Swedish
Biotech
Nuevolution

11 Nations Fighting Cancer and Inflammation

NUEVOLUTION

FOURTH QUARTER 2016/17

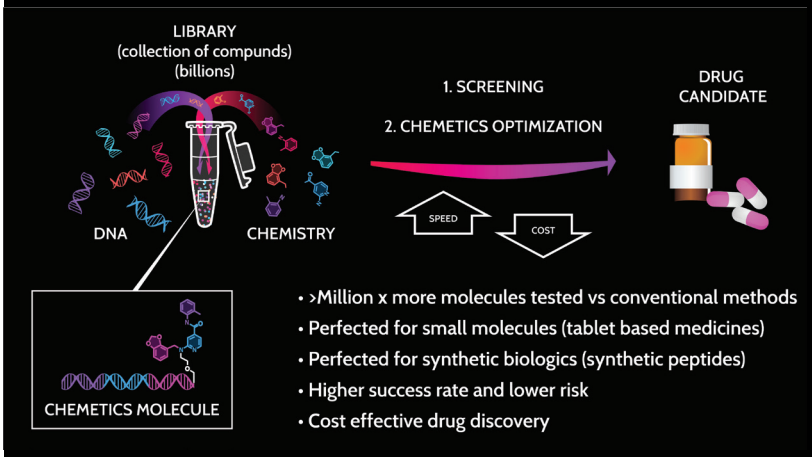
Company & Stock

Company: Nuevolution AB (publ), established 2001
Industry: Health Care, Biotech
Website: www.nuevolution.com
Market: Nasdaq First North Premier, Stockholm
Ticker: NUE.ST
Number of shares: 42,858,236
Market value (01.09.2017): SEK 651.4 million
Share price range (12M): 9.60-20.30 SEK/share
Share price (01.09.2017): 15.20 SEK/share
Major shareholders: SEB Venture Capital, Sunstone Capital, Industrifonden and SEB Utvecklingsstiftelse

Stock Performance (12M)

Analysts: Jarl Securities, Remium, Edison, Redeye and Økonomisk Ugebrev

Technology Platform



Goal

- Own clinical pipeline
- Broad portfolio of pre-clinical progams

Business Model

- Apply discovery platform against many disease targets
- Allowing high upside and lower risk
- Focus: Oncology & severe inflammatory indications
- Keep select programs for revenue generation

Achievements to date

- 17 agreements with partners (incl. Merck, Novartis, GSK, Boehringer Ingelheim, Janssen, Amgen, Almirall)
- Realized revenues: Approx. SEK 525 million

Pipeline

Programs	Indication	Discovery	Preclinical	Phase I	Partner
RORγt inverse agonist	Dermatology/PsA				Almirall
RORγt inverse agonist	Other indications				NUEVOLUTION
BRD BD 1	Inflammation				NUEVOLUTION
Cytokine X	Inflammation				NUEVOLUTION
RORγt agonist	Immuno-oncology				NUEVOLUTION
GRP78	Oncology				NUEVOLUTION
10+ research programs	Oncology, Immunology, Immuno-oncology				NUEVOLUTION
Research collaborations					
Multi-target collaboration	Oncology, Neuroscience				AMGEN
Contract research	Oncology, Inflammation, Infectious diseases				Johnson & Johnson
NSD1, 2, 3	Hematological cancers				BRIC

News & Events

Mar. 6, Additional technology access fee payment from drug discovery collaboration with Janssen Biotech

Mar. 20, BioEurope Spring 2017 presentation of progress in three pipeline programs

Jun. 19, Positive animal results in Lupus with BET selective compounds

Sep. 12, Rodman & Renshaw's Annual Global Investment Conference, New York

Sep. 18, 2016/17 Annual report

Sep. 19, InvestorDagen, Dansk Aktionærforening, Copenhagen

Sep. 27, Aktiedagen, Aktiespararna, Malmoe

Management & Contact

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CFO Henrik Simonsen, M.Econ
CSO Thomas Franch, Ph.D.
CBO Ton Berkien, B.Econ.

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PHOTOS
Photo series (page 1,4 and 5) by Thomas Rønn, TR MEDIA: "11 Nations Fighting Cancer and Inflammation" featuring Nuevolution staff.

A very successful year with continued positive pipeline progress during the quarter

Fourth quarter and full year 2016/17 summary

- Fourth quarter: Revenue amounted to SEK 5.9 million (3.1). Full year: SEK 120.3 million (21.3)
- Fourth quarter: Operating expenses were SEK 34.8 million (79.8). Full year: SEK 130.8 million (173.2)
- Fourth quarter: Operating result was SEK -28.8 million (-76.3). Full year: SEK -10.5 million (-151.9)
- Fourth quarter: Net result was SEK -27.3 (-74.7) million. Full year: SEK -25.5 million (-145.0)
- Fourth quarter: Diluted earnings per share (EPS-D) was SEK -0.63 (-1.74). Full year: SEK -0.59 (-3.98)
- Cash and cash equivalents amounted to SEK 179.6 million as per June 30, 2017 (206.0). Net cash amounted to SEK 175.2 million as per June 30, 2017 (SEK 201.3)
- Our partnership with Almirall on the development of RORγt inhibitors for Dermatology and Psoriatic Arthritis has progressed very well during Q4 and in accordance with the work plan
- In the fourth quarter, an additional study on Nuevolution's RORγt inhibitor in animal models of Inflammatory Bowel Disease (IBD) was initiated to support the mechanism-of-action of our RORγt inhibitors in IBD. This data is expected to be reported in the second half of 2017
- In the selective BET BD1 bromodomain inhibitor (Inflammation) program, we have tested the NUE7770 lead compound in the genetic model of Lupus (MRL/lpr), and demonstrated a dose-dependent reduction in antibodies raised against dsDNA, a recognized and applied biomarker of human Lupus as well as positive effect on lymph node parameters. Further tests of the mechanism-of-action of NUE7770 in Lupus, fibrosis and other Th17-related diseases, and additional *in vitro* and *in vivo* safety studies are on-going. Results from these tests will be reported later in 2017
- The Amgen collaboration is progressing according to plan with our main focus now on reaching proof-of-concept in animal disease models for the first programs

Events occurred after June 30, 2017:

None

"It has been a very successful and productive year for the company with major achievements on multiple fronts including execution of major agreements and realization of significant revenues, pipeline program progress and technology achievements. We have a strong foundation to be optimistic also for the results of the coming fiscal year 2017/18", CEO Alex Haahr Gouliaev stated.

The Interim Report has been prepared in both Swedish and English language. In case of discrepancy, it is the Swedish version which prevails.

Where amounts are noted in EUR or USD and the equivalent amount also is noted in SEK, the exchange rate used is that of the transaction date.

Message from the CEO

Dear shareholder, Dear reader

I am really pleased to conclude on the fiscal year that has passed. Nuevolution's strong and ambitious interdisciplinary team delivered very well during 2016/17.

We executed major agreements with Almirall and Amgen, and secured a continued strong cash position of SEK 179.6 million (as per June 30, 2017). We expanded our Janssen collaboration, we received a research grant from Innovation Fund Denmark, announced a massive expansion of our technology platform and the applicability of it, and matured our pipeline programs such that further programs are now getting closer to candidate nomination and clinical studies. All of this in line with our strategic objective to develop multiple programs within the field of oncology and inflammation, where some programs will be developed by Nuevolution into clinical development stages, whereas other programs will be out-licensed to a partner of choice.

In this quarterly report, and besides reporting on the most recent news, we also offer you further insight into Nuevolution's unique mode of operation. A *modus operandi* that enables us to deliver such diverse and attractive results during one year.

It has been a very busy fourth quarter, where for example the results from the study of our selective bromodomain BET BD1 inhibitors (inflammation) in a genetic mouse model of Lupus were expected with excitement. The study came out positive, confirming potential use for treatment of Lupus, and showed that treatment was well tolerated during the eight weeks of the study. Additional animal studies for efficacy and safety is currently on-going.

Significant promotional activities have been made with three scientific conference presentations during the quarter and one during July. We participated in the annual major business event BIO International convention, and have had multiple investor events and investor face-to-face meetings. Finally by end of June, we concluded the fiscal year with our annual board strategy meeting. The Annual Report, is scheduled for release on September 18, 2017. We are looking forward to sharing this with you.

Our Annual General Meeting is this year scheduled to be held on October 12, 2017 in Stockholm. We hope to see you there or at one of the events during autumn.

I would like to thank my colleagues, the staff at Nuevolution, as well as our board and advisors for important contributions during the year and in realizing a very productive year for the company. I also wish to state our appreciation to our shareholders for your long-term support as well as support on a daily basis in the market place.

Stockholm, September 6, 2017

Alex Haahr Gouliaev, CEO
Nuevolution AB (publ)

NUEVOLUTION - 11 NATIONS vs HUMAN DISEASES

Sweden

Argentina

Denmark

Poland

Croatia

Spain

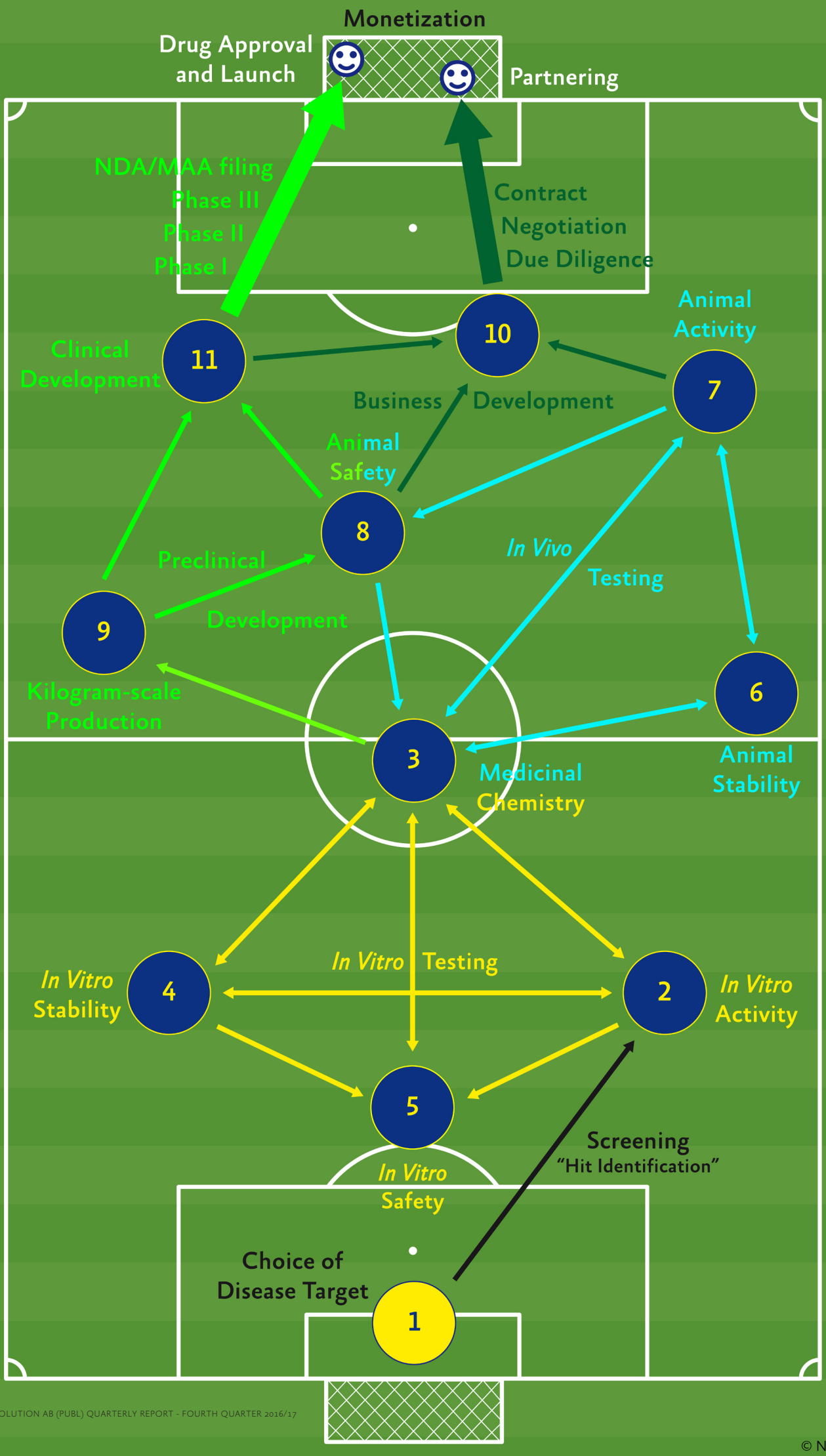
Faroe Islands

The Netherlands

Latvia

Slovakia

Italy



Drug Discovery & Development Explained

From Idea to Monetization

To win a football match you need to score goals, and since every shot at goal will not be successful, it is important to create as many opportunities as possible within the time limits of the match. Good team play is crucial for success, and every player has different tactical responsibilities.

The goal in the life science biotech industry is deal-making/partnering and later product sales, when a new efficacious and safe medicine is approved to the benefit of patients and company shareholders.

In the Drug Discovery & Development process, team play is also crucial and each player (research discipline) has a unique and important tactical role. At approval, one single molecule (the ball that made the goal) becomes the approved active pharmaceutical ingredient (API) in the new medicine. This will be a molecule that shows superiority when compared to other molecules with regards to exhibiting low toxicity/side effects at concentrations and doses where it elicits the effect that is intended, while at the same time offering appropriate duration of action by having sufficient stability against metabolism/degradation.

Put very simplistically, these three core parameters: **activity, stability** and **safety** need to be confirmed as being appropriate for a molecule both *in vitro* (in test tubes, cells etc.), *in vivo* (in animals) and in humans (Phase I-III clinical studies). As such, every test molecule (ball) is passed around between players (research disciplines) to determine its properties. Most molecules do not have the required properties, and Medicinal Chemistry (3) has the role as a *Playmaker* to constantly provide/synthesize additional new alternative molecules, thereby seeking the identification of better molecules, i.e. start the game again with a new ball that is passed around.

Our Chemetics® technology allows Nuevolution to put multiple balls in play simultaneously, allowing us to identify promising molecules amongst trillions of molecules from our screening libraries, as well as by having an extremely efficient process for synthesis of new alternative molecules, thereby increasing our odds for identification of an optimal molecule, which can be played forward to score the goal (a successful program).

The overall process therefore consists of a high number of iterations (ball passes) back and forth between Chemistry (molecule synthesis) and Biology (data generation). At Nuevolution, we seek to apply a research tactic similar to the football style of play known as *Tiqui-taca/Tiki-taka*, i.e. fast play with precise passes of each ball between mobile players, thereby ensuring rapid and optimal data generation to guide Medicinal Chemistry. We are able to do this because of our powerful technology platform for both screening and compound synthesis providing us with more molecules faster, as well as through flexible internal access to assays and external support on a need basis from a wide range of providers of biology assays and animal models.

We have a very goal-oriented aggressive playing style, where the ball is passed often to Business Development (10) to make a shot at goal for partnering and program monetization, and we have on-going activities to reach our own clinical studies (11). The highly iterative process of Drug Discovery & Development may simplistically be outlined as follows:

Process: Hit Identification (1-2)
A protein target or a cellular mechanism identified as being the cause of a human disease is selected (1) by Nuevolution for screening using our Chemetics® platform. In the screening process, we identify the most promising first molecules (termed *Hits*) that exhibit the intended activity (2), e.g. target binding or cell-based activity.

Process: Hit Optimization (2-3-4-5)
If Hit molecules already show good *in vitro* activity (2), i.e. they are potent, they are submitted to *in vitro* (e.g. liver cells) stability (4) testing and *in vitro* safety testing (5) (tests for unwanted activity against other targets or cell types than the intended one). Based on data, Nuevolution Medicinal Chemistry (3) will rapidly synthesize tens or hundreds of new molecules that have slightly different (modified) structures, but are still similar/related to the original Hits. These are then submitted to *in vitro* activity (2), stability (4) and safety testing (5). At some point, better molecules may be obtained and are often termed *Optimized Hits*. In the process, crystal structures (3D visualisation) of molecules bound to the target protein (like a 3D key and lock model) may be obtained. Such information will help to further guide Medicinal Chemistry to where modification of molecules is possible without destroying the ability of the molecules to interact (e.g. block/inhibit or stimulate) with the target.

Process: Hit-to-Lead Optimization (2-3-4-5-6-7-(8))
Optimized Hits will then be tested for stability in animals (6) to determine, for example, plasma/tissue concentration as a function of time after dosing of the animals. This is called pharmacokinetic (PK) studies. Molecules will also be submitted to testing for activity in animal disease models (7), which are considered predictive and relevant for the human disease. The animal studies for activity will also provide some insight into tolerability, i.e. preliminary safety properties (8). Based on the further data generated, Medicinal Chemistry will synthesize even further new molecules, which are both tested *in vitro* (2-4-5) and *in vivo* (6-7). The information guiding Medicinal Chemistry about how molecule structure impacts activity is often called Structure Activity Relationship (SAR), whereas information guiding Medicinal Chemistry about how molecule structure impacts stability, safety and other properties is often called Structure Property Relationship (SPR).

At some point, molecules showing good properties in both *in vitro* assays (activity, stability and safety) and *in vivo* animal models (stability & activity (and tolerability)) may have been obtained and are often termed *Leads* or *Lead Compounds/ Molecules*.

Process: Lead-to-Optimized Lead-to-Candidate Nomination (2-3-4-5-6-7-8)

Medicinal Chemistry (3) should preferably provide multiple Leads. Such Leads are then tested more thoroughly in a much wider range of cell types for potential unwanted activity and against a wider range of other targets (*in vitro* safety (5)), and will also be characterized in further *in vitro* activity assays to further support the understanding of their mechanism of action (2). Further *in vivo* stability (6) and activity (7) models are also conducted, and Medicinal Chemistry (3) will still provide additional molecules in the process of fine-tuning properties.

The best molecules may be termed *Optimized Leads* or a "*Pre-Candidate*" depending on how much additional testing is outstanding. The best (one or very few molecules) may be submitted to a non-regulatory animal safety study (8), where the Optimized Lead/Pre-Candidate will be dosed to animals for a longer period and at high doses (typically one, two or four weeks) and studies will be concluded by autopsy and safety assessment using a range of parameters. If the Optimized Lead/ Pre-Candidate can be concluded to have low toxicity/side effects at concentrations and doses where it elicits the effect that is intended, while at the same time offering appropriate duration of action both *in vitro* and *in vivo*, and the estimated Human Predicted Dose (HPD) is considered acceptable, then such a molecule may be nominated to become the "*Preclinical Candidate*", the "*Development Candidate*" or just the "*Candidate*". Additional molecules with slightly different property profiles and different structures may still be produced by Medicinal Chemistry (3) to become *Backup Compounds*.

Patents are usually filed to assure Freedom-to-Operate (FTO) and exclusivity on valuable molecules before appointing the Candidate compound intended for preclinical safety testing and human clinical studies.

Process: Pre-clinical Safety Studies (8-9)

During this phase, the Candidate molecule is synthesized and provided in large amounts in high purity in accordance with regulatory requirements (9) (GMP, regulatory Good Manufacturing Practice rules apply) and is then submitted to a regulatory toxicology study (8) (GLP, regulatory Good Laboratory Practice rules apply). Two animal species (often mouse/rat and dog/pig/monkey) are dosed with the Candidate molecule for typically 4 to 16 weeks to assess safety. A No Observable Adverse Effect Level (NOAEL) is established representing the exposure limit for the first-in-human trial and is intended to provide a good safety margin.

If the Candidate molecule passes this phase successfully, then an application for allowance of human clinical studies may be submitted to the authorities (termed IND Investigational New Drug application in the US, or CTA Clinical Trial Application in Europe).

Process: Clinical Studies (9-11-8 + 2-5 + 7)

The clinical studies consist of Phase I, II and III studies, which may be further sub-divided. However, clinical study designs today are less rigid than this classical division, but still seek to establish safety in healthy human volunteers (Phase I) and safety and efficacy in patients (Phases II and III). Phase III studies especially will include a large patient population, may include longer duration of treatment, comparison to current standard-of-care medication, and may include many other study parameters. Additional *in vitro* studies may still be performed to identify or optimize biomarkers, i.e. biological substances that are predictive for the disease and can be used for diagnosis as well as for monitoring efficacy of treatment. In addition, animal studies will continue to be performed to expand the safety margin, for example, in order to allow for longer treatment of humans or the testing for potential teratogenicity (fetus safety during pregnancy), or to validate biomarkers, and for much more.

Process: Approval

Provided that clinical studies were successful, and that a safe and efficacious new medicine has been validated in human clinical studies, the company may then submit an application for approval of the new medicine for the indications that were validated by the clinical studies (e.g. New Drug Application (NDA) submitted to the Food and Drug Agency (FDA) in the US and Marketing Authorization Application (MAA) submitted to the European Medicines Agency (EMA) in Europe). Following launch of the new medicine, the manufacturer and authorities will conduct pharmacovigilance, i.e. an overview of the drug's performance by reviewing drug safety reports from patients and health care providers involved in disease treatment.

Nuevolution 2016/17 Results

Nuevolution's strong and ambitious team and our Tiki-taka style of play delivered very well during 2016/17; scoring two important goals through agreements with Almirall and Amgen, we expanded our Janssen collaboration, we received a research grant from Innovation Fund Denmark, announced a massive expansion of our technology platform and the applicability of it, and matured our pipeline programs such that several balls are now in attack played to Business Development (10) for shots at goal or to be passed to Clinical Development (11). We feel optimistic about our matches in the coming year 2017/18.

Program activities

HIGHLIGHTS

- Our partnership with Almirall on the development of RORγt inhibitors for Dermatology and Psoriatic Arthritis has progressed very well during fourth quarter 2016/17 and in accordance with the work plan
- An additional study on Nuevolution's RORγt inhibitor (Inflammation) in animal models of Inflammatory Bowel Disease (IBD) was initiated in Q4 to support mechanism-of action of RORγt inhibitors in IBD. The data will be reported during second half of 2017
- In the selective BET BD1 bromodomain inhibitor (Inflammation) program, we have tested the NUE7770 lead compound in the genetic model of Lupus (MRL/lpr), and demonstrated a dose-dependent reduction in antibodies raised against dsDNA, a recognized and applied biomarker of human Lupus as well as positive effect on lymph node parameters. Further tests of the mechanism-of-action of NUE7770 in Lupus, fibrosis and other Th17-related diseases, and additional *in vitro* and *in vivo* safety studies are on-going. Results from these tests will be reported later in 2017
- The Amgen collaboration is progressing according to plan with our main focus now on reaching proof-of-concept in animal disease models for the first programs

Our RORγt inhibitor and selective bromodomain BET BD1 programs continue their maturation and progress according to plan. For both programs, we expect main data and subsequent decisions about optimal disease positioning during 2017.

RORγt INHIBITOR PROGRAM – IN COLLABORATION WITH ALMIRALL

The Almirall and Nuevolution collaboration on RORγt inhibitors for Dermatology and Psoriatic Arthritis has progressed very well in fourth quarter 2016/17 and in accordance with the work plan agreed between Almirall and Nuevolution.

RORγt INHIBITOR PROGRAM – OUTSIDE ALMIRALL COLLABORATION

Outside its collaboration with Almirall, Nuevolution is aggressively pursuing additional utilities of its RORγt inhibitors in other diseases of high unmet need such as Inflammatory Bowel Diseases (IBD) e.g. Ulcerative Colitis (UC) and Crohns Disease (CD) - See separate text box on IBD (p. 10).

We have previously reported the positive outcomes on colon parameters and biomarkers from two mouse IBD models using either DSS or TNBS (chemical irritants initiating colon inflammation). Collectively, the data support the relevance and potential use of Nuevolution's RORγt inhibitors for treatment of IBD, and we are currently conducting follow-up *in vivo* studies to support the detailed mechanism of action of our compounds in the specific disease setting. In addition to IBD, we are also currently pursuing other disease avenues dependent on active Th17 pathway signalling.

We maintain our objective to reach the conclusion for the potential next indication for our RORγt program during 2017. Provided that studies remain successful, we may subsequently pursue either out-licensing of the program or keep it for our own internal development - both options are in line with our overall business strategy.

BET BROMODOMAIN INHIBITOR (INFLAMMATION) - FIRST-IN-CLASS

Nuevolution's BET bromodomain inhibitors are potent and uniquely selective for the first bromodomain (BD1) of the BET family of proteins. These BET proteins play an important role in regulation of gene expression, which is highly important in e.g. inflammatory processes and in cancer.

Based on the initial promising data from the first Lupus model (Pristane-induced model) in third quarter 2016/17, a second Lupus study in the genetic MRL/lpr model was initiated. In this model, a mutation prevents normal control of lymphocyte maturation, thereby overstimulating the immune system to produce symptoms in animals similar to human Lupus clinical symptoms. During the eight-week study, orally-dosed NUE7770 was able to dose-dependently reduce auto-antibodies directed against double-stranded DNA (dsDNA) (Fig. 2) as well as having a positive effect on the size of lymph nodes (i.e. reduced lymphadenopathy) in animals dosed with the compound. The data from this model are in line with NUE7770 being a non-cytostatic inhibitor of auto-antibody production and provide further proof-of-concept and support for the efficacy and safety of NUE7770. Further data in-

INFLAMMATORY BOWEL DISEASE (IBD)

IBD is a group of chronic inflammatory conditions impacting the gastrointestinal tract. Crohn's Disease and Ulcerative Colitis are among the most prevalent inflammatory bowel diseases, impacting approximately 3 million people in the United States, Europe and Japan. Today's treatment options are based on antibiotics and anti-inflammatory drugs, immunosuppressive drugs, such as steroidal treatment and biological treatment options. However, the low-priced antibiotics, steroidal treatments and immune-suppressants come with burdensome side effects, whereas the biological treatment option is very expensive and only applicable in patients with severe inflammatory impact. In addition, some of these biological drugs (anti-TNF) are associated with non-responsiveness or the development of immunogenicity, meaning that the patient will not respond to such treatment. These so-called refractory patients, often severely impacted by the disease, will need to find other treatment options. Targeted therapy through the availability of novel (small molecule) oral drugs may provide the patient with effective, safe and easy to take medication.

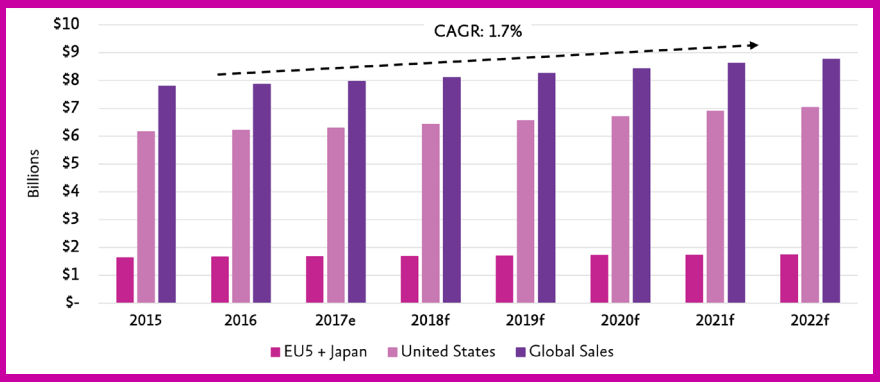


Figure 1. Sales in IBD 2015 – 2022 in US, EU5 and Japan.
The overall growth in the IBD market will be driven by the introduction of new innovative biological and small molecule treatment options, whereas the introduction of generic versions of older biological products (biosimilars), will put more pressure on the pricing of existing branded biological products. This results in an overall CAGR of ca. 2% of the forecasted period. (Source: Global Data 2014/2016, Nuevolution, 2017).

cluding cytokine biomarkers from the study is either pending or being processed and will be reported later in 2017.

Collectively, the exciting data showing positive effects of NUE7770 in both the Pristane and genetic models continue to support the potential utility of a BET BD1 selective compound for the treatment of human Lupus disease.

Our previous data from the Collagen-Induced Arthritis (CIA) study on NUE7770 supports the relevance of BET BD1 inhibitors in Th17-related diseases in general. We are presently conducting further testing to elucidate the inhibitor mechanism-of-action specific to Th17 cells at the levels of both biomarkers and gene expressions.

The previously released data from an animal IPF (Idiopathic Pulmonary Fibrosis (lung fibrosis)) study using NUE7770 supported potential utility of selective BD1 bromodomain inhibitors in fibrotic diseases. Based on this, we have initiated testing of NUE7770 for efficacy in a mouse model of Scleroderma and expect to report data from these studies later in 2017.

During fourth quarter 2016/17, NUE7770 was further tested in several safety assays with the compound showing no inhibition of the hERG channel supporting cardiovascular safety and also being negative in both Ames and micronucleus testing for genotoxicity. Based on the current positive efficacy and safety data obtained in these NUE7770 studies, we are now seeking to complete all necessary data including further chemistry optimization, which aims for potential nomination of the Candidate compound. Prior to Candidate nomination additional *in vitro* and *in vivo* safety data will be generated, and may give further positive data on safety or potential ne-

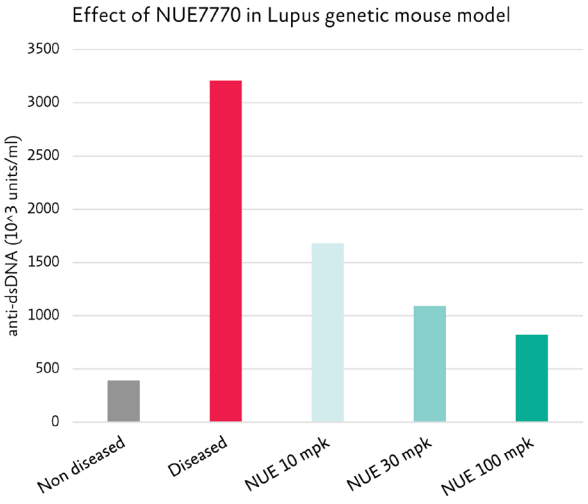


Figure 2. Activity of NUE7770 on anti-dsDNA (disease biomarker) mAb levels in the genetic (MRL/lpr) mouse model of lupus. Abbreviations: mpk - milligram per kilogram (size of dose of NUE7770 per weight unit of mouse).

LUPUS

Systemic lupus erythematosus (SLE) is a systemic inflammatory autoimmune disease targeting any tissue or organ in the human body, one of its most severe manifestations being kidney tissue injury, a condition known as lupus nephritis (LN). SLE is associated with poor quality of life and increased mortality – especially in the case of LN. The prevalence of SLE in the seven major markets was close to 500,000 people in 2015. Epidemiology data show a higher lupus-prevalence in women compared to men (9:1 ratio) and, amongst women, high prevalence occurs in the ages of 20–64 years.It is clear that the disease has a significant sex bias towards women having the disease.

The heterogeneity of SLE complicates disease diagnosis and management, however the overall treatment strategy is to address the chronic state of inflammation and prevent organ damage. It is believed that tissue and organ injury is mainly driven by the production of autoantibodies. Treatment is based on the severity of the disease in each particular case. Mild SLE is typically treated with steroids, NSAIDs (non-steroidal anti-inflammatory drugs), immune suppressants (e.g. methotrexate) and anti-malarials, whereas in moderate to severe SLE, biologics such as Benlysta® (belimumab; approved in SLE only and mainly functional as a steroid-sparing immunosuppressant treatment option and Rituxan® (rituximab; off-label)) are used, but their efficacy may be questionable in some cases. Thus, the currently available therapeutic options are inadequate and there is a significant unmet medical need for SLE and LN disease management. Patients diagnosed with LN are highly underserved, with none of the currently available medications being sufficiently efficacious and current treatment is also being associated with severe toxicity. Patients diagnosed with SLE face long-term use of medication, and all currently available therapies are associated with significant side effects, including organ damage and malignancies due to long-term use and the high doses of steroids or immune-suppressive therapy required.

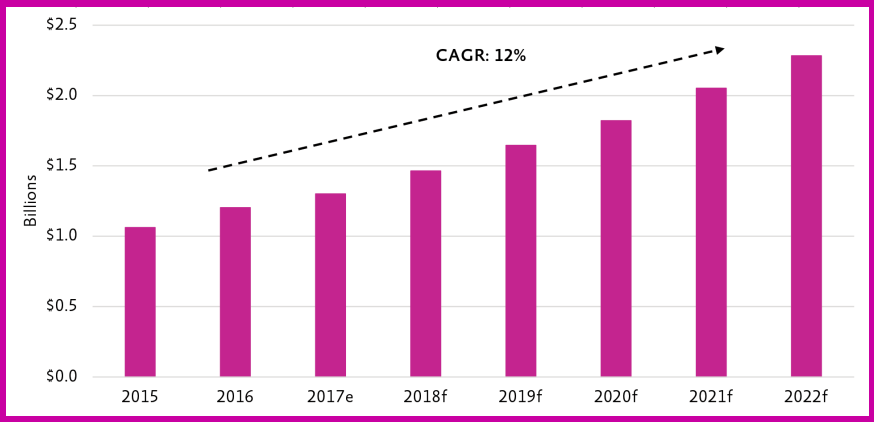


Figure 3. Sales in Lupus (SLE/LN) 2015 – 2022 in US, EU5 and Japan.
Over the next couple of years, market growth will be driven by the introduction of new innovative treatment options, however the high pricing of biological treatments may dampen that growth to the extent that such treatment options are only applicable to a small subset of patients. With a 12% growth rate in the upcoming period, the attractiveness of developing effective and cost-attractive drug products for Lupus is high. (Source: Global Data, Nuevolution, 2017).

When looking at the commercial attractiveness of the market, present research & development efforts include both small-molecule and biologic program development. Through these efforts, it is expected that the market value in the seven major markets may grow to approximately US$ 2,3 billion in 2022 from US$ 1 billion in 2015 (CAGR 2015-2022 of 12%).

Lupus is a challenging therapeutic indication with a significant unmet medical need and is being explored by Nuevolution.

gative data on safety that would then require further follow-up. For further review of recent data, please see second quarter report 2016/17.

It is our objective to reach the conclusion for the optimal indication for our selective bromodomain inhibitor program during 2017. Provided that the studies remain successful, we may then pursue either out-licensing of the program or keep it for our own internal development – both options are in line with our overall business strategy.

OTHER PROGRAMS - UPDATE ON ONGOING ACTIVITIES

For our RORγt agonists (immune stimulation) program, we are presently completing synthesis of a potent RORγt agonists (stimulator) for pharmacokinetic (PK) testing of *in vivo* stability. Following confirmation of acceptable PK properties, the compound will be tested in one or more syngeneic cancer xenograft models, both as monotherapy and in combination with relevant clinical checkpoint inhibitors. In our Cytokine X program, we are continuing lead optimization efforts and remain fully committed to developing first-in-class small mo-

lecules for this important disease target. Nuevolution has paused its GRP78 compound optimization activities for now, while we await CRT/ICR's biological testing of the recent compounds having reached improved properties. We expect to be able to give an update on the GRP78 program, when the cancer cell panel activity data are available in the second half of 2017.

In addition, we are currently conducting investigation in 10+ additional targets at various stages of early drug discovery ranging from screening to hit validation and early hit optimization studies. The ongoing programs span the therapeutic areas of cancer/immuno-oncology and inflammation, and include key proteins with well-established disease linkages as well as intriguing new targets offering novel approaches for disease treatment.

We expect to provide cell-based proof-of-concept for at least one internal program by the end of 2017.

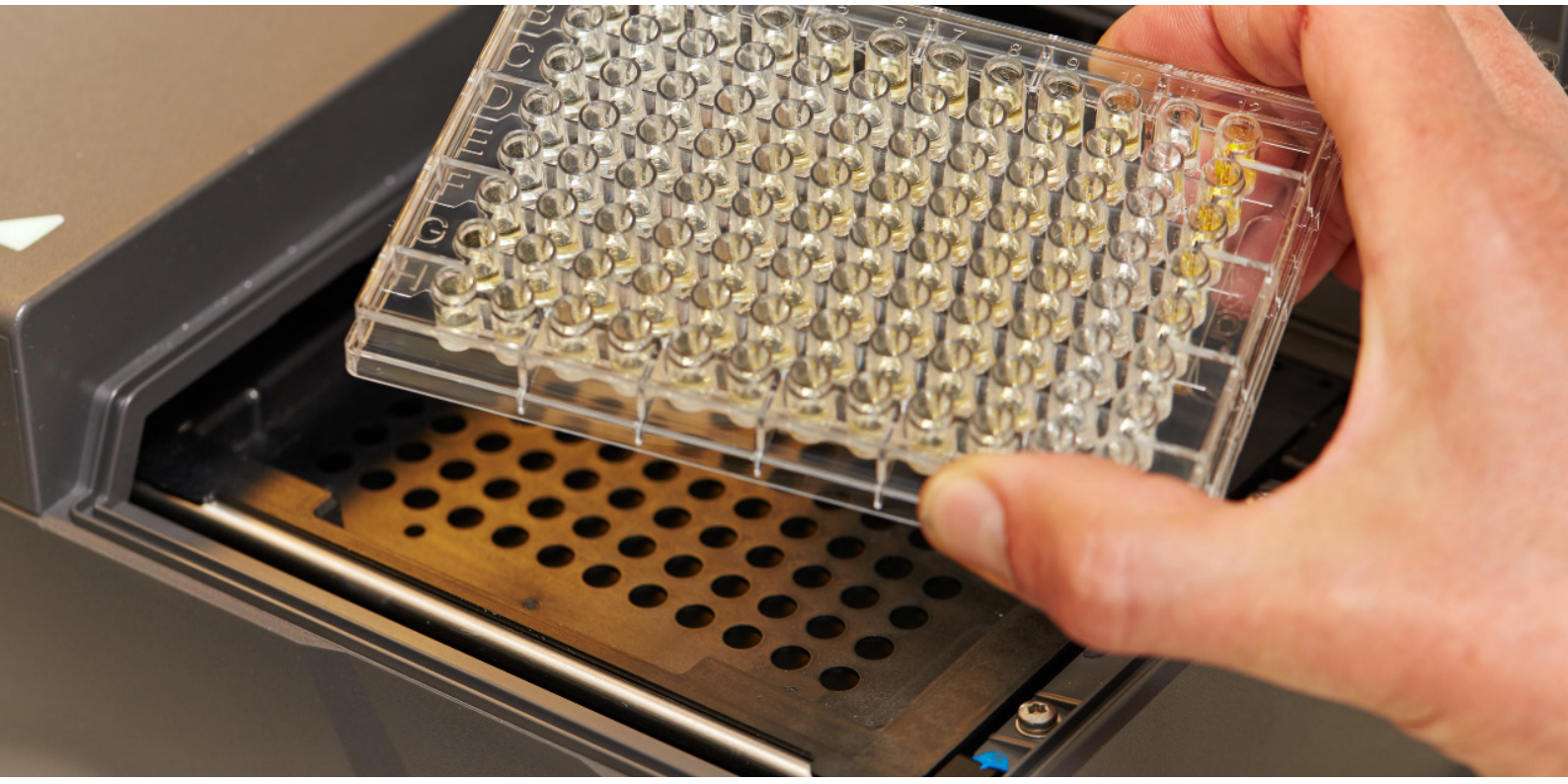
AMGEN COLLABORATION

The collaboration is progressing according to plan with our main focus now on reaching proof-of-concept in animal disease models for the first collaboration programs. Furthermore, additional targets have recently been added to the collaboration and are still in the very early discovery phase.

SCIENCE PRESENTATIONS DURING FOURTH QUARTER 2016/17

Nuevolution gave oral presentations on several research programs at high-level conference during fourth quarter 2016/17.

- ***"From Multiple Hit Series to the Clinical Candidate for RORγt Using DNA Encoded Library Technology"***, Sanne Glad, Drug Discovery Chemistry, 24-27 April, 2017, San Diego, USA
- ***"Selective BET-BD1 Inhibition Results in Strong Anti-Inflammatory Activity in Animal Models of Autoimmune Disease"***, Thomas Franch, Drug Discovery Chemistry, 24-27 April, 2017, San Diego, USA
- ***"DNA-encoded library technology: From hits to clinical candidate"***, Thomas Franch, 1st Anglo-Nordic Medicinal Chemistry Symposium, 11-14 June, 2017, Snekkersten, Denmark



Business & Partnering Activities

HIGHLIGHTS

- During the quarter, our RORγt inhibitor program (inflammation) outside of the Almirall collaboration, where Nuevolution is exploring a number of additional potential applications including IBD was promoted and well received
- In addition, we are seeing very encouraging attraction from multiple parties to our Bromodomain BET BD1 selective inhibitor program (inflammation), a unique mechanism of action and a first-in-class program
- We have continued the discussion for potential types of platform based research collaborations with multiple parties during the quarter
- Several studies are on-going and could have positive impact on program value and partner attraction. Nuevolution may also decide to keep certain of its most advanced programs for own clinical development. In reflection of this, our guidance for potentially entering into a next partnership is provided as a 6-18 month range

At the BIO International Convention in San Diego in June, we were very pleased to see increased interest in partnership discussions - confirming that our programs are progressing in the right direction. In particular, we are seeing very encouraging attraction from multiple parties to our Bromodomain BET BD1 selective inhibitor program, a unique mechanism of action and first-in-class program potentially applicable in a number of inflammatory indications. Also, the RORγt inhibitor program outside of the Almirall collaboration, where Nuevolution is exploring a number of additional potential applications including IBD, was promoted and well received.

As we applied in the pursuit for partnering of our the RORγt inhibitor program, a program that was licensed in December 2016[1] to Almirall for the use in inflammatory skin diseases and psoriatic arthritis, we operate an iterative partnering process, where we are seeking to have several potential partners exploring their interest simultanously, while we at the same time continue progression of the program. The objective with this approach is to identify the most optimal partner for our programs from a financial point of view, but also to secure the best partner for the longer-term development.

It remains a strategic objective for Nuevolution to develop multiple programs within the field of oncology and inflammation, where some programs will be developed by Nuevolution into clinical development stages, whereas other programs will be out-licensed to a partner of choice.

Both in the RORγt inhibitor and the bromodomain BET selective inhibitor program, we have a significant number of further biological studies on-going with expected conclusions by the end of 2017. We believe that the outcome of these studies could have a further positive impact on the value of the individual programs. Furthermore, it is our ambition to move select programs into clinical development in further value creation for the company in the mid and long term. We are pleased with the multiple parties that have shown interest in our programs, and we are maintaining our efforts to potentially conclude on a program collaboration, but we may also conclude to keep full control and ownership to programs, that we are progressing. Nuevolution also continues its business activities with regards to various types of platform based research collaborations. In reflection of this, our guidance for potentially entering into a next partnership is provided as a 6-18 month range.

Despite the positive progress both on the research and on the business side, we wish to state, that this should not be interpreted as a guarantee that agreements will happen. We will only enter into agreements, if such are considered attractive and valuable to the company and its shareholders.

1) On December 12, 2016, Nuevolution announced a strategic collaboration with Almirall to develop RORγt inhibitors for treatment of dermatological diseases and psoriatic arthritis

Investor Activities

HIGHLIGHTS

- In the fourth quarter 2016/17, Nuevolution continued the high level of meeting activity with investors. In Sweden and Denmark, management participated in three investor events for retail investors, organized by Redeye, Aktiespararna and Dansk Aktionærforening
- Management participated in investor conferences in the US and the UK, and met with institutional investors in San Diego, San Francisco and London (organized by Citibank and Stifel)
- Management also met with existing shareholders and new potential investors in one-to-one meetings during the quarter
- These are activities in support of Nuevolution's ambition to up-list the share to the main market (as mentioned in our IPO prospectus as well as in our annual report 2015/16)

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

We maintain a high focus on communication with both existing and potential new investors, and seek to further strengthen the investor base in preparation of a future up-listing of the company.

MEET US

The following events where Nuevolution's executive management will present have so far been scheduled for 2017:

September 12: Rodman & Renshaw 19th Annual Global Investment Conference, New York
September 19: InvestorDagen, Dansk Aktionærforening, Copenhagen
September 27: Aktiedagen, Aktiespararna, Malmoe
November 14: Stifel Healthcare Conference, New York
November 27: Store Aktiedagen, Aktiespararna, Gothenburg

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FINANCIAL REPORT

Group - Key ratios

TSEK, if not stated otherwise	Q4 2016/17	Q4 2015/16	Year 2016/17	Year 2015/16
INCOME STATEMENT				
Revenue	5,948	3,065	120,318	21,314
Research and development expenses	-28,485	-51,587	-107,587	-115,707
Sales, general and administration expenses	-6,282	-28,209	-23,216	-57,493
Total operating expenses	-34,767	-79,796	-130,803	-173,200
Operating result	-28,819	-76,731	-10,485	-151,886
Net financial items	-104	357	1,045	-22
Result for the year	-27,280	-74,659	-25,486	-144,997
Total comprehensive income	-25,966	-74,003	-27,940	-144,087
BALANCE SHEET				
Non-current assets			11,935	14,079
Current assets			189,720	220,886
Total assets			201,655	234,965
Share capital			42,858	42,858
Equity			169,962	198,055
Non-current liabilities			2,939	3,482
Current liabilities			28,754	33,428
Net working capital (NWC)			-23,167	-24,718
Investment in intangible and tangible assets			1,619	4,094
CASH FLOW				
Cash flow from operating activities	-22,129	-11,683	-23,215	-81,450
Cash flow from investing activities	0	-425	-724	-555
Cash flow from financing activities	-346	1,668	-1,253	240,942
Total cash flow	-22,475	-10,440	-25,192	158,937
FINANCIAL RATIOS				
Basic earnings per share (EPS), SEK	-0.64	-1.74	-0.59	-3.98
Diluted earnings per share (EPS-D), SEK	-0.63	-1.74	-0.59	-3.98
Shareholders' equity per share, SEK	3.97	4.62	3.97	4.62
Period-end share market price			16.50	9.00
Equity ratio (%)			84	84
Number of shares outstanding, average, million shares	42.858	42.858	42.858	36.469
Number of shares outstanding, end-period, million shares	42.858	42.858	42.858	42.858
Dilluted number of shares outstanding, average, million shares	43.634	42.858	43.284	36.469
Average number of employees (FTE)			45	43
Number of employees (FTE) at period-end			47	44

Financial report

GROUP

REVENUES

Consolidated revenue for the fourth quarter of 2016/17 were SEK 5.9 million compared to SEK 3.1 million in the fourth quarter of 2015/16. Revenue in the fourth quarter of 2016/17 stem from income from the drug discovery collaboration with Janssen Biotech and minor income from grants under the agreement with Innovation Fund Denmark, whereas revenue in the same quarter last year primarily came from the Janssen Biotech collaboration.

Consolidated revenues for 2016/17 increased to SEK 120.3 million from SEK 21.3 million in 2015/16. Revenues from upfront and milestone payments amounted to SEK 119.9 million in 2016/17, largely stemming from Almirall and Janssen Biotech, compared with SEK 20.7 million in the prior financial year, mainly coming from the collaborations with Novartis and Janssen Biotech. Income from government grants amounted to SEK 0.2 million in 2016/17 (none in 2015/16), all related to the BRIC collaboration and grant from Innovation Fund Denmark. Reimbursement income of SEK 0.3 million from Janssen Biotech was recognized in 2016/17 against an income of SEK 0.6 million from Novartis and Janssen Biotech in 2015/16.

EXPENSES

Total group expenses amounted to SEK 34.8 million in the fourth quarter of 2016/17 against total expenses of SEK 79.8 million in the same quarter last year, the latter including non-recurring expenses of SEK 48.5 million related to the 2015/21 warrant program. The underlying increase of SEK 3.5 million was led by an increase in research and development (R&D) expenses of SEK 1.1 million, consisting of costs for reagents and chemicals, costs for external Contract Research Organizations (CROs), and fees for compound patent applications, as well as an increase in sales, general and administrative (SG&A) expenses of SEK 2.4 million, largely due to higher cost of being a listed company.

Total group expenses amounted to SEK 130.8 million in 2016/17 against SEK 173.2 million in 2015/16, the latter including two non-recurring costs (IPO costs and non-cash expenses for the 2015/21 warrant program) totaling SEK 60.4 million. Research and development (R&D) expenses amounted to SEK 107.6 million in 2016/17 against SEK 115.7 million in 2015/16, the latter including non-recurring costs (non-cash expenses for the 2015/21 warrant program) of SEK 24.2 million. The underlying increase of SEK 16.1 million stems from an increase in chemistry support for the RORγt inhibitor and BET inhibitor programs, fees for compound patent applications (RORγt and BET inhibitor programs) and increased personnel costs. Sales, general and administrative (SG&A) expenses were SEK 23.2 million in 2016/17, against SEK 57.5 million in 2015/16, the latter including two non-recurring costs (IPO costs and non-cash expenses for the 2015/21 warrant program) totaling SEK 36.2 million. The underlying increase of SEK 1.9 million mainly comes from costs of being a listed company, i.e. Nasdaq listing fee, investor relation activities, and remuneration of board members.

PROFIT & LOSS

In the fourth quarter of 2016/17, the group showed an operating loss of SEK 28.8 million against a reported operating loss of SEK 76.7 million in the fourth quarter of 2015/16, which was negatively impacted by non-recurring costs of SEK 48.5 million. Net financial items amounted to an expense of SEK 0.1 million in the fourth quarter of 2016/17, positively impacted by currency gains, against an income of SEK 0.4 million in the same quarter last fiscal year. The result before tax was a loss of SEK 28.9 million in the fourth quarter of 2016/17 against a reported loss of SEK 76.4 million in the same quarter last year. A net loss of SEK 27.3 million was recorded in the fourth quarter of 2016/17, against a reported net loss of SEK 74.7 million in the same quarter last fiscal year. Diluted earnings per share (EPS-D) was SEK -0.63 in the fourth quarter of 2016/17 against a reported EPS-D of SEK -1.74 in the fourth quarter of 2015/16.

In 2016/17, the group recorded an operating loss of SEK 10.5 million against a reported loss of SEK 151.9 million in the prior year, the latter including non-recurring costs of SEK 60.4 million. The net financial income was SEK 1.0 million in 2016/17, positively impacted by currency gains, against a net financial loss of SEK 0.0 million in 2015/16. The loss before tax was SEK 9.4 million in 2016/17 against a reported loss of SEK 151.9 million (SEK 91.5 excluding non-recurring costs) in 2015/16. In 2016/17, the group had a tax expense of SEK 16.0 million, mainly due to the payment of Spanish withholding tax, against a tax income of SEK 6.9 million in 2015/16, due to the Danish R&D tax credit. In 2016/17, the group recorded a net loss of SEK 25.5 million, against a reported net loss of SEK 145.0 million in 2015/16, and an EPS-D of SEK -0.59 in 2016/17 against a reported EPS-D of SEK -3.98

CASH FLOW AND INVESTMENTS

The total cash flow for the fourth quarter of 2016/17 showed an outflow of SEK 22.5 million against an outflow of SEK 10.4 million in fourth quarter of 2015/16.

In the fourth quarter of 2016/17 cash flow from operating activities amounted to an outflow SEK 22.1 million against an

outflow of SEK 11.7 million in the fourth quarter of 2015/16. The outflow in the quarter is mainly due the loss before tax, somewhat counterbalanced by the change in working capital, which was positively impacted by the USD 600,000 payment from Janssen Biotech in April 2017. Investments in equipment in the fourth quarter of 2016/17 were none compared to SEK 0.4 million in the fourth quarter of 2015/16.

Cash-flow from financing activities in the fourth quarter of 2016/17 amounted to an outflow of SEK 0.3 million, due to repayment of leasing liabilities, against an inflow SEK 1.7 million in the fourth quarter of 2015/16.

The total cash flow for 2016/17 showed an outflow of SEK 25.1 million against an inflow of SEK 158.9 million in 2015/16, which was led by the proceeds in connection with the listing of the company's shares in December 2015.

In 2016/17, cash flow from operating activities amounted to an outflow SEK 23.2 million against an outflow of SEK 81.5 million in the prior year. The modest outflow in 2016/17 is primarily due to the upfront payment from Almirall.

Investments in equipment in 2016/17 amounted to SEK 0.7 million compared to SEK 0.6 million in 2015/16. Investments in both years consisted mainly of the purchase of laboratory equipment and minor improvements to the company's premises.

Cash flow from financing activities in 2016/17 amounted to an outflow of SEK 1.3 million, due to repayment of leasing liabilities, against an inflow SEK 240.9 million in 2015/16, which was led by the net proceeds in connection with the listing of the company's shares in December 2015.

EQUITY AND NET CASH

As of June 30, 2017, total shareholders' equity amounted to SEK 170.0 million against SEK 198.1 million at June 30, 2016, due to the net loss of SEK 25.5 million and foreign exchange adjustments on Nuevolution A/S.

Cash and cash equivalents amounted to SEK 179.6 million as per June 30, 2017, as compared with SEK 206.0 million at June 30, 2016. Net cash amounted to SEK 175.2 million as per June 30, 2017 (SEK 201.3 million at June 30, 2016) after the deduction of leasing liabilities of SEK 4.4 million (SEK 4.7 million at June 30, 2016).

NUMBER OF SHARES

At June 30, 2017, the total number of outstanding shares in Nuevolution AB (publ) was 42,858,236, unchanged from June 30, 2016.

PARENT COMPANY

The parent company, Nuevolution AB (publ), was founded on 28 August 2015 by a deposit of share capital amounting to SEK 50,000. The parent company had inter-company revenues in the fourth quarter 2016/17 of SEK 0.3 million against SEK 0.6 million in the fourth quarter of 2015/16. The parent company incurred total expenses of SEK 1.9 million in the fourth quarter of 2016/17 against total expenses of SEK 46.5 million in the fourth quarter of 2015/16, which included non-recurring costs of SEK 48.5 million and reimbursement of VAT of SEK 2.9 million. The operating loss amounted to SEK 1.6 million for the fourth quarter of 2016/17 against an operating loss of SEK 45.9 million in the fourth quarter of 2015/16. A net loss of SEK 1.6 million was recorded in the fourth quarter of 2016/17 against a net loss of SEK 45.9 million in the fourth quarter of 2015/16.

The parent company had inter-company revenues in 2016/17 of SEK 1.3 million against SEK 0.6 million in 2015/16. The company incurred total expenses of SEK 6.9 million in 2016/17 against total expenses of SEK 62.8 million in the prior year, the latter including two non-recurring costs (IPO costs and non-cash expenses for the 2015/21 warrant program) totaling SEK 60.4 million. The operating loss amounted to SEK 5.6 million in 2016/17 against an operating loss of SEK 62.1 million in 2015/16. A net loss of SEK 5.3 million was recorded in 2016/17 against a net loss of SEK 62.1 million in the prior year.

The parent company's cash and cash equivalents amounted to SEK 91.0 million. At June 30, 2017, against SEK 174.0 million at June 30, 2016. Shareholders' equity was SEK 723.1 million at June 30, 2017, against SEK 728.4 million at June 30, 2016.

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.

Nuevolution AB (publ) incorporated Nuevolution A/S through a non-cash issue on November 13, 2015.

EVENTS OCCURRED AFTER JUNE 30, 2017

None.

Other information

LARGEST SHAREHOLDERS AS OF 30 JUNE 2017

Shareholder	Number of shares	Percent of capital
SEB Venture Capital	10,084,942	23.5%
Sunstone Capital	8,930,580	20.8%
Industrifonden	8,573,666	20.0%
SEB Utvecklingsstiftelse	3,288,306	7.7%
LMK Forward	1,365,000	3.2%
Avanza Pensionförsäkrings AB	1,197,130	2.8%
SEB Pensionsstiftelse	1,142,858	2.7%
Nordnet Pensionförsäkrings AB	453,332	1.1%
Claus Resen Steenstrup and family	326,028	0.8%
Henry Dunkers Förvaltning	300,000	0.7%
Stig Løkke Pedersen	212,334	0.5%
Hans Engblom and family	197,199	0.5%
Fynske Bank	197,176	0.5%
Peter Ragnarsson	180,000	0.4%
Granit Småbolag	175,000	0.4%
Catella Bank S.A.	166,000	0.4%
TIBIA Konsult AB	120,000	0.3%
Midroc Finans AB	98,076	0.2%
Handelsbanken Liv	89,300	0.2%
Carl Thorsén	74,663	0.2%
Others	5,686,646	13.3%
Total no. shares outstanding	**42,858,236**	**100.0%**

As of June 30, 2017, Nuevolution's Chief Executive Officer Alex Haahr Gouliaev held 70,778 (unchanged) shares through ATZ Holding ApS.

FINANCIAL CALENDAR

EVENT	DATE
Annual report (2016/17) report	18 September 2017
Annual general meeting	12 October 2017
Q1 2017/18 report	7 November 2017
Q2 2017/18 report	9 February 2018
Q3 2017/18 report	9 May 2018
Q4 2017/18	12 September 2018

ANNUAL GENERAL MEETING

Nuevolution's Annual General Meeting (AGM) 2017 will be held on Thursday 12 October at 15:00 CET at Advokatfirman Vinge, Smålandsgatan 20, 111 46 Stockholm.

NOMINATION COMMITTEE

According to the resolution of the AGM in 2016, the Nomination Committee is to consist of representatives of the three largest shareholders listed in the shareholders' register maintained by Euroclear Sweden as of 31 March 2017, as well as the Chairman of the Board. In accordance with this and as announced on the company's webpage on 10 April, the Nomination Committee for the AGM in 2017 is composed of: David Sonnek (SEB Venture Capital), Peter Bensson (Sunstone Capital), Lennart Hansson (Industrifonden) and Stig Løkke Pedersen (Chairman of the Board). David Sonnek has been appointed chairman of the committee.

CERTIFIED ADVISOR

Nuevolution's Certified Adviser is Redeye AB.

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 Wednesday 6 September, 08:30 (CET).

Group - Condensed interim consolidated income statement

1 July 2016 - 30 June 2017

	Q4 2016/17 TSEK	Q4 2015/16 TSEK	Year 2016/17 TSEK	Year 2015/16 TSEK
Revenue	5,948	3,065	120,318	21,314
Research and development expenses	-28,485	-51,587	-107,587	-115,707
Sales, general and administration expenses	-6,282	-28,209	-23,216	-57,493
Operating expenses	**-34,767**	**-79,796**	**-130,803**	**-173,200**
Operating result	**-28,819**	**-76,731**	**-10,485**	**-151,886**
Financial income	274	476	2,955	1,925
Financial expenses	-378	-119	-1,910	-1,947
Result before tax	**-28,923**	**-76,374**	**-9,440**	**-151,908**
Corporate tax	1,643	1,715	-16,046	6,911
Net result for the period	**-27,280**	**-74,659**	**-25,486**	**-144,997**
Net income attributable to stockholders of the parent company	**-27,280**	**-74,659**	**-25,486**	**-144,997**
Basic earnings per share (EPS), SEK	-0.64	-1.74	-0.59	-3.98
Diluted earnings per share (EPS-D), SEK	-0.63	-1.74	-0.59	-3.98

Group - Condensed interim consolidated statement of comprehensive income

Net result for the period	**-27,280**	**-74,659**	**-25,486**	**-144,997**
Other comprehensive income				
Foreign exchange differences	1,314	656	-2,454	910
Total net comprehensive result for the period	**-25,966**	**-74,003**	**-27,940**	**-144,087**

Group - Condensed interim consolidated balance sheet

	30 June 2017 TSEK	30 June 2016 TSEK
ASSETS		
Non-current assets		
Tangible fixed assets	5,538	5,494
Financial fixed assets	6,397	8,585
Total non-current assets	**11,935**	**14,079**
Current assets		
Current receivables, non-interest bearing	10,125	14,931
Cash and cash equivalents	179,595	205,955
Total current assets	**189,720**	**220,886**
TOTAL ASSETS	**201,655**	**234,965**
EQUITY AND LIABILITIES		
Shareholders' equity	**169,962**	**198,055**
Non-current interest bearing liabilities	**2,939**	**3,482**
Current liabilities		
Current liabilities, interest bearing	1,482	1,222
Current liabilities, non-interest bearing	19,506	19,484
Accrued expenses and deferred income	7,766	12,722
Total current liabilities	**28,754**	**33,428**
TOTAL EQUITY AND LIABILITIES	**201,655**	**234,965**

Group - Condensed interim consolidated statement of cash flows

1 July 2016 - 30 June 2017

	Q4 2016/17 TSEK	Q4 2015/16 TSEK	Year 2016/17 TSEK	Year 2015/16 TSEK
Operating activities				
Result before tax	-28,923	-76,374	-9,440	-151,908
Adjustment for depreciation of plant and equipment	441	378	1,703	1,328
Adjustment for non-cash effect of the share-based payments	0	48,479	-153	48,528
Financial income	-274	-476	-2,955	-1,925
Financial expenses	378	119	1,910	1,947
Cash flow before change in working capital	**-28,378**	**-27,874**	**-8,935**	**-102,030**
Change in working capital	6,346	16,262	-962	19,594
Cash flow from operations	**-22,032**	**-11,612**	**-9,897**	**-82,436**
Interest received	211	25	367	134
Interest paid	-308	-96	-1,165	-358
Corporate taxes received/paid	0	0	-12,520	1,210
Cash flow from operating activities	**-22,129**	**-11,683**	**-23,215**	**-81,450**
Investing activities				
Investments in tangible fixed assets	0	-374	-715	-504
Investments/divestments of financial assets	0	-51	-9	-51
Cash flow from investing activities	**0**	**-425**	**-724**	**-555**
Financing activities				
New share issue	0	0	0	250,050
Issue expenses	0	1,956	0	-7,989
Repayments of lease liabilities	-346	-288	-1,253	-1,119
Cash flow from financing activities	**-346**	**1,668**	**-1,253**	**240,942**
Cash flow for the period	**-22,475**	**-10,440**	**-25,192**	**158,937**
Currency translation differences	1,163	700	-1,168	768
Cash and cash equivalents, beginning of period	200,907	215,695	205,955	46,250
Cash and cash equivalents, end of period	**179,595**	**205,955**	**179,595**	**205,955**

The statement of cash flows cannot be derived using only the published financial data.

Group - Condensed interim consolidated statement of changes in equity

1 July 2016 - 30 June 2017

TSEK	Share capital	Share premium	Retained earnings	Currency translation reserve	Total equity
Equity at 1 July 2016	**42,858**	**699,203**	**-544,854**	**848**	**198,055**
Result for the period	0	0	-25,486	0	-25,486
Other comprehensive income	0	0	0	-2,454	-2,454
Total comprehensive income	**0**	**0**	**-25,486**	**-2,454**	**-27,940**
Transactions with owners					
Share based payments	0	0	-153	0	-153
Total transaction with owners	**0**	**0**	**-153**	**0**	**-153**
Total changes in equity	**0**	**0**	**-25,639**	**-2,454**	**-28,093**
Equity at 30 June 2017	**42,858**	**699,203**	**-570,493**	**-1,606**	**169,962**

1 July 2015 - 30 June 2016

TSEK	Share capital	Share premium	Retained earnings	Currency translation reserve	Total equity
Equity at 1 July 2015	**352,922**	**0**	**-301,307**	**-62**	**51,553**
Result for the period	0	0	-144,997	0	-144,997
Other comprehensive income	0	0	0	910	910
Total comprehensive income	**0**	**0**	**-144,997**	**910**	**-144,087**
Transactions with owners					
Impact from reverse acquisition	-324,350	471,428	-147,078	0	0
Share issue	14,286	235,764	0	0	250,050
Costs related to the share issue	0	-7,989	0	0	-7,989
Share based payments	0	0	48,528	0	48,528
Total transaction with owners	**-310,064**	**699,203**	**-98,550**	**0**	**290,589**
Total changes in equity	**-310,064**	**699,203**	**-243,547**	**910**	**146,502**
Equity at 30 June 2016	**42,858**	**699,203**	**-544,854**	**848**	**198,055**

Parent - Condensed interim income statement
1 July 2016 - 30 June 2017

	Q4 2016/17 TSEK	Q4 2015/16 TSEK	Year 2016/17 TSEK	Year 2015/16 TSEK
Revenue	323	645	1,291	645
Research and development expenses	0	0	0	0
Sales, general and administration expenses	-1,933	-46,496	-6,879	-62,753
Operating expenses	**-1,933**	**-46,496**	**-6,879**	**-62,753**
Operating result	**-1,610**	**-45,851**	**-5,588**	**-62,108**
Financial income	1	0	294	47
Financial expenses	-7	-30	-39	-56
Result before tax	**-1,616**	**-45,881**	**-5,333**	**-62,117**
Corporate tax	0	0	0	0
Result for the period	**-1,616**	**-45,881**	**-5,333**	**-62,117**

Parent - Condensed interim balance sheet

	30 June 2017 TSEK	30 June 2016 TSEK
ASSETS		
Non-current assets		
Tangible fixed assets	0	0
Financial fixed assets	632,699	550,052
Total non-current assets	**632,699**	**550,052**
Current assets		
Current receivables, Group Company, interest bearing	318	0
Current receivables, non-interest bearing	766	5,253
Cash and cash equivalents	90,982	173,983
Total current assets	**92,066**	**179,236**
TOTAL ASSETS	**724,765**	**729,288**
EQUITY AND LIABILITIES		
Shareholders' equity	**723,074**	**728,407**
Long term liabilities	**0**	**0**
Current liabilities		
Current liabilities, interest bearing	0	0
Current liabilities, non-interest bearing	1,691	881
Accrued expenses and deferred income	0	0
Total current liabilities	**1,691**	**881**
TOTAL EQUITY AND LIABILITIES	**724,765**	**729,288**

Notes

Note 1: Accounting policies

BASIS OF PREPARATION
The Interim Report for the group and parent company comprises summary consolidated financial statements of Nuevolution AB (publ). The interim consolidated financial statement include the Company's wholly-owned Danish subsidiaries, Nuevolution A/S. Oveun AB (dormant), subsidiary of Nuevolution A/S, was divested on 7 April 2017, and consequently was withdrawn from the consolidated financial statement as from that date.

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.

With the purpose of bringing the presentation of the income statement in line with and be comparable with other biotech companies (peer group), the presentation of the condensed consolidated income statement has been changed from presentation by nature to presentation by function. This change results in reliable and more relevant information about the financial performance, but has no impact on the net result, financial position, cash flow or earnings per share. The comparative figures in the income statement have been restated retrospectively.

Except of the change in presentation of the income statement, the accounting policies are consistent with those applied to the Annual Report for 2015/16, 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 2015/16 page 64-66 and notes to the income statement and statement of financial position.

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

NEW STANDARDS AND INTERPRETATIONS
The Group has for the first time applied standards and interpretations, which are effective for the financial year 2016/17. These standard and interpretations have no significant impact on the Group.

Note 2: Critical accounting estimates and judgments

In preparing the interim consolidated financial statements, management makes various accounting judgments 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 judgments 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 judgments 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 judgments and estimates, refer to note 2, 4 and 9 in the 2015/16 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 2015/16, page 29-30, 49-51 and note 3 page 67 for detailed description of risks and risk management.

Note 4: 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 2016/17 and 2015/16, respectively, is outlined below.

	Warrant program 2011*		Warrant program 2015/21	
	Year 2016/17	Year 2015/16	Year 2016/17	Year 2015/16
Outstanding warrants 1 July	3,644,269	3,644,269	5,087,837	0
Granted	0	0	0	0
Exercised	0	0	0	0
Expired/lapsed/cancelled	-3,644,269	0	-17,319	0
Outstanding warrants 30 June	0	3,644,269	5,070,518	0

*The warrant program 2011 is related to Nuevolution A/S, which lapsed in July 2016.

A detailed description of the warrant programs can be found in the annual report for 2015/16, page 76-77.

At the annual general meeting in October 2016, shareholders approved a new warrant program ("Warrant program 2016/2021"), with two series, addressed to new members of the group management and other new employees of the company. Up to 493,000 warrants may be issued under this program and the exercise price for both series is similar to "Warrant program 2015/21". The fair value of the warrants, expected to be granted until the general meeting in October 2017, is an amount of up to SEK 1.0 million, using the so-called Black&Scholes model (based on a risk-free interest rate of -0.53 percent, assumed volatility of 45 percent and estimated maturity of the warrants of 4.9 years, exercise price of SEK 17.50 and a threshold of SEK 22.975). The costs of this program will be recognized as non-cash expenses in the consolidated income statement over the service period. Further details of "Warrant Program 2016/2021" can be found on www.nuevolution.com in the Investor section and General meetings.

Note 5: Related parties

Information on trading with subsidiaries and members of the Board of Directors during the period is provided below.

	Q4 2016/17 TSEK	Q4 2015/16 TSEK	Year 2016/17 TSEK	Year 2015/16 TSEK
Consultancy fee etc. to member of Board of Directors:				
Stig Løkke Pedersen (extraordinary board remuneration and consultancy fee)*	0	0	200	0
Jeanette Wood (consultancy fee)	23	28	85	72
Jutta Heim (consultancy fee)	22	25	82	71
Related parties with significant influence:				
SEB (paid interest and fees)	39	6	194	68
SEB (deposit)			173,109	199,603

*As approved on the ordinary shareholder meeting 5 October 2016.

Transactions with subsidiaries have been eliminated in the consolidated financial statements in accordance with the accounting policies.

Except as set out above, no transactions were made during the period with members of the Board of Directors, Executive Management, senior officers, significant shareholders or any other related parties.

Note 6: 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.

Note 7: Events after balance sheet date

No events have occurred subsequent to the balance sheet date that could affect the financial statements as of June 30, 2017.

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, September 6, 2017

Alex Haahr Gouliaev CEO	**Lars Henriksson** Board member	**Jutta Heim** Board member
Stig Løkke Pedersen Chairman of the Board	**Søren Lemonius** Board member	**Jeanette Wood** Board member

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This Interim Report has not been audited or reviewed by the company's auditors

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NUEVOLUTION