of the implementation of IFRS 16 and the Group's accounting policies in accordance with IFRS 16, see the Annual Report for 2017 page 33.

FINANCIAL INSTRUMENTS
For financial instruments there are no material differences between fair value and carrying amounts of the financial assets and liabilities.

Note 2: Critical accounting estimates and judgements

In preparing the interim consolidated financial statements, management makes various accounting judgements and estimates and define assumptions, which form the basis of recognition, measurement and presentation of the group's assets and liabilities.

The estimates and assumptions applied are based on historical experience, the most recent information available at the reporting date, and other factors that management considers reasonable under the circumstances.

The basis for judgements and information can by nature be inaccurate or incomplete, and the company is subject to uncertainties, which can result in an actual outcome that deviates from estimates and defined assumptions. It may be necessary in the future to change previous estimates and judgements as a result of supplementary information, additional knowledge and experience or subsequent events.

In applying the group's accounting policies described in note 1 and in the annual report, management has exercised critical accounting judgements and estimates, which significantly influence on the amounts recognized in the consolidated financial statements.

For additional descriptions of significant judgements and estimates, refer to note 4, 5, 11 and 13 in the 2017 annual report.

Note 3: Risk

All business operations in Nuevolution involve risk. Risk management is essential and integral part of the company's operation and strategy. Please refer to the annual report for 2017, page 20 and note 22, page 55-57 and prospectus (June 2018), risk factor section for detailed description of risk factors and risk management.

Note 4: Revenue from contracts with customers and contract liabilities

Group

TSEK	1 April - 30 June 2018	1 April - 30 June 2017 [1]	1 January - 30 June 2018	1 January - 30 June 2017 [1]
Upfront payments from services transferred over time	585	5,857	2,537	7,395
Milestone payments (at a point in time)	0	0	6.310	0
Total revenue from contracts with customers	**585**	**5,857**	**8,847**	**7,395**
Revenue from contracts with customers split by geographical area:				
Sweden	-	-	-	-
USA	585	5,857	8,847	7,395
Total	**585**	**5,857**	**8,847**	**7,395**

Balance Sheet

Contract liabilities		
Deferred revenue from contracts with customers:	30 June 2018	30 June 2017 [1]
Balance at beginning of period	3,032	9,548
Additions	0	5,789
Deductions	2,537	7,395
Exchange rate adjustments	83	-176
Balance at end of period	578	7,766
Expected to be recognized in the income statement:		
Current	578	6,486
Non-current	0	1,280
Total	**578**	**7,766**

[1] Comparative figures for 2017 has been prepared in accordance with IAS 18

The future recognition in the income statement is based on the current assessment.

Note 5: Warrant program

Nuevolution AB (publ) established warrant programs as an incentive for members of the Executive Management, Board of Directors, other members of group managements and the group's employees.

The warrant activity during the period from 1 January – 30 June 2018 and 1 January – 30 June 2017, respectively, is outlined below.

	Warrant program 2015/21		Warrant program 2016/21	
	1 January – 30 June 2018	1 January – 30 June 2017	1 January – 30 June 2018	1 January – 30 June 2017
Outstanding warrants 1 January	5,061,858	5,070,518	70,000	0
Granted	0	0	0	0
Exercised	0	0	0	0
Expired/lapsed/cancelled	0	0	0	0
Outstanding warrants 30 June	5,061,858	5,070,518	70,000	0

A detailed description of the warrant programs can be found in the annual report for 2017, note 25, page 58-61.

Note 6: Related parties

Information on trading with members of the Board of Directors during the period is provided below:

TSEK	1 April – 30 June 2018	1 April – 30 June 2017	1 January – 30 June 2018	1 January – 30 June 2017
Consultancy fee to members of Board of Directors:				
Jeanette Wood (consultancy fee)	15	23	37	45
Jutta Heim (consultancy fee)	15	22	37	44
Related parties with significant influence:				
SEB (paid interest and fees)	81	39	151	134
SEB (bank deposit)			154,701	173,109

In addition to the above, the Board of Directors has received remuneration in accordance with the decision made on the ordinary shareholders meeting 12 October 2017. The senior management has salaries, pension contribution etc. in line with previous periods.

Note 7: Contingent liabilities

Nuevolution A/S is currently involved in one pending commercial litigation arising out of the normal conduct of its business (case against Henrik Pedersen). Nuevolution AB (publ) does not expect the pending commercial litigation to have a material impact on Nuevolution AB (publ)'s financial positon, operating profit or cash flow in addition to the amounts accrued.

Please refer to the annual report for 2017, page 17 and prospectus (June 2018), page 104 for a detailed description.

Note 8: Events occurred between 30 June and 22 August 2018

On 18 July, Nuevolution announced that Amgen exercises opt-in right in first program from multiple target research collaboration with Nuevolution. Subject to further successful development, and upon Amgen's discretionary decision to exercise its future option to license, Nuevolution will initially be eligible to receive a licensing fee of at least USD 10 million depending on the development stage of the program at licensing.

Definition of key performance indicators that are not defined by IFRS

Non-IFRS measures	Description	Reason for use of the measure
Shareholders' equity per share	Equity / Number of shares, end of reporting period	This measure shows the book value of each share in the company after all net debt is paid.
Net cash	Cash and cash equivalents – Lease liabilities – Current portion of long-term lease liabilities	This measure shows the company's cash position after debt has been repaid.
Net working capital (NWC)	Trade Receivables + Other current receivables and prepayments – Trade payable – Prepayments from customer – Deferred income – Other Current Liabilities	This measure shows how much net working capital is locked up in the operations and that can be related to sales to understand how effectively restricted net working capital is used in the operations.
Operating result	Revenue from contract with customers – R&D expenses – Sales, general and administration expenses + Other operating income	This measure provides a general picture of the profit generated from operating activities.
Equity ratio	Equity (end of reporting period) / Total assets	This measure shows which proportion of the balance sheet total that is financed by equity and is used by management to monitor the Company's long-term financial strength and ability to withstand losses.

Reconciliation tables

The following section presents the reconciliation of Net working capital, Net cash, Equity ratio, Shareholders' equity per share and Operation result. For a description of the calculation of non-IFRS measures and the reason for use, see below as well as the section "*- Definition of key performance indicators that are not defined by IFRS*".

Shareholders' equity per share

TSEK	30 June 2018	30 June 2017	31 December 2017
Equity	165,535	169,962	111,091
Number of shares, end of reporting period	49,525	42,858	42,858
Shareholders' equity per share	**3.34**	**3.97**	**2.59**

Net cash

TSEK	30 June 2018	30 June 2017	31 December 2017
Cash and cash equivalents	161,689	179,595	114,758
Lease liabilities	-2,466	-2,939	-2,810
Current portion of long-term lease liabilities	-1,273	-1,482	-1,375
Net cash	**157,950**	**175,174**	**110,573**

Net working capital

TSEK	30 June 2018	30 June 2017	31 December 2017
Trade receivables	185	93	575
Other current receivables	3,812	2,902	4,925
Trade payables	-6,978	-10,986	-9,979
Prepayments from collaboration partners	-2,324	-957	-1,956
Deferred income	-578	-7,766	-3,032
Other current liabilities	-7,233	-7,563	-6,515
Net working capital	**-13,116**	**-24,277**	**-15,982**

Operating result

TSEK	1 April - 30 June 2018	1 April – 30 June 2017	1 January - 30 June 2018	1 January - 30 June 2017
Revenue from contracts with customers	585	5,857	8,847	7,395
Research and development expenses	-25,665	-28,485	-49,932	-54,638
Sales, general and administration expenses	-9,466	-6,282	-16,463	-11,510
Other operating income	692	91	863	155
Operating result	**-33,854**	**-28,819**	**-56,685**	**-58,598**

Equity ratio

TSEK	30 June 2018	30 June 2017	31 December 2017
Equity end of reporting period	165,535	169,962	111,091
Total assets	186,387	201,655	136,758
Equity ratio (%)	**89**	**84**	**81**

Statement of assurance

The Board of Directors and the CEO of Nuevolution AB (publ) provide their assurance that the interim report provides a fair and true overview of the Parent Company's and the Group's operations, financial position and results, and describes material risks and uncertainties faced by the parent Company and the companies in the Group.

Stockholm, 22 August 2018

Alex Haahr Gouliaev
CEO

Stig Løkke Pedersen
Chairman of the Board

Lars Henriksson
Board member

Søren Lemonius
Board member

Jutta Heim
Board member

Jeanette Wood
Board member

The interim report has not been audited or reviewed by company's auditors

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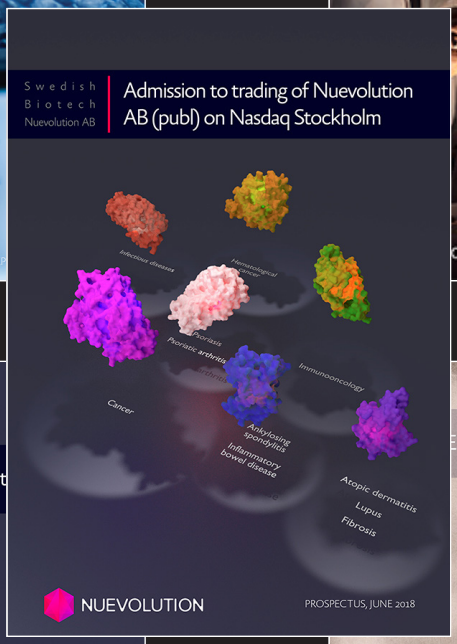

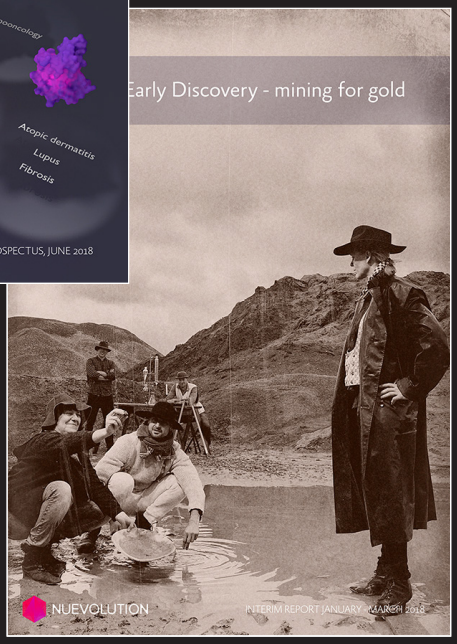

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