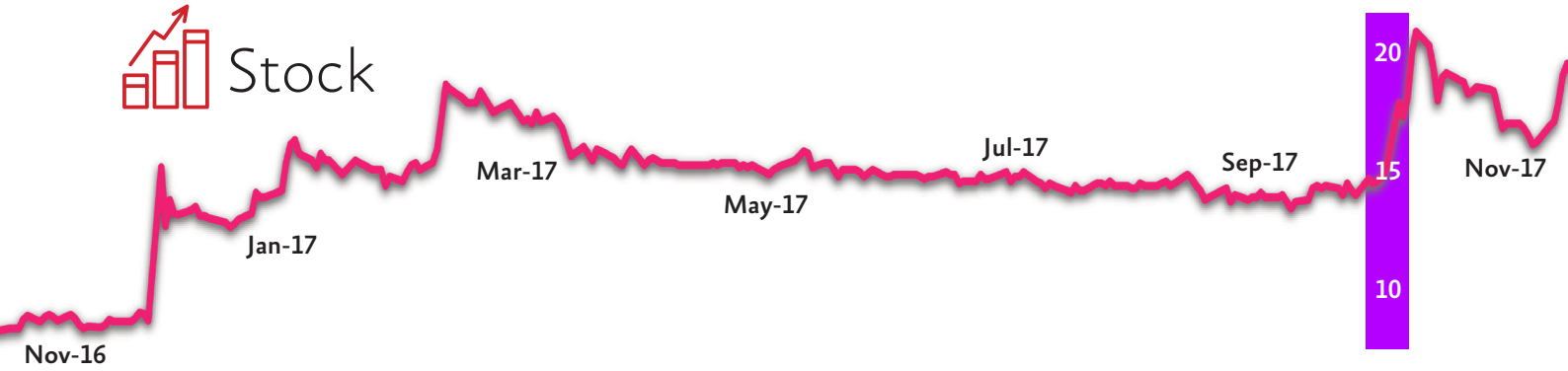
Swedish Biotech Nuevolution

Preparing for the main market listing

NUEVOLUTION

INTERIM REPORT JULY - SEPTEMBER 2017

Stock



Market: Nasdaq First North Premier, Stockholm

Ticker: NUE.ST

Number of shares: 42,858,236

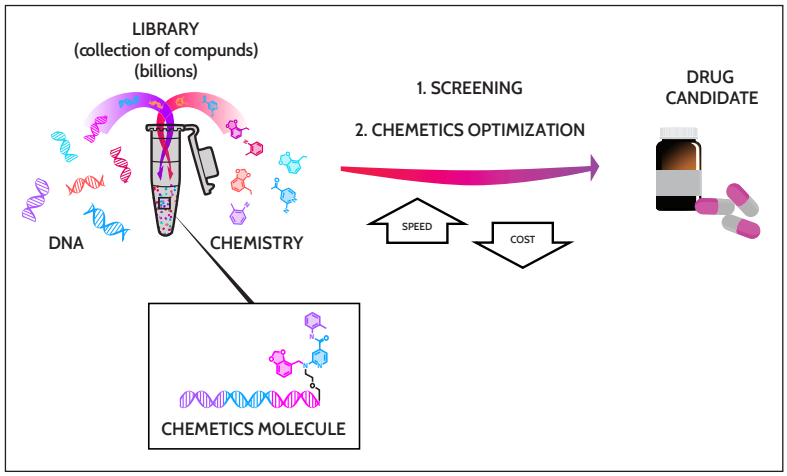
Market value (03.11.2017): SEK 909 million

Share price range (12M): 9.60-22.60 SEK/share

Share price (03.11.2017): 21.20 SEK/share

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

Strong technology



- >Million of times more molecules tested vs. conventional methods
- Perfected for small molecules (tablet based medicines)
- Perfected for synthetic biologics (synthetic peptides)
- Higher success rate and lower risk
- Cost effective drug discovery

News flow

Sep. 18, 2017, Nuevolution AB (publ) intends to move the listing of its shares to Nasdaq Stockholm's main market before 30 June 2018

Oct. 27, 2017, Nuevolution to present new data on its bet BD1 program supporting the understanding of the biological mode-of-action

Oct. 30, 2017, Fredrik Arp is proposed as board member in Nuevolution AB (publ)

Nov. 3, 2017, Nuevolution appoints Johnny Stilou as Director of Investor relations and Corporate communication

20+ program pipeline

Programs	Indication	Discovery	Preclinical	Phase I	Partner
ROR γt inhibitor	Dermatology/PsA				Almirall
ROR γt inhibitor	Other indications				NUEVOLUTION
BRD BD 1	Inflammation				NUEVOLUTION
Cytokine X	Inflammation				NUEVOLUTION
ROR γt agonist	Immunooncology				NUEVOLUTION
GRP78	Oncology				NUEVOLUTION CANCER RESEARCH UK ICR
10+ research programs	Oncology, Inflammation, Immunooncology				NUEVOLUTION
Research collaborations					
Multi-target	Oncology, CNS				AMGEN
Contract research	Oncology, Inflammation, Infectious diseases				janssen
NSD1, 2, 3	Hematological cancers				BRIC

Disease focus

Internal pipeline focus on indications within:

- Oncology
- Immuno-oncology
- Severe inflammatory indications

17 deals to date

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

Nuevolution

Founded: 2001 in Copenhagen, Denmark

Industry: Healthcare, Biotech

Homepage: www.nuevolution.com

Business goals

- 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

Revenue stream

App. SEK 525 million in realized revenues to date

Preparing for Nasdaq Stockholm main market listing

Summary for the three-month period ended 30 September 2017*

- Revenue amounted to SEK 1.6 million (1.8)
- Operating expenses were SEK 31.9 million (29.5)
- Operating result was SEK -30.3 million (-27.7)
- Net result amounted to SEK -28.6 million (-25.6)
- Three-month period ended 30 Sep. 2017: Diluted earnings per share (EPS-D) was SEK -0.66 (-0.60)
- Cash and cash equivalents amounted to SEK 146.4 million as per 30 September 2017 (179.6 at 30 June 2017). Net cash amounted to SEK 142.3 million as per 30 September 2017 (175.2 at June 2017)
- On 18 September, the company announced the intention to apply for the listing of its shares on Nasdaq main market in Stockholm before 30 June 2018, as part of the company's updated strategy plan "Reaching New Horizons". Significant efforts are currently focused on realization of this goal
- In Nuevolution's internal RORγt inhibitor program (inflammation) and provided the outcome from an on-going *in vivo* IBD study is positive, we expect that only few additional data will be required for selecting a clinical strategy, where also Ankylosing Spondylitis has emerged as a potential further indication
- In the bromodomain BET BD1 selective program (inflammation), the IL23-induced ear dermatitis model (for Psoriasis or Atopic Dermatitis) was initiated in the three-month period ended 30 September 2017 and data is expected in the following three-month period. The program continues to progress according to plan
- In the Almirall partnership on RORγt inhibitors (dermatology and psoriatic arthritis), a substantial collaborative effort in the three-month period ended 30 September 2017 provided good progress.
- In the Amgen collaboration, we expect to conduct *in vivo* proof of concept testing in two cancer programs within three to six months
- Our business development efforts are seeing good progress towards entering the next partnership. Our guidance for entering into a next partnership is provided as a range of 3-12 months

Events occurred after 30 September 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 will report a shorter 2017 fiscal year, which comprises 1 July to 31 December 2017.*

On 30 October 2017, the company announced that the Nomination committee in Nuevolution AB (publ) proposes to elect Fredrik Arp as board member at an extraordinary general meeting.

On 3 November 2017 the company announced the appointment of Johnny Stilou as Director of Investor Relations & Corporate Communication.

> *"Significant administrative and investor relations activities have been undertaken or initiated during the quarter with the aim to realize the important goals announced in the Annual Report (released on 18 Sep. 2017). Besides this, the company continues to progress positively in research and on the business side. I am therefore pleased to state, that we maintain our guidance for achievement of the goals that we have set",* said Alex Haahr Gouliaev, CEO

*Following the change of this fiscal year to end on 31 December 2017, this interim report covers the three-month period ended 30 September 2017. The subsequent interim report covers the three-month period ending 31 December 2017.

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

Message from the CEO

Dear shareholder, Dear reader,

In the annual report for the fiscal year 2016/17 released on September 18, we announced the next major value-creating goals. These are:

- Progression of at least one program to become Clinical Development ready
- Strengthening of the shareholder base with international and/or institutional investors
- Before 30 June 2018, apply to list Nuevolution on Nasdaq Stockholm's Main Market

We believe that, achieving these goals, together form the optimal foundation for bringing Nuevolution to new horizons in terms of value proposition, business opportunities and growth potential. These goals support our long-term ambition of realizing a valuable portfolio of multiple clinical as well as pre-clinical programs, where some programs will be kept internally for Nuevolution's own further development and additional value creation, whereas other programs will be partnered for realization of revenue.

The company therefore has its absolute focus on achieving these goals with maximum efforts. In this quarterly report, we have dedicated our theme to the significant Investor Relations activities, allowing our shareholders to obtain further insight into our process of applying for listing of the shares on Nasdaq Stockholm's main market as well as to understand our activities that aim for strengthening of the shareholder base with international and/or institutional investors.

As a service to our shareholders, and besides providing the annual report in writing, we have this year also offered summary video's explaining results of the year and our strategy, interview of the board and more. These are available on our website at www.nuevolution.com.

Post end of fiscal quarter (press release of October 30, 2017), we have been very pleased to see that Fredrik Arp accepted the nomination by the nomination committee of Nuevolution AB (publ), to become board member. Fredrik Arp has significant experience to share from his many years as CEO of Volvo Cars, Trelleborg AB and PLM AB, and through his board work in other companies, he has gained considerable experience in medical technologies. We believe Frederik Arp would be a valuable person for the company, and we would be very pleased to see the Extraordinary General Meeting (EGM) support his appointment. A notice to summon the general meeting will be issued shortly.

On the operational side, key experiments are currently on-going in the internal RORγt inhibitor (inflammation) and bromodomain BET BD1 selective inhibitor (inflammation) programs. These studies are expected to generate data that will guide the company in reaching an optimal conclusion for the further development of these two programs. We maintain our guidance of reaching such conclusion by the end of the year.

Also, business development activities continue at a high activity level with the aim to enter a next partnership. We are optimistic about ongoing BD activities, and have reduced our range for the execution of such agreement to a 3-12 months range.

Finally, I am very pleased that we. following the end of the quarter (press release from November 3, 2017) could announce the appointment of Johnny Stilou as upcoming Director of Investor Relations & Corporate Communication.

As always, we invite our shareholders to meet with us at the events where we participate. In November and December, we will participate in six events (please see Investor activities).

Stockholm, November 7, 2017

Alex Haahr Gouliaev, CEO
Nuevolution AB (publ)

Investor activities

HISTORY

In autumn 2001, Nuevolution started in Copenhagen as private company with a handful of venture capital investors as shareholders. In December 2015, Nuevolution's shares were listed on Nasdaq First North Premier in Stockholm, and thousands of new investors became shareholders. Right from the start as a public company, we stated the ambition of moving the listing of the shares to the main market. On 18 September 2017, the company's Executive management and Board of directors concluded that timing is now optimal, and announced that the application for listing on Nasdaq's main market in Stockholm is expected before 30 June 2018.

INVESTORS

Already, Nuevolution has a strong and supportive shareholder base in both Sweden and Denmark. The company had more than 3,500 shareholders, as of 29 September 2017. The shareholder base comprises three major shareholders (SEB Venture Capital, Sunstone Capital and Industrifonden), Swedish institutional investors and family offices, wealthy individuals and large retail ownership. To support the company's full long-term potential, the further strengthening of the shareholder base with additional and strong institutional and international investors is an important goal.

INVESTOR OUTREACH

The company's management was on roadshow less than one month after the IPO, and since January 2016, management has presented the company at more than 30 investor conferences in Sweden, Denmark, the UK, and the US.

In addition, management has held more than 120 one-on-one meetings with current shareholders (private and institutional) and new potential investors (private and institutional) in Sweden, Denmark, France, the UK, and the US.

In the quarter ended 30 September 2017, management presented Nuevolution at three investor conferences and met with more than 20 institutional investors and family offices in Sweden and the US.

To realize its goal of strengthening its shareholder base in support of the future growth of the company and to realize the long-term ambition of establishing a broad portfolio of multiple clinical and pre-clinical programs, Nuevolution has engaged a strong team of advisors to assist in making sure that the list change will be successful. This includes Carnegie Investment Bank and we are therefore very pleased to have such a strong party also support our process.

ANALYSTS

Shareholders and potential investors can get a second opinion on the stock from the analysts covering NUE.ST. In early 2016, shortly after Nuevolution was listed, two analysts (Jarl Securities and Økonomisk Ugebrev) began to issue research reports about the Nuevolution share. This coverage has expanded significantly. From spring 2017, five analysts periodically release research reports on the stock: Redeye, Jarl Securities and Remium, Edison and Økonomisk Ugebrev. Thus, potential investors can now get analysts' opinion of the company and its share in Swedish, English and Danish.

PREPARATIONS TO APPLY FOR A LIST CHANGE

While listed on First North Premier, Nuevolution has already adopted and lived up to the rules and regulations of Nasdaq, the Swedish Financial Supervisory Authority (Finansinspektionen), the Swedish Companies Registration Office (Bolagsverket), the Swedish Tax Agency (Skatteverket) and other bodies, but has also applied many shareholder friendly initiatives, not required.

This includes quarterly reporting (only half year reports required by the Nasdaq First North Nordic Rulebook), quarterly conference calls and conference calls in connection with release of major news (not required), and the company has applied very stringent rules for and restrictions on trading in the company's shares for all the company's employees to protect the company's reputation and thereby to protect all of its shareholders.

A major difference between Nasdaq First North Premier and Nasdaq main market is the adoption of the Swedish Corporate Governance Code (Svensk kod för bolagsstyrning), which stipulates the requirements for corporate governance and internal control, for companies listed on the latter. Currently the company works diligently to assure that all required internal controls, based on the recommended COSO framework, is correctly implemented. And the company is in the final process of making sure that all key financial processes are not only controlled, but also that it is fully documented that such controls are made according to the so-called COSO framework. This framework allows for and demands a dissection of a company's processes such that effectiveness and efficiency of operations is sought, such that financial reporting is reliable, controlled and that control is monitored and such that the company ensures compliance with applicable laws and regulations. As such the COSO framework seeks to produce full visibility and prime quality in terms of operations and reporting. As a shareholder and investor this is very valuable.

Nuevolution has engaged a strong team of advisors to assist in making sure that the list change will be successful. This includes Carnegie Investment Bank, and the Swedish law firm Vinge, which has supported several Swedish companies going public. Finally, Ernst & Young is conducting an extensive pre-audit of the company's main market listing preparedness, covering corporate governance, the internal control framework, tax position, legal matters and investor relations.

When the company files the application for listing on Nasdaq Stockholm's main market with Nasdaq, this will be announced in the form of a press release. The company is working with maximum efforts to realize the goal of moving the listing of it shares to the Nasdaq's main market in Stockholm as soon as possible and before 30 June 2018.

MEET US

The following events where Nuevolution's executive management will present have been scheduled for the remainder of 2017:

14 Nov.: Biotech & Money, Inv€$tival Showcase 2017, London

24 Nov.: Redeye's Life Science Seminar 2017, Stockholm

27 Nov.: Store Aktiedagen, Aktiespararna, Gothenburg

27 Nov.: Remium's Capital Markets Day, Stockholm

5 Dec.: Carnegie Healthcare Day, New York

7 Dec.: Redeye Investor Meeting, New York

Research and Development

HIGHLIGHTS

- In Nuevolution's internal RORγt inhibitor program (inflammation) and provided the outcome from the adoptive T cell transfer model of IBD is positive, we expect that only few additional data are required for selecting a clinical strategy, where also Ankylosing Spondylitis represents a potential opportunity

- In the Almirall partnership on RORγt inhibitors for use within dermatology and psoriatic arthrities, a substantial collaborative effort in three-month period ended 30 September 2017 provided good progress in accordance with the work plan of the parties

- In Bromodomain BET BD1 selective program (inflammation), NUE7770 showed no adverse effects on normal IgG and IgM (antibody) production supporting the benign and overall good safety profile of this compound

- Testing of NUE7770 in IL23-induced ear dermatitis model relevant for Psoriasis and/or Atopic Dermatitis was initiated in three-month period ended 30 September 2017 with data expected during the three-month period ending 31 December 2017

- In the Amgen collaboration, we have profiled multiple lead compounds in two cancer programs being fast-tracked. In the three-month period ended 30 September 2017, we have selected two compounds for upscaling with the expectation of conducting *in vivo* proof of concept testing in both programs within three to six month

RORγt INHIBITOR (INFLAMMATION) – INTERNAL PROGRAM

In this program, Nuevolution is getting close to having its conclusion regarding optimal next indication for the program (dermatology and psoriatic arthritis indications have been out-licensed to Almirall). The company maintains its guidance that by end of the year, Nuevolution expect to reach such conclusion.

Background

RORγt inhibition has proved to be an exciting opportunity to control the key pro-inflammatory cytokine IL17A involved in multiple disease such as psoriasis, psoriatic arthritis, ankylosing spondylitis and likely numerous other conditions including Inflammatory Bowel Disease (IBD)[1]. In our RORγt program, Nuevolution screened about one billion compounds using our Chemetics® platform, and our Medicinal Chemistry team has produced around 2,500 compounds across several chemical series as follow-up to the screening to transform our initial target hit compounds into multiple highly optimized compounds with suitable efficacy (activity), safety and stability parameters[2].

Nuevolution Drug Discovery Activitites

During this Drug Discovery process, initial hit compounds with potent inhibitory activity against the RORγt target were identified and tested further for *in vitro* cellular activity. Relevant active compounds were selected for further testing of compound properties and *in vitro* stability to establish Structure-Activity Relationships (SAR) and Structure-Property Relationship (SPR) highlighting the key positive features of each chemical series. At this stage, compounds which had suboptimal features were manipulated by the medicinal chemists making analogs with improved properties to balance activity, stability and properties to mitigate liabilities. In the program, we tested numerous optimized hits for *in vivo* stability and activity to identify a correlation between *in vitro* and *in vivo* stability as well as establishing *in vivo* proof-of-concept and target engagement for the first compounds.

In the lead optimization process many compounds were examined for *in vitro*/*in vivo* parameters to improve final properties into a few final compounds balancing efficacy in IL17A-driven disease models with safety and exposure. In our program, we opted to select two promising optimized lead compounds for 7-day non-GLP safety testing with both compounds showing no observable adverse effects even at the highest dose of 600 mg/kg/day (or more than 10 to 20 times the dose providing anti-inflammatory effect in animal studies) resulting in the selection of our first program candidate.

Further opportunities outside dermatology and psoriatic arthritis

Following the partnership with Almirall in December 2016 on

[1] Please see our further explanation of the importance of the IL17/TH17 system on p. 5 in the second fiscal quarter report of 2016/17

[2] See Annual Report 2016/17 pages 15-17 for comprehensive description of Nuevolution Drug Discovery process

RORγt	Status	Properties
In vitro activity	√	Highly efficient inhibitor of RORγt tested in several assays (incl. GAL4 Reporter assays, PBMC and Th17 cells etc.)
In vitro safety	√	No adverse effect in safety assays (incl. hERG, CYPs, CEREP panel, Ames/Micronucleus etc)
In vitro stability	√	Suitable stability in liver microsomes and hepatocytes across species (human, rat, mouse etc)
In vivo activity	√	Highly efficacious in mouse models incl. psoriasis (incl. CIA, IL23-induced ear edema) and IBD (incl. TNBS, DSS)
In vivo safety	√	7-day non-GLP mouse toxicology studies showed no significant adverse effects providing a NOAEL ≥ 600mg/kg/day
In vivo stability	√	Good bioavailability and stability with low/moderate clearence in rodents and dog
Process chemistry/API	√	Formulation work conducted and synthetic route established for API production currently ongoing
On-going key activities	API & *in vivo*	API production & *in vivo* study (adoptive T cell transfer model) of IBD
Outstanding activities prior to IND enablement	Ongoing	Completion of API by end of year, conclusion on optimal indication(s) for the further development by end of the year

the RORγt program for uses within dermatology and psoriatic arthritis, we have identified and pursued other opportunities for clinical use of RORγt inhibitors. This includes exploration for potential use in severe diseases like IBD[3]. Following the successful testing of our RORγt inhibitor in chemically induced mouse models of IBD[4], we have initiated a follow-up study in a more sophisticated adoptive T cell transfer mouse model better mimicking the biology and human disease of IBD. The study will further improve the understanding of RORγt relevance and the pharmacology of our candidate compound in IBD diseases such as Crohn's Disease and Ulcerative Colitis. We expect to have data from this study available by end of calendar year to support a decision on the potential of our RORγt inhibitors in IBD.

Provided the outcome from the adoptive T cell transfer model of IBD is positive, we expect that only few additional data are required for selecting a clinical strategy, where also Ankylosing Spondylitis (an inflammatory disease primarily affecting the spine and sacroiliac (SI) joints potentially leading to permanent painful stiffness of the back) represents a Nuevolution interest and potential option for RORγt inhibition.

Unless the current Nuevolution development candidate is replaced by a superior backup compound in early 2018, and provided that biological data remains supportive of development within the therapeutic areas currently explored by Nuevolution (outside dermatology and psoriatic arthritis), we plan to initiate IND-enabling studies in second quarter 2018. It would then be the plan to make the program ready for clinical development in early 2019.

These objectives are in alignment with the Grand Plan - "Reacing New Horizons" presented in Annual Report 2016/17.

RORγt IN COLLABORATION WITH ALMIRALL

In the Almirall partnership, a substantial collaborative effort in three-month period ended 30 September 2017 provided good progress in accordance with the work plan of the parties. Nuevolution expect to provide a more detailed update from program in the first half of 2018, as the program progresses and as allowed by the agreement between the parties and in compliance with stock exchange rules.

FIRST-IN-CLASS BET BROMODOMAIN INHIBITOR (INFLAMMATORY DISEASES)

Background

The bromodomains and extra-terminal domain (BET) family of proteins comprising BRD2, 3, 4 and T are readers of specific marks on the chromosomal DNA controlling expression of many human genes involved in cancers and inflammatory processes.

Although many companies have identified BET inhibitors, the clinical compounds now in clinical cancer trials do not discriminate between the bromodomain 1 (BD1) and bromodomain 2 (BD2), therefore leading to non-selective and inhibition of all BET protein functions in general. Clinical data from Phase I/II studies of these compounds have revealed adverse effects most notably on the gastro-intestinal tract (GI) and blood platelets (thrombocytopenia) showing safety concerns due to a limited therapeutic window reflecting the small differences between efficacious and toxic compound doses.

[3] See fourth quarter 2016/17 report for description of IBD as therapeutic area

[4] Reported in the thirs quarter 2016/17 report

BET BD1 SELECTIVE	Status	Properties
In vitro activity	√	Efficient and selective BET-BD1 inhibitor tested in multiple cell assays
In vitro safety	√	Good safety data across assays (hERG, CYPs, CEREP, Ames/Micronucleus etc), one follow up from CEREP assay
In vitro stability	√	Suitable stability in liver microsomes and hepatocytes across species (human, rat and mouse etc)
In vivo activity	√	Good efficacy in multiple mouse models of Lupus, Fibrosis and Psoriasis
In vivo safety	√	2 week non-GLP mouse toxicology studies showed no significant adverse effects providing a NOAEL ≥ 600 mg/kg/day
In vivo stability	√	Acceptable bioavailability and good stability with low/moderate clearence in rodents and dog
Process chemistry/API	API start in H1/18	Synthetic route established and formulation studies initiated
On-going activities	Ongoing	Identification of a second precandidate to be validated for *in vivo* efficacy and safety
Outstanding activities prior to IND enablement	Ongoing	ID of second precandidate, API production of final pre-clinical development candidate and completion of formulation work

Nuevolution Drug Discovery Activities

BET bromodomain inhibitors identified by Nuevolution selectively targets only bromodomain 1 (BD1) of the BET proteins with a limited effect on the second bromodomain (BD2) providing relevant efficacy without noticeable toxicity (see below).

To identify selective BET inhibitors, Nuevolution screened more than 300 million compounds against BD-1 of BRD4 using its Chemetics® technology. Multiple and very potent chemical series were identified. Although some series exhibited largely non-selective inhibition across all 8 BET bromodomains similar to the BET inhibitor compounds in clinical cancer trials, three chemical series showed the desired selectivity towards BD1 of the BET family.

From the early cell-based activity data, it was evident that our compounds were strongly selective for BD1 with limited activity on BD2, and lacked the cytotoxic characteristics of non-selective BET inhibitors. Importantly, our selective compounds retained significant and non-cytotoxic inhibition of key cytokines produced from cells of the immune system arguing for potential clinical efficacy in inflammatory diseases without characteristic toxicity associated with non-selective BET inhibition.

X-ray co-crystallography of compounds bound to BD1 provided structural insight into and explanation for the unique binding mechanism responsible for the strong BD1 selectivity and guided our medicinal chemist's activities during lead optimization. Through medicinal chemistry efforts almost 1,000 compounds have been produced in the program in the process of optimizing compound stability and balancing suitable selectivity with *in vitro* and *in vivo* efficacy in disease models.

Our first precandidate NUE7770 have been thoroughly characterized using *in vitro* and *in vivo* models of inflammatory diseases. NUE7770 showed good biomarker efficacy in two disease models of Lupus, strong activity in Collagen-induced arthritis and a significant anti-fibrotic effect on collagen deposit in a bleomycin-induced model of Idiopathic pulmonary fibrosis[5]. In addition to the strong efficacy data, the compound has been assessed in a 2-week non-GLP mouse toxicology study showing a no observable adverse effect level (NOAEL) of ≥ 600 mg/kg/day providing a significant safety window of ≥ 10x by dose. Further *in vitro* biochemical and genotoxicity safety assays confirm the overall benign properties of NUE7770.

In three-month period ended 30 September 2017, we continued the exploration of NUE7770 and new compounds to identify the key regulated genes affected by BET-BD1 selective inhibition. Using gene expression profiling in cells, we have identified a small set of genes that are strongly regulated by our BET BD-1 inhibitors. Several of the regulated genes are highly relevant for signaling in the immune system, and may explain the unique compound mechanism-of-action (MoA) and observed *in vivo* efficacy in disease models. We are now continuing the profiling in relevant primary cells including keratinocytes (skin cells) to obtain conclusive evidence of MoA in human cells of clinical relevance to human diseases.

Previous positive data from two Lupus models supported the dose-dependent reduction of antibodies raised against ds-DNA and nuclear components mediated by NUE7770 – key biomarkers in the human Lupus disease. To test if the compound act as a general immuno-suppressant, we tested the NUE7770 effects in mice immunized with an antigen called KLH (Keyhole Limpet Hemocyanin). This experiment demon-

[5] See third quarter 2016/17 report

ATOPIC DERMATITIS

Atopic dermatitis (AD), also known as atopic eczema, is a chronic or chronically relapsing inflammatory skin disease, characterized by pruritus (an unpleasant sensation that elicits the desire to scratch), scratching, redness, scaling, and loss of the skin surface. Atopic dermatitis is the most common type of eczema and the onset typically begins in childhood and can last through adulthood. The diagnosed prevalent patient population in the US, Europe and Japan is estimated at 13 million. Pediatric and the adolescent patient population represents about half of the total patient population, and it is of high importance to develop drug programs characterized by having a very strong safety profile.

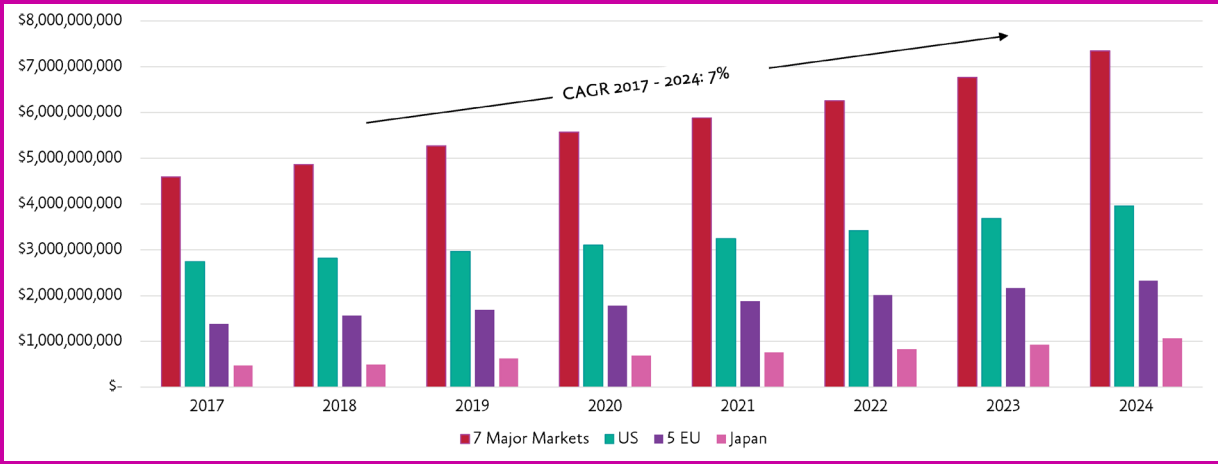


Figure 1. Sales forecast for Atopic Dermatitis 2017 – 2024 in US, EU5 and Japan. (Source: Global Data, 2015).

Present treatment options include topical corticosteroids, topical calcineurin inhibitors, such as Protopic and Elidel , as well as various immunomodulators (cyclosporin) and systemic antihistamine treatments. Recently launched innovative products include Eucrisa (2016), for mild to moderate eczema, and the highly prized monoclonal antibody, IL-4 inhibitor, dupilumab (Dupixent, 2017), for adult patients suffering from moderate to severe eczema.

The AD market is characterized by a high unmet medical need, especially in the severe and severe, recalcitrant or refractory patient market segment. This unmet medical need is primarily driven by the lack of treatment options following failure with or intolerability to cyclosporine or other conventional systemic therapies. Although cyclosporine is indicated for the short-term treatment of AD, since the (prolonged) use with cyclosporine is associated with nephrotoxicity, dermatologists believe that no optimal systemic drug for the disease is currently available. In addition, key opinion leaders highlight that to maximize patient uptake, a new systemic drug should be tablet-based.

Taking into consideration the overall unmet medical need, the development of various innovative small molecule and antibody program, as well as the slow replacement of immunomodulators, Global Data is forecasting the market value in 2024 to be in the order of USD 7.5 bn (from USD 4.5 bn in 2017) representing an average growth rate of 7%.

Protopic is a registered trademark of Fujisawa Pharmaceutical Co; Elidel is a registered trademark of of Meda Pharma S.A.R.L. used under license; Eucrisa is a registered trademark of Anacor Pharmaceuticals, Inc.; The wholesale acquisition cost (WCC) for Dupixent (in the US) is around $37,000 per patient, annually.; Dupixent is a registered trademark of Sanofi Biotechnology

strated that clinical relevant dosing of NUE7770 spared a significant level of IgG or IgM (antibody) production, whereas a non-selective BET inhibitor strongly suppressed KLH antibody production. Collectively, the data support NUE7770 positively acting on the pathologic production of auto-antibodies in an autoimmune disease like Lupus without adversely affecting normal adaptive immunity.

In one ongoing model of fibrosis (Scleroderma), potentially supporting clinical application across fibrotic diseases such as Scleroderma, IPF and NASH, bleomycin is applied topically to induce skin lesions causing increase in collagen (hydroxyproline) content. The in-life part of the study has been completed, and we expect biomarker and collagen biomarker readouts during the three-month period ending 31 December 2017 before concluding on the relevance for potential use in fibrotic diseases.

Following the observed good efficacy of NUE7770 in the CIA model (Psoriasis), we are now testing NUE7770, in detail, in an IL23-induced dermatitis model. This model offers a more detailed insight into the compound MoA and enables scoring and specific monitoring of biomarkers relating to the diseases of both Psoriasis and the exciting opportunity of Atopic Dermatitis. Based on data from this model and *in vitro* biomarker and gene expression profiling of BET-BD-1 inhibitors on human keratinocytes, we will evaluate the clinical relevance of BET-BD1 compounds for Psoriasis or Atopic Dermatitis – see separate text box on Atopic Dermatitis.

We have also continued our medicinal chemistry efforts in the three-month period ended 30 September 2017 with the purpose of identifying a second precandidate for the program. From this effort, one compound has been selected for upscaling to conduct further *in vitro* and *in vivo* profiling and for efficacy testing in the mouse models of collagen-induced arthritis (CIA) and IL23-induced ear dermatitis.

All ongoing investigations should provide insight into the unique MoA of these first-in-class inhibitors. Provided that all ongoing activities have positive outcomes, we expect to prioritize our multiple clinical opportunities by the end of 2017, identify a second precandidate early in 2018, and outline a clinical strategy in the first quarter 2018.

These objectives are in alignment with the "Grand Plan - Reaching New Horizons" presented in Annual Report 2016/17.

OTHER PROGRAMS - UPDATE ON ONGOING ACTIVITIES

For our RORγt agonists (immune stimulation) program, we a have completed the upscaled synthesis of one Nuevolution lead compound and tested the *in vivo* pharmacokinetic profile. The compound showed sufficient *in vivo* exposure in mice to merit further testing for clinical efficacy in mice models. Provided the compound shows no adverse effects following high dosing, we will move the compound forward for efficacy testing in syngeneic xenograft tumor model as monotherapy, and if successful, also in combination with antibodies against the checkpoint inhibitors PD1 and CTLA4. We expect data from such first study by the end of 2017.

In three-month period ended 30 September 2017, we have continued our efforts in the Cytokine X program with the purpose of obtaining a first-in-class small molecule inhibitor of this important target. We will provide an extensive update on the program progress early in 2018.

From our early discovery pipeline, we maintain our expectation of providing cell-based proof-of-concept (PoC) for at least one internal program by the end of 2017.

AMGEN COLLABORATION

For the two first cancer programs, we fast-tracked to *in vitro* PoC earlier in the year, and we are now conducting medicinal chemistry to optimize properties of *in vitro* activity and stability and further compound properties. For both programs, we have selected one lead candidate for upscaling to conduct *in vivo* stability testing for clearance and exposure in mice. Provided that suitable exposure can be obtained, we will initiate *in vivo* PoC studies in these cancer programs using relevant xenograft tumor models with data expected within three to six months.

Activity on the further targets recently added to the collaboration is progressing according to scheduled plan, and is currently in the screening and hit validation phase.

TECHNOLOGY DEVELOPMENT

In three-month period ended 30 September 2017, we completed a new Chemetics® library using a novel setup. The library consists of 584 million compounds and has been put into screening service against both partnered and in-house pipeline targets.

PAST & UPCOMING NUEVOLUTION SCIENCE PRESENTATIONS IN 2017

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

- ***"DNA Encoded Libraries to Develop a Pipeline of Therapeutics"***, Thomas Franch, Oxford Global 4th Drug Discovery USA Congress, October 9 - 10, 2017, San Diego, USA
- ***"NUE7770: A Selective Inhibitor of the First BET Bromodomain with Strong Anti-Inflammatory Activity in Animal models in the Absence of BET-Associated Toxicity"***, Søren Jensby Nielsen, Cytokines, October 30 – November 2, 2017, Kanazawa, Japan
- ***"DNA-encoded library technology: From Hits to Clinical candidate"***, Thomas Franch, Global Medicinal Chemistry and GPCR Summit, November 27 - 28, London, UK

Business & Partnering Activities

HIGHLIGHTS

- The significant progress that we have been making in our Bromodomain BET BD1 selective program combined with the uniqueness of the program, triggers much interest from pharmaceutical companies interested in the licensing of programs offering unique profiles within the field of immunology
- We are continuing multiple discussions for potential types of (pre-sale) drug discovery research collaborations and technology platform partnerships
- Program development progress may have positive impact on partnering processes, but as stated in the "Grand Plan – Reaching New Horizons", Nuevolution may alternatively and actively 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 3-12 month range.

During the quarter, significant progress was made in our Bromodomain BET BD1 selective program. Within the field of Bromodomain research, all clinical activity is focused on the development of programs in oncology. We believe our first-in-class program is providing us a unique opportunity to develop in the area of inflammation, something that has triggered interest by a number of pharmaceutical companies. Our research efforts have shown progress and results would seem to support use in the treatment of human Lupus disease, but we have also progressed other potential indications for which our program may be applicable.

In the search for drug development partnerships, we are looking for deals similar to the agreement we made with Amgen in October 2016. Our deal structure differs significantly from the traditional fee-for-service drug discovery deals through providing attractive upside as reward for the risk we take. For us it is important that collaborations should at all time provide mid and long-term shareholder value, as we believe the Amgen deal provides. With the positive progress, that we are making in the Amgen collaboration, the collaboration holds good prospect for further positive development, also on the financial side.

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. Nuevolution is therefore also keen on keeping select programs, where ownership is solely under control of the company. Therefore, and in reflection of this, our guidance for potentially entering into a next partnership is provided as a range of 3-12 months.

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.

FINANCIAL REPORT

Group - Key ratios

TSEK, if not stated otherwise	July - September 2017	July - September 2016
INCOME STATEMENT		
Revenue	1,647	1,797
Research and development expenses	-26,049	-23,015
Sales, general and administration expenses	-5,855	-6,516
Total operating expenses	-31,904	-29,531
Operating result	-30,257	-27,734
Net financial items	-68	372
Net result	-28,558	-25,605
Comprehensive result for the period	-28,291	-25,484
BALANCE SHEET		
Non-current assets	13,548	16,732
Current assets	156,450	185,436
Total assets	169,998	202,168
Share capital	42,858	42,858
Shareholders' equity	141,671	172,418
Non-current liabilities	2,672	3,899
Current liabilities	25,655	25,851
Net working capital (NWC)	-21,315	-22,512
Investment in intangible and tangible assets	244	1,126
CASH FLOW		
Cash flow from operating activities	-32,801	-29,794
Cash flow from investing activities	-244	-437
Cash flow from financing activities	-366	-248
Total cash flow	-33,411	-30,479
FINANCIAL RATIOS		
Basic earnings per share (EPS), SEK	-0.67	-0.60
Diluted earnings per share (EPS-D), SEK	-0.66	-0.60
Shareholders' equity per share, SEK	3.31	4.02
Period-end share market price	22.60	10.00
Equity ratio (%)	83	85
Number of shares outstanding, average, million shares	42.858	42.858
Number of shares outstanding, end-period, million shares	42.858	42.858
Dilluted number of shares outstanding, average, million shares	43.586	42.858
Average number of employees (FTE)	47	45
Number of employees (FTE) at period-end	47	46

Financial report

GROUP

REVENUES

Consolidated revenue for the three-month period ended 30 September 2017 was SEK 1.6 million compared to SEK 1.8 million in the three-month period ended 30 September 2016. Revenue in the three-month period ended 30 September 2017 stem from the drug discovery collaboration with Janssen Biotech and a minor income from grants under the agreement with Innovation Fund Denmark, whereas revenue in the same quarter last year came from the Janssen Biotech collaboration.

EXPENSES

Total group expenses amounted to SEK 31.9 million in the three-month period ended 30 September 2017 against total expenses of SEK 29.5 million in the same quarter last year. The increase of SEK 2.4 million was led by an increase in research and development (R&D) expenses of SEK 3.0 million, consisting of increased expenses for reagents and chemicals, higher patent expenses in connection with patent grants, and increased personnel expenses, and a decrease in sales, general and administrative (SG&A) expenses of SEK 0.7 million, due to lower administrative expenses during the quarter.

PROFIT & LOSS

In the three-month period ended 30 September 2017, the group showed an operating loss of SEK 30.3 million against a loss of SEK 27.7 million in the three-month period ended 30 September 2016. The result before tax was a loss of SEK 30.3 million in the three-month period ended 30 September 2017 against a loss of SEK 27.4 million in the same quarter last year. In the three-month period ended 30 September 2017, the group recorded a corporate tax income of SEK 1.8 million, unchanged from the same period in the prior year, due to the Danish R&D tax credit program. A net loss of SEK 28.6 million was recorded in the three-month period ended 30 September 2017, against a loss of SEK 25.6 million in the same quarter last fiscal year. Diluted earnings per share (EPS-D) was SEK -0.66 in the three-month period ended 30 September 2017 against an EPS-D of SEK -0.60 in 1 July to 30 September 2016.

CASH FLOW AND INVESTMENTS

The total cash flow for the three-month period ended 30 September 2017 showed an outflow of SEK 33.4 million against an outflow of SEK 30.5 million in the three-month period ended 30 September 2016.

In the three-month period ended 30 September 2017 cash flow from operating activities amounted to an outflow SEK 32.8 million against an outflow of SEK 29.8 million in the three-month period ended 30 September 2016. The outflow in the quarter is primarily due the loss before tax and payment of trade payables. Investments in equipment in the three-month period ended 30 June 2017 were SEK 0.2 million compared to SEK 0.4 million in same quarter in the prior year.

Cash-flow from financing activities in the three-month period ended 30 September 2017 amounted to an outflow of SEK 0.4 million, due to repayment of leasing liabilities, against an outflow SEK 0.2 million in the three-month period ended 30 September 2016.

EQUITY AND NET CASH

As of 30 September 2017, total shareholders' equity amounted to SEK 141.7 million against SEK 170.0 million 30 September 2016, mainly caused by the net loss of SEK 28.6 million.

Cash and cash equivalents amounted to SEK 146.4 million as per 30 September 2017, as compared with SEK 179.6 million at 30 June 2017. Net cash amounted to SEK 142.3 million as per 30 September 2017 (SEK 175.2 million at 30 June 2017) after the deduction of leasing liabilities of SEK 4.1 million (SEK 4.4 million at 30 June 2017).

NUMBER OF SHARES

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

PARENT COMPANY

The parent company had inter-company revenues in the three-month period ended 30 September 2017 of SEK 0.4 million against SEK 0.4 million in the three-month period ended 30 September 2016. The parent company incurred total expenses of SEK 2.5 million in the three-month period ended 30 September 2017 against total expenses of SEK 1.6 million in the same quarter in the prior year. The operating loss amounted to SEK 2.1 million in the three-month period ended 30 September 2017 against an operating loss of SEK 1.3 million in the three-month period ended 30 September 2016. A net loss of SEK 2.1 million was recorded in the three-month period ended 30 September 2017 against a net loss of SEK 1.2 million in same quarter in the prior year.

The parent company's cash and cash equivalents amounted to SEK 39.9 million at 30 September 2017, against SEK 91.0 million at 30 June 2017. Shareholders' equity was SEK 720.9 million at 30 September 2017, against SEK 723.1 million at 30 June 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.

EVENTS OCCURRED AFTER 30 JUNE, 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 will report a shorter 2017 fiscal year, which comprises 1 July to 31 December 2017.

On 30 October 2017, the company announced that the Nomination committee in Nuevolution AB (publ) proposes to elect Fredrik Arp as board member at an extraordinary general meeting.

On 3 november 2017, the company announced the appointment of Johnny Stilou as Director of Investor Relations & Corporate Communication.

Other information

LARGEST SHAREHOLDERS AS OF 29 SEPTEMBER 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	1,200,000	2.8%
Avanza Pensionförsäkrings AB	1,165,500	2.7%
SEB Pensionsstiftelse	1,142,858	2.7%
Nordnet Pensionförsäkrings AB	455,487	1.1%
Claus Resen Steenstrup and family	351,971	0.8%
Peter Ragnarsson	330,000	0.8%
Henry Dunkers Förvaltning	300,000	0.7%
Stig Løkke Pedersen	212,334	0.5%
Hans Engblom and family	211,299	0.5%
Fynske Bank	197,176	0.5%
Granit Småbolag	183,074	0.4%
Catella Bank S.A.	166,000	0.4%
TIBIA Konsult AB	120,000	0.3%
Christian Overgaard	98,000	0.2%
Carl Thorsén	96,510	0.2%
Arbejdernes Landsbank	78,967	0.2%
Others	5,671,566	13.2%
Total no. shares outstanding	**42,858,236**	**100.0%**

The shareholdings by Nuevolution's Stig Løkke Pedersen (Chairman) (212,334) and Alex Haahr Gouliaev (CEO) (70,778) are unchanged compared with 30 June 2017.

FINANCIAL CALENDAR

EVENT	DATE
Extraordinary general meeting	11 December 2017
Year-end report 2017	8 February 2018
Annual report 2017	22 February 2018
Q1 2018 report	8 May 2018
Annual general meeting	28 May 2018
Q2 2018 report	22 August 2018
Q3 2018 report	7 November 2018
Q4 2018 report	27 February 2019

ANNUAL GENERAL MEETING

Nuevolution's Annual General Meeting 2018 will be held on Monday 28 May 2018 in Stockholm.

NOMINATION COMMITTEE

According to the resolution of the annual general meeting in 2017, 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 October 2017, as well as the Chairman of the Board. In accordance with this, the Nomination Committee for the AGM in 2017 is composed of: David Sonnek (SEB Venture Capital), Peter Benson (Sunstone Capital), Lennart Hansson (Industrifonden) and Stig Løkke Pedersen (Chairman of the Board). David Sonnek has been appointed chairman of the committee.

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.

CERTIFIED ADVISOR

Nuevolution's Certified Adviser is Redeye AB.

For more information, please contact:

Alex Haahr Gouliaev, CEO
Phone: +45 7020 0987
Email: ahg@nuevolution.com

Henrik D. Simonsen, CFO
Phone: +45 3913 0947
Email: hs@nuevolution.com

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 Tuesday 7 November 2017 at 08:30 (CET).

Group - Condensed interim consolidated income statement

	July - September	
	2017	2016
	TSEK	TSEK
Revenue	1,647	1,797
Research and development expenses	-26,049	-23,015
Sales, general and administration expenses	-5,855	-6,516
Operating expenses	**-31,904**	**-29,531**
Operating result	**-30,257**	**-27,734**
Financial income	235	973
Financial expenses	-303	-601
Result before tax	**-30,325**	**-27,362**
Corporate tax	1,767	1,757
Net result for the period	**-28,558**	**-25,605**
Net income attributable to stockholders of the parent company	**-28,558**	**-25,605**
Basic earnings per share (EPS), SEK	-0.67	-0.60
Diluted earnings per share (EPS-D), SEK	-0.66	-0.60

Group - Condensed consolidated statement of comprehensive income

Net result for the period	**-28,558**	**-25,605**
Other comprehensive income:		
Foreign exchange differences	267	121
Total net comprehensive result for the period	**-28,291**	**-25,484**

Group - Condensed interim consolidated balance sheet

	30 Sep. 2017 TSEK	30 June 2017 TSEK
ASSETS		
Non-current assets		
Tangible fixed assets	5,368	5,538
Financial fixed assets	8,180	6,397
Total non-current assets	**13,548**	**11,935**
Current assets		
Current receivables, non-interest bearing	10,090	10,125
Cash and cash equivalents	146,360	179,595
Total current assets	**156,450**	**189,720**
TOTAL ASSETS	**169,998**	**201,655**
EQUITY AND LIABILITIES		
Shareholders' equity	**141,671**	**169,962**
Non-current interest bearing liabilities	**2,672**	**2,939**
Current liabilities		
Current liabilities, interest bearing	1,381	1,482
Current liabilities, non-interest bearing	18,096	19,506
Deferred income	6,178	7,766
Total current liabilities	**25,655**	**28,754**
TOTAL EQUITY AND LIABILITIES	**169,998**	**201,655**

Group - Condensed interim consolidated statement of cash flows

	July - September	
	2017	2016
	TSEK	TSEK
Operating activities		
Result before tax	-30,325	-27,362
Adjustment for depreciation of plant and equipment	414	414
Adjustment for non-cash effect of the share-based payments	0	-153
Financial income	-235	-973
Financial expenses	303	601
Cash flow before change in working capital	**-29,843**	**-27,473**
Change in working capital	-2,962	-2,206
Cash flow from operations	**-32,805**	**-29,679**
Interest received	229	58
Interest paid	-225	-173
Corporate taxes received/paid	0	0
Cash flow from operating activities	**-32,801**	**-29,794**
Investing activities		
Investments in tangible fixed assets	-244	-437
Investments/divestments of financial assets	0	0
Cash flow from investing activities	**-244**	**-437**
Financing activities		
Repayments of lease liabilities	-366	-248
Cash flow from financing activities	**-366**	**-248**
Cash flow for the period	**-33,411**	**-30,479**
Currency translation differences	176	281
Cash and cash equivalents, beginning of period	179,595	205,955
Cash and cash equivalents, end of period	**146,360**	**175,757**

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

Group - Condensed interim consolidated statement of changes in equity

TSEK	Share capital	Share premium	Retained earnings	Currency translation reserve	Total equity
Equity at 1 July 2017	**42,858**	**699,203**	**-570,493**	**-1,606**	**169,962**
Result for the period	0	0	-28,558	0	-28,558
Other comprehensive income	0	0	0	267	267
Total comprehensive income	**0**	**0**	**-28,558**	**267**	**-28,291**
Total changes in equity	**0**	**0**	**-28,558**	**267**	**-28,291**
Equity at 30 September 2017	**42,858**	**699,203**	**-599,051**	**-1,339**	**141,671**

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	-25,605	0	-25,605
Other comprehensive income	0	0	0	121	121
Total comprehensive income	**0**	**0**	**-25,605**	**121**	**-25,484**
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**	**-25,758**	**121**	**-25,637**
Equity at 30 September 2016	**42,858**	**699,203**	**-570,612**	**969**	**172,418**

Parent - Condensed interim income statement

	July - September	
	2017	2016
	TSEK	TSEK
Revenue	394	323
Research and development expenses	0	0
Sales, general and administration expenses	-2,460	-1,632
Operating expenses	**-2,460**	**-1,632**
Operating result	**-2,066**	**-1,309**
Financial income	5	119
Financial expenses	-77	-14
Result before tax	**-2,138**	**-1,204**
Corporate tax	0	0
Net result for the period	**-2,138**	**-1,204**

Parent - Condensed interim balance sheet

	30 Sep. 2017	30 June 2017
	TSEK	TSEK
ASSETS		
Non-current assets		
Financial fixed assets	682,699	632,699
Total non-current assets	**682,699**	**632,699**
Current assets		
Current receivables, Group Company, interest bearing	360	318
Current receivables, non-interest bearing	598	766
Cash and cash equivalents	39,949	90,982
Total current assets	**40,907**	**92,066**
TOTAL ASSETS	**723,606**	**724,765**
EQUITY AND LIABILITIES		
Shareholders' equity	**720,936**	**723,074**
Current liabilities		
Current liabilities, non-interest bearing	2,670	1,691
Total current liabilities	**2,670**	**1,691**
TOTAL EQUITY AND LIABILITIES	**723,606**	**724,765**

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 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 accounting policies are consistent with those applied to the Annual Report for 2016/17, 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 2016/17 page 81-83 and notes to the income statement and balance sheet.

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 will report a shorter 2017 fiscal year, which comprises 1 July to 31 December 2017.

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 2017 (six-month period from 1 July – 31 December). These standards 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 4, 5, 11 and 13 in the 2016/17 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 2016/17, page 63-68, for detailed description of risk factors and risk management.

Note 4: Financial fixed assets

In connection with the preparation of the interim report for the parent company Nuevolution AB for the 3 months period ended 30 September 2017, the management has review the assumptions for the impairment test and calculations prepared in connection with the annual report for 2016/17.

The development of the R&D projects as well as the screening projects follow the plans with both in respect of timing, consumption of resources and results.

No significant events have happened during the three-month period ended 30 September 2017 (and as of today), which could compromise the value of the Chemetics® and R&D development programs.

Therefore, the management and Board of Directors assessment of the value of the investment in Nuevolution A/S still is valid and therefore an impairment write-down of the investment in Nuevolution A/S is not needed.

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 July - 30 September 2017 and 1 July - 30 September 2016, respectively, is outlined below.

	Warrant program 2011*		Warrant program 2015/21	
	1 July – 30 Sept. 2017	1 July – 30 Sept. 2016	1 July – 30 Sept. 2017	1 July – 30 Sept. 2016
Outstanding warrants 1 July	0	3,644,269	5,070,518	5,087,837
Granted	0	0	0	0
Exercised	0	0	0	0
Expired/lapsed/cancelled	0	-3,644,269	0	-17,319
Outstanding warrants 30 September	0	0	5,070,518	5,070,518

*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 2016/17, page 98-101. No warrants from the warrant program 2016/21 have been granted during the period 1 July - 30 September 2017.

Note 6: Related parties

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

	1 July – 30 September 2017 TSEK	1 July – 30 September 2016 TSEK
Consultancy fee etc. to member of Board of Directors:		
Stig Løkke Pedersen (extraordinary board remuneration and consultancy fee)*	0	200
Jeanette Wood (consultancy fee)	21	16
Jutta Heim (consultancy fee)	21	16
Related parties with significant influence:		
SEB (paid interest and fees)	111	27
SEB (deposit)	139,880	169,291

*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.

In addition to the above, the Board of Directors has received remuneration in accordance with the decision made on the ordinary shareholders meeting 5 October 2016. The senior management has received salaries, pension contribution etc. in line with previous periods.

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 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.

Note 8: Events after balance sheet date

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 will report a shorter 2017 fiscal year, which comprises 1 July to 31 December 2017.

On 30 October 2017, the company announced that the Nomination committee in Nuevolution AB (publ) proposes to elect Fredrik Arp as board member at an extraordinary general meeting.

On 3 November 2017, the company announced the appointment of Johnny Stilou as Director of Investor Relations & Corporate Communication.

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, November 7, 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

---

Follow us

Subscribe at:

www.nuevolution.com

Nuevolution AB (publ)
Rønnegade 8, 2100 Copenhagen, Denmark
Registration number: 559026-4304
LEI code: 54930003B7X85HQRKN25
E-mail: info@nuevolution.com

NUEVOLUTION