Swedish
Biotech
Nuevolution

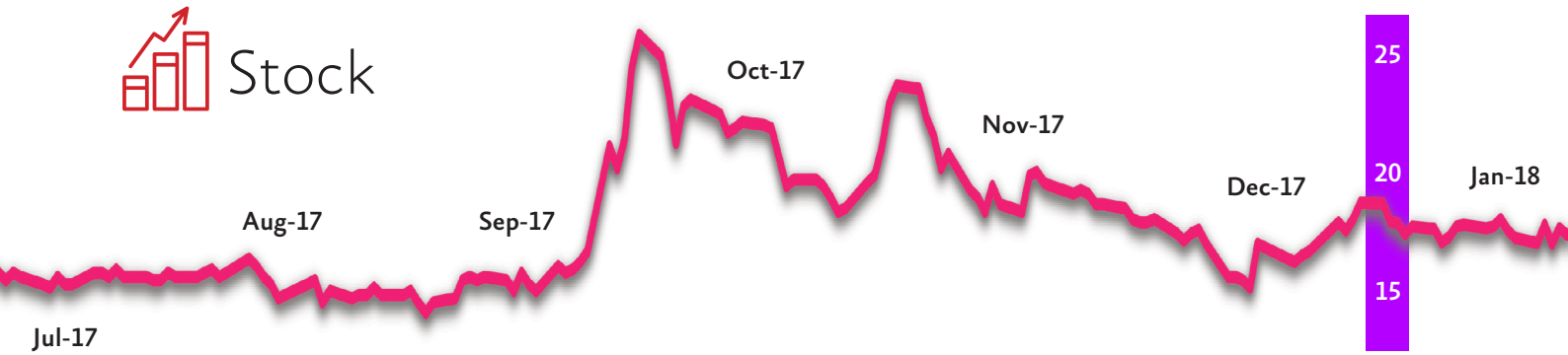
Exciting and Valuable Program Data

NUEVOLUTION

INTERIM REPORT OCTOBER - DECEMBER 2017

NUEVOLUTION AT-A-GLANCE

Stock



Market: Nasdaq First North Premier, Stockholm

Ticker: NUE.ST

Number of shares: 42,858,236

Market value (02.02.2018): SEK 731 million

Share price range (6M): 14.90-22.60 SEK/share

Share price (02.02.2018): 17.09 SEK/share

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

News flow

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

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

27 Nov.: Nuevolution to present new data on its BET1 BD1 program supporting effect in psoriasis/atopic dermatitis

8 Dec.: The Danish Eastern High Court revokes the maritime and commercial high court's decision of 22 February 2016 in favour of Nuevolution's request

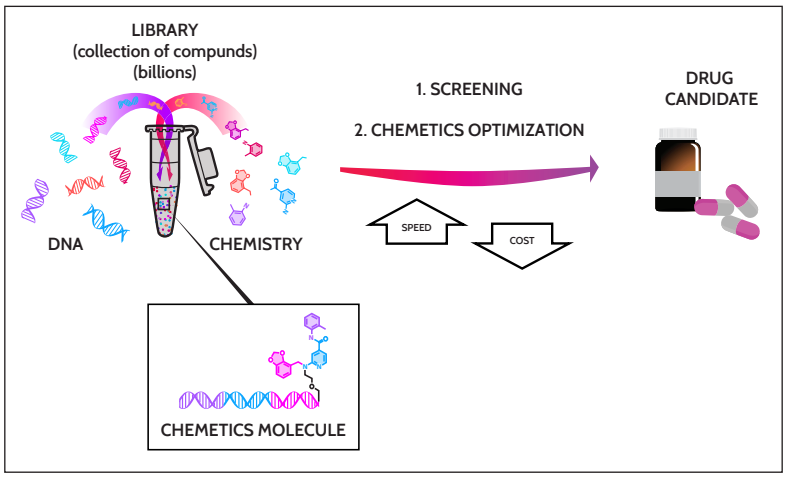
11 Dec.: EGM elects Fredrik Arp as new member of the Board of Directors

3 Jan.: Nuevolution to receive license fee payment of USD 750,000 from Janssen Biotech

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 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

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

Disease focus

Internal pipeline focus on indications within:

- Oncology
- Immuno-oncology
- Severe inflammatory indications

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

17 deals to date

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

Revenue stream

App. SEK 530 million in realized revenues to date

Nuevolution

Founded: 2001 in Copenhagen, Denmark

Industry: Healthcare, Biotech

Homepage: www.nuevolution.com

Animal proof-of-concept obtained in multiple programs

Summary for the three-month period ended 31 December 2017*

- 1 October - 31 December 2017: Revenue amounted to SEK 3.2 million (111.0). 1 July - 31 December 2017: SEK 4.8 (112.8)
- 1 October - 31 December 2017: Operating expenses were SEK 37.5 million (35.1). 1 July - 31 December 2017: SEK 69.4 million (64.7)
- 1 October - 31 December 2017: Operating result was SEK -34.2 million (75.8). 1 July - 31 December 2017: SEK -64.5 million (48.1)
- 1 October - 31 December 2017: Net result amounted to SEK -32.7 million (56.4). 1 July - 31 December 2017: SEK -61.3 million (30.8)
- 1 October - 31 December 2017: Diluted earnings per share (EPS-D) was SEK -0.76 (1.32). 1 July - 31 December 2017: -1.43 SEK (0.72)
- Cash and cash equivalents amounted to SEK 114.8 million as per 31 December 2017 (147.7). Net cash amounted to SEK 110.6 million as per 31 December 2017 (142.9)
- New data supports both mechanism of action and new attractive treatment opportunities for bromodomain BET BD1 selective inhibitor program
- *In vivo* proof-of-concept obtained in cytokine X program
- In the Amgen collaboration, the first *in vivo* proof-of-concept was obtained for one lead compound showing dose-dependent inhibition of tumor growth and efficient tumor regression
- Atopic dermatitis/psoriasis has been prioritized as preferred first potential development direction for the bromodomain BET BD1 selective inhibitor program
- Ankylosing spondylitis has been prioritized as preferred first potential development direction for the RORγt inhibitor program
- We maintain our guidance overall regarding corporate, R&D and business goals incl. potential realization of a further partnership during the coming three to nine months
- At the extraordinary general meeting on 11 December 2017, Fredrik Arp was elected as new member of the Board of Directors of Nuevolution AB (publ)

Events occurred after 31 December 2017

- On 3 January 2018, Nuevolution announced that it is to receive license fee payment of USD 750,000 from Janssen Biotech, which has exercised its option to license one of the research programs under the multi-target collaboration entered between the parties in October 2015.
- On 23 January 2018, Nuevolution announced the appointment of Dr. Paul Scigalla as Chief Medical Officer on a consultancy basis to support Nuevolution's strategy of building a broad portfolio of clinical and pre-clinical programs.

"Important and positive animal in vivo proof-of-concept and mechanistic data were obtained during the quarter in our bromodomain BET BD1 selective inhibitor, cytokine X inhibitor and in one oncology collaboration program with Amgen. We maintain our guidance overall (corporate, business and R&D)", said Alex Haahr Gouliaev, CEO

*Following the change of this fiscal year to end on 31 December 2017, fiscal 2017 is abbreviated to six months (1 July – 31 December). Thus, this interim report covers the three-month and six-month period ended 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 date.

Message from the CEO

Dear shareholder, Dear reader,

During the quarter, the company has focused on realization of the important goals communicated on September 18, 2017 in connection with the strategy update:

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

In the context of these important goals, we are pleased that the extraordinary general meeting in December 2017 elected Fredrik Arp to the Board of Directors. We welcome Fredrik both as a strong private shareholder and as board member, and we are looking forward to having access to Fredrik's expertise in the further growth and commercialization of Nuevolution and its business.

Very important progress has been achieved in R&D during the quarter in the preparation of making our programs reach status of being Clinical Development ready.

The past quarter has offered key animal and mechanistic data for our bromodomain BET BD1 selective inhibitor program. These now support an expansion of our potential future therapeutic applications to also include business wise very attractive indications like psoriasis and atopic dermatitis. This thereby offers attractive therapeutic options besides our previously validated potential applications in treatment of Systemic Lupus Erythematosus (SLE) and fibrotic diseases. The program is moving rapidly forward towards nomination of a development candidate.

In both our bromodomain BET BD1 selective inhibitor program and in our internal RORγt inhibitor program, we have reached conclusions regarding the recommended first potential direction for clinical development being atopic dermatitis/psoriasis (BET) and ankylosing spondylitis (RORγt) respectively.

In this interim report, we also report *in vivo* proof-of-concept data for our cytokine X program (inflammation) as well as a preliminary first *in vivo* proof-of-concept for the first Amgen collaboration projects.

Overall, it has been a very positive and productive quarter with regards to realization of important data from our R&D department.

With several internal programs maturing towards clinical development, we were, post end of quarter, pleased to appoint, Dr. Paul Scigalla as our Chief Medical Officer advisor on a consultancy basis.

We maintain our guidance on all goals (corporate, business and R&D), and note also with pleasure the licensing fee payment from our partner Janssen Biotech, immediately after end of quarter – a further testimony to power of our small molecule drug discovery platform technology, Chemetics®

Stockholm, 8 February 2018

Alex Haahr Gouliaev, CEO
Nuevolution AB (publ)

New Board Member

Fredrik Arp, Director

Born 1953. Fredrik has significant operational experience and most recently from being managing director of Volvo Car Corporation, and before that managing director of Trelleborg AB (publ) and PLM AB. He is also an experienced board member and is currently chairman of the Board of Directors of Nolato Aktiebolag (publ) as well as board member of Vattenfall AB and chairman of the Audit Committee and board member of Swedfund International AB. Fredrik has previously been the vice-chairman of the Board of Directors of Getinge AB (publ) and chairman of the Board of Mediplast AB.

Fredrik is Econ. dr. h.c. from Lund University, where he also is chairman of the Advisory board at Lund's School of Economics and Management (a part of Lund University).

Member of the Board of Directors (since December 2017)
Independent in relation to the Company
Independent in relation to major shareholders
Number of shares: 50,000

Research and Development

HIGHLIGHTS

- Nuevolution has obtained new data in its bromodomain BET BD1 selective inhibitor program from multiple different studies supporting both mechanism of action as well as new attractive treatment opportunities
- Nuevolution currently prefer to initially prioritize atopic dermatitis and/or psoriasis as primary indications for a potential clinical development pursuit with its BET BD1 selective inhibitor program, with secondary future opportunities being Systemic Lupus Erythematosus (SLE) and fibrotic diseases
- Nuevolution currently prefer to initially prioritize Ankylosing Spondylitis and secondarily inflammatory Bowel Disease (IBD) as potential clinical routes outside dermatology for its internal RORγt program
- In the cytokine X project, a small molecule lead compound showed good preclinical efficacy in a mouse disease model with an observed effect on par with that of an antibody targeting the same cytokine
- In the Amgen collaboration, a preliminary first *in vivo* Proof-of-Concept (PoC) was obtained for one lead compound showing dose-dependent inhibition of tumor growth and efficient tumor regression at the highest dose
- Post end of quarter: Nuevolution appoints Dr. Paul Scigalla as Chief Medical Officer on a consultancy basis to support Nuevolution's strategy of building a broad portfolio of clinical and pre-clinical programs

BROMODOMAIN BET BD1 SELECTIVE INHIBITOR PROGRAM (INFLAMMATION)

Nuevolution's bromodomain BET BD1 selective 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.

In our interim report for the fourth quarter of 2016/17, we mentioned on-going activity in a significant number of further biological studies with expected conclusions by the end of 2017. We also stated that we believed that the outcome of these studies could have a further positive impact on the value of our program.

In general, it is a clear goal for Nuevolution to explore several therapeutic opportunities for our programs with the aim to maximize potential applicability and therefore value of our programs.

We now have animal *in vivo* proof-of-concept data supporting potential application of our BET BD1 selective inhibitors for the treatment of skin diseases like psoriasis (PsO) (2024 projected USD 13 billion market[1]) and atopic dermatitis (AD) (2024 projected USD 7.3 billion market[2]), for the severe and medically underserved autoimmune disease Systemic Lupus Erythematosus (SLE) and for potential use in severe fibrotic diseases such as e.g. Scleroderma (skin and organ fibrosis) and Idiopathic Pulmonary Fibrosis (IPF, lung fibrosis). We are also pleased to report further mechanistic data detailing the overall mechanism of action for our bromodomain BET BD1 selective inhibitors, which may explain the selective anti-inflammatory activity and the benign safety profile.

The pharmaceutical industry currently focuses significantly on discovery and development of further new medicines for inflammatory skin diseases including psoriasis and atopic dermatitis, and our new data therefore represent further strong promotional data for Nuevolution's BET BD1 selective program. Also considering the clinical development risk, we therefore currently conclude that the initial preferred and potential development route will be in the therapeutic area of skin diseases (PsO and AD) allowing us to seek an early clinical readout of efficacy, upon which, we may then later expand with severe indications, where the unmet medical need is significant.

Nuevolution's NUE7770 represent an attractive compound for potential further development. However, additional contenders for the title as Development Candidate has been obtained during the last two quarters, and Nuevolution will therefore further characterize and compare these with the expectation that the most optimal compound may be selected as Development Candidate according to plan in the second calendar quarter of 2018.

[1] Global Data, 2016

[2] Global Data, 2015

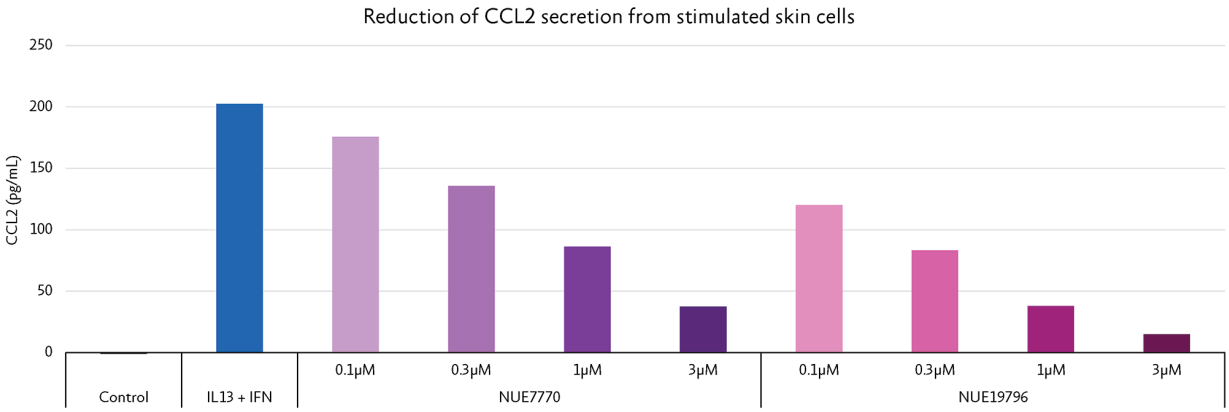


Figure 1. Testing of Nuevolution BET-BD1 selective inhibitor compounds, NUE7770 and NUE19796, for activity on human skin cells (Keratinocytes). CCL2 is an important chemokine (immune signal) produced by IL13/IFNγ stimulated human skin cells. NUE7770 and NUE19796 provided dose-dependent reduction of CCL2 – a chemokine linked to both fibrotic diseases and to atopic dermatitis.

Skin Diseases – Psoriasis & Atopic Dermatitis

Human skin cells (keratinocytes) produce signaling molecules (e.g. cytokines such as CCL2), when they are stimulated by immune system cells. The signaling molecules such as CCL2 serve as a messenger to recruit other immune system cells, and thereby initiate and maintain an inflammatory condition. Normally this represents a good and protective defense system, but in autoimmune diseases or in situations where the immune system is overreacting, this leads to unwanted and tissue destructive processes.

More than 13 million (diagnosed) patients suffer world-wide from the unpleasant and very bothersome skin disease atopic dermatitis. In atopic dermatitis (atopic eczema), keratinocytes are over-stimulated by interleukin 13 (IL-13) released from TH2 (immune system T-helper cells type 2) as well as interleukin 22 (IL-22) from TH22 (immune system T-helper cells type 22) cells. This leads to an inflammatory process causing 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. The disease is clearly underserved with currently available medications, and it is a disease that is receiving significant interest and research efforts within the pharmaceutical industry in parallel with their significant current focus on psoriasis.

During the three month period ended 31 December 2017, we generated new data showing effective blockade of IL-13/IFNγ-stimulated production of CCL2 from human keratinocytes by our bromodomain BET BD1 selective compounds (see figure 1). These data further substantiate the unique mechanism of action (MoA) and potential use in e.g. skin diseases driven by IL13/CCL2 cytokine signaling. To further substantiate this interesting mechanism of action, and relevance for clinical readouts, we are currently profiling selective bromodomain BET BD1 pre-candidate compounds in different assays of stimulated keratinocytes and fibroblasts.

During the past fiscal quarter, NUE7770 and a further promising new compound NUE19796, were tested in IL-23 induced ear edema[3] models, which can mimic the human diseases such as atopic dermatitis (AD) and Psoriasis (PsO). In the first study, NUE7770 was dosed either orally or by injection for eight days to test effects on i.) clinical scoring and ii.) a limited set of signaling cytokines. NUE7770 showed a strong effect with a dose-dependent reduction in clinical ear edema score and suppression of IL-22 levels with an efficacy superior to even that of an IL-23 neutralizing antibody (see figure 2). A second, and more acute 4-day study, was conducted to monitor effects on key cytokines such as CCL2 and IL22 relevant for atopic dermatitis. Here, NUE19796 as well as NUE7770 were tested and compared to the non-selective BET inhibitor, JQ-1. In this short-duration model, NUE19796 provided a largely dose-proportional reduction of key inflammatory cytokines such as CCL2 and to a lesser extent IL22 following oral dosing. NUE7770 and NUE19796 dosed by injection, also resulted in a potent reduction of CCL2 and IL22 levels, with effects even higher than expected from the exposure levels of the compounds. Additional analysis is now in progress to firmly conclude on these study outcomes.

[3] Swelling from fluid accumulation under the skin

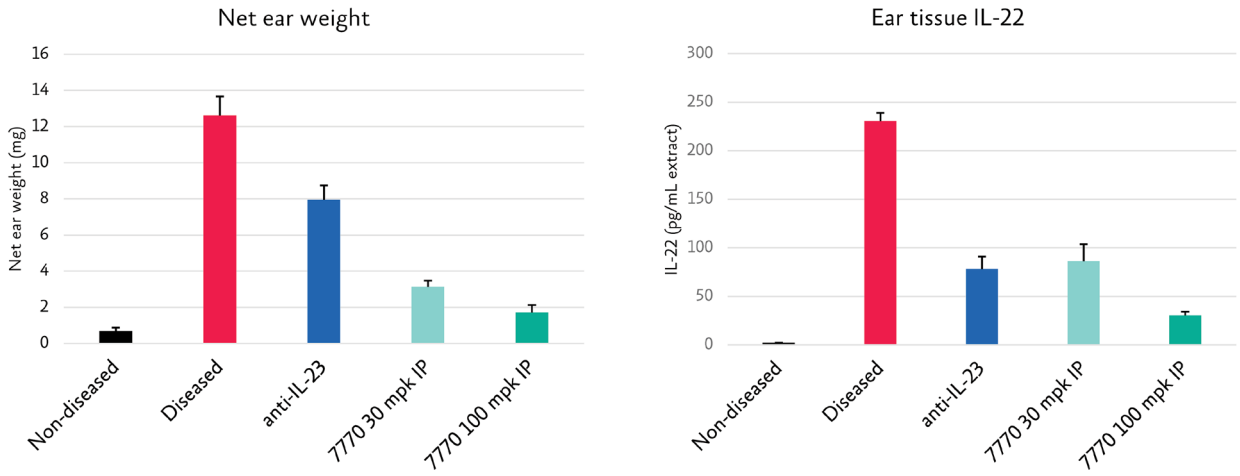


Figure 2. A mouse inflammation model, where the inflammation is induced by the IL-23 cytokine injected to the mouse ear causing edema (ear weight=clinical score) and a rise in certain cytokines such as IL-22. Untreated mice observe a significant increase in ear weight and IL-22 levels (red bars). Injecting an IL-23-directed antibody partly reduce edema and IL22 levels (blue bars). NUE7770, here also dosed by injection show a significant reduction in ear edema consolidated by the strong reduction in IL22 levels (green bars).

Collectively, the data available from the two studies and from our IL13-induced skin cell assays support potential dual inhibition of CCL2 and likely IL22 by bromodomain BET BD1 inhibitors. Interestingly, recent clinical evidence has identified, not only IL-13, but also IL-22 as a key cytokine in atopic dermatitis, where an injectable antibody directed against IL22 provided clinical benefit to patients with severe atopic dermatitis[4]. Furthermore, the recently approved injectable antibody Dupilumab for treatment of atopic dermatitis suppresses TH2 stimulation of keratinocytes and therefore reduces CCL2 release from keratinocytes, i.e. the same effect as we observe with our orally available BET BD1 selective inhibitors. Based on the BET BD1 inhibitor compound mechanism-of-action (MoA), potentially being a dual effect of CCL2+IL22 suppression, we may argue support for potential investigation of these compounds in patients with severe IL-13 and/or IL-22-driven atopic dermatitis.

Fibrosis - Idiopathic Pulmonary Fibrosis and Scleroderma

Idiopathic pulmonary fibrosis (IPF) is a devastating and lethal disease caused by a loss of lung function due injury and scarring resulting in collagen deposit in the lung tissue that impairing normal lung function. We previously reported data from the bleomycin-induced therapeutic mouse model of idiopathic pulmonary fibrosis (IPF) in H1/17, where we showed significant reduction in lung collagen deposits (antifibrotic activity) following oral dosing of NUE7770.

In the three month period ended 31 December 2017, we conducted a follow-up mouse fibrosis study similar to the IPF model, but now reflecting the human fibrotic disease of Scleroderma (see figure 3). In this new model bleomycin injected into mouse skin induces collagen-based skin fibrosis. NUE7770 dosed orally showed a positive effect and provided a statistically significant reduction in skin collagen deposits, demonstrating efficacy on a key parameter of fibrosis (see figure 3). Additional investigations on relevant cell types, such as fibroblasts from IPF patients, to support compound mechanism of action is now ongoing. Collectively, the data confirms the previous positive data from the related IPF bleomycin model supporting the potential use of BET BD1 selective inhibitor compounds in human fibrotic diseases.

With the current evidence for compound mechanism of action, and supported by a good safety profile, multiple opportunities for progressing BET BD1 selective inhibitors remain viable and attractive. However, from the compound mechanism of action, therapeutic market assessment and feasibility of clinical routes, Nuevolution currently prefer to initially prioritize atopic dermatitis/psoriasis as primary indication for potential development. For more information about atopic dermatitis please see our previous interim report for the period ended 30 September 2017 (p. 11).

We will now complete the qualification of BET BD1 selective precandidate compounds with the goal to nominate the development candidate during the second quarter of 2018, thereafter enabling the program to become clinical development ready in mid 2019.

[4] Guttman-Yassky E and Kruger JG, Current Opinion in Immunology 2017, 48;68-73; Guttman-Yassky E, *et al.*, 2017, JAAD, S0190-9622(18)30101-4

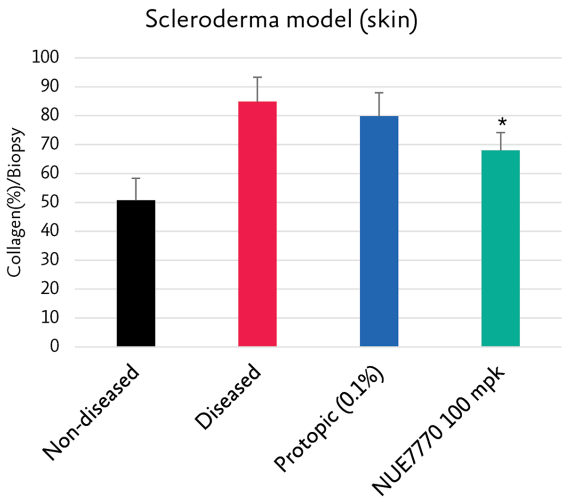


Figure 3. Human Scleroderma (Systemic Sclerosis) causes excessive production of fibrotic tissue illustrated by elevated hydroxyproline content (Collagen biomarker). In this model, Bleomycin was added intradermal (into the skin) to the mouse skin causing inflammation and collagen production in the mouse skin. Mice were dosed with Protopic, a marketed product for topical eczema or NUE7770 at 100 mpk dosed orally for 4 weeks. Hydroxyproline content in the skin was monitored as the clinical score. Protopic provide a marginal, but not statistically significant reduction in collagen content, whereas NUE7770 treatment effectively reduced collagen deposition in the skin.

RORγt INHIBITOR PROGRAM (INFLAMMATION)

Nuevolution has partnered its RORγt inhibitor program with Almirall for addressing IL-17A- driven skin diseases including psoriasis and psoriatic arthritis, and the collaboration program continue to progress well toward clinical development. Nuevolution has previously identified and disclosed additional therapeutic opportunities for our program outside dermatology such as in ankylosing spondylitis (AS), a debilitating inflammation to the spine affecting more than 1,5 million patients and inflammatory bowel diseases (IBD) such as ulcerative colitis (UC) and Crohn's disease (CD).

Ankylosing Spondylitis

Clinical data in patients with Ankylosing Spondylitis (AS) show significant improvement on disease parameters following treatment with the injectable and expensive secukinumab[5], an antibody targeting IL-17A, which is approved for treatment of patients with AS. The clinical data on antibody IL-17A inhibition strongly argues that a small molecule RORγt inhibitor, which inhibits the production of IL-17A should provide an efficacious, orally-based, convenient and market competitive alternative for AS patients.

From the compelling clinical evidence for IL-17A inhibition, market perspective, clinical feasibility and overall risk assessment of the clinical outcome, Nuevolution currently prefer to initially prioritize AS (see infobox p. 11) and secondarily IBD as potential clinical routes outside dermatology for its internal RORγt program.

Inflammatory Bowel Disease (IBD)

Following the solid efficacy data in the two chemically induced mouse models of IBD reported previously, we initiated in fourth quarter 2017, an adoptive T cell transfer mouse model of IBD to evaluate the RORγt Candidate for clinical use within IBD. We had hoped to have data available in early January, but for technical reasons data from this ongoing study will become available late first quarter 2018. We do not expect this to delay the development prospects of the program.

RORγt AGONIST PROGRAM (IMMUNOONCOLOGY)

In this program, we use a small molecule agonist (stimulator) of RORγt to activate T cells infiltrated in tumors with the purpose of increasing immune attack on cancer cells. In the past quarter, we conducted an *in vivo* study in a mouse breast cancer tumor model, using one of our lead compounds and a competitor compound with claimed *in vivo* activity, for comparing both mechanism of action and therapeutic efficacy. To apply the highest possible stringency for these RORγt activators and the TH17-stimulated mechanism of action, we conducted the study in a therapeutic mode, where compounds was added only after initiation of tumor growth. In this tumor subtype and study setup, neither the Nuevolution compound nor the competitor compound provided a statistically significant tumor reduction, at the applied therapeutic doses suggesting a i.) too stringent model setup or ii) a lack of sufficient intra-tumoral TH17 induction to affect tumor growth. Additional potent RORγt agonists have now been identified during the past quarter by Nuevolution, and these compounds will be further validated for their mechanism of action before potential testing in a more suitable tumor model.

CYTOKINE X (INFLAMMATION)

Cytokines such as interleukins and chemokines, are small proteins responsible for signaling between cells of the immune system. Excessive production of, and signaling by, certain cytokines is the cause of multiple inflammatory and chronic autoimmune diseases. Blocking the signaling of the disease-relevant cytokine can often be achieved using injectable anti-

[5] Blair HA and Dhillon S, Drugs 2016, 76;1023-30

ANKYLOSING SPONDYLITIS (AS)

Ankylosing spondylitis (AS) or radiographic axial spondyloarthritis is an autoimmune disorder that is characterized by inflammation of the spine and the sacroiliac joint and vertebral column. AS symptoms include pain and stiffness from the neck down to the lower back. The spine's bones (vertebrae) may grow or fuse together (fusion), resulting in a rigid spine (also called "bamboo spine"). An early stage of the disease, is known as non-radiographic axial spondyloarthritis (nr-axSpA), which is characterized by the same symptoms of inflammatory (lower) back pain however without radiographic changes observable by X-ray.

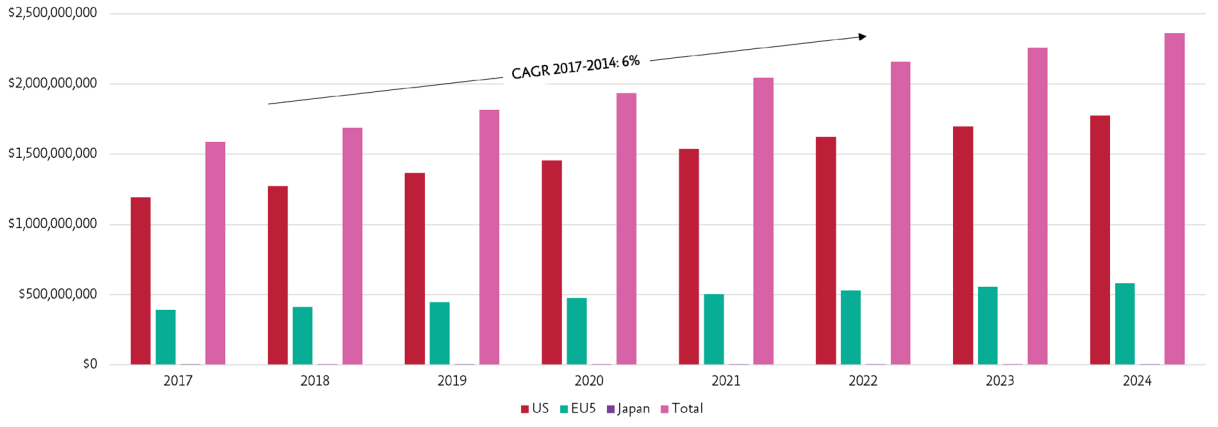


Figure 4. Sales forecast for Ankylosing Spondylitis 2017 – 2024 in US, EU5 and Japan. (Source: Global Data, 2015).

Diagnosed prevalent patients amount to approx. 1.5 million globally*. Disease prevalence of AS shows a higher prevalence for men compared to women (ca. 2-to-1), but since overall diagnosis of the disease is subject to improvement, the deviation may be limited. The disease can occur already at rather young age and the majority of disease sufferers are between 15 and 45 of age.

Present treatment for ankylosing spondylitis is driven by first-line NSAID's (e.g. pain relief drugs), and subject to severity of the disease, corticosteroids and other DMARD's (Disease-Modifying Antirheumatic Drug's) like methotrexate and sulfasalazine are used to a rather limited extent. In the severe cases of AS, anti-TNF drugs are used, such as Humira, Enbrel and Remicade, among others, as well as the recently approved drugs, such as Cosentyx (IL-17 inhibitors) and Stelara (IL-12/IL-23 inhibitor).

According to Global Data, and as shown in the graph above, product sales in the 7MM will grow to approx. USD 2.4 bn. in 2024 from presently USD 1.5 bn., which represents an annual growth rate of approximately 6%.

The future growth in the AS market is driven by disease awareness, improved patient diagnosis rates and the recent approval of injectable, high-priced, antibody (Cosentyx, Stelara) treatment options. There remains to be a significant opportunity for oral small molecules, since present oral (NSAID) treatment options show gastrointestinal and cardiovascular side-effects in some patients, which impact the use of these treatment options long term. Innovative small molecule treatment options, need to come with improved efficacy and a strong safety profile and products should preferably be made available at acceptable price levels also, to compete with the high-priced antibody products

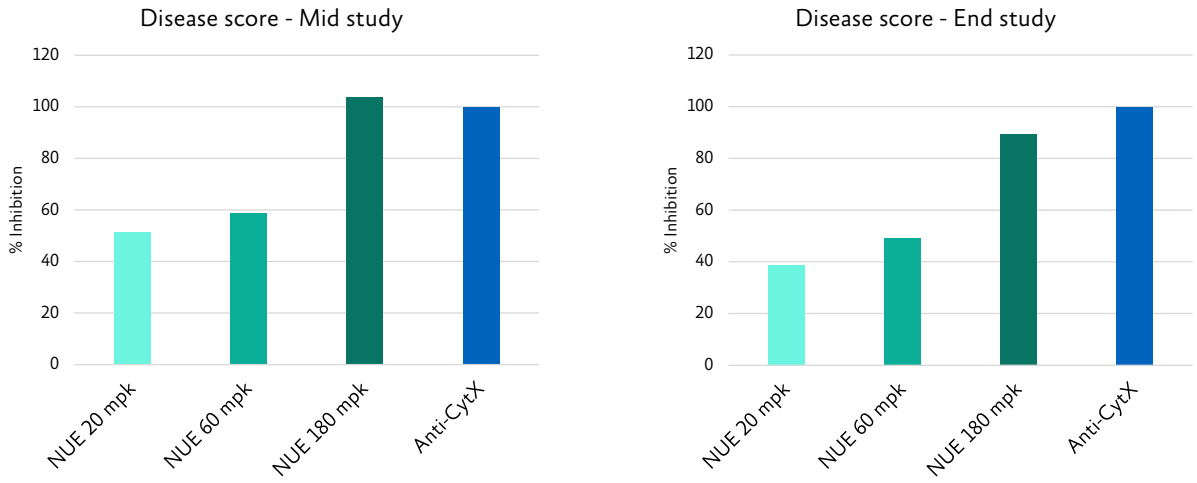


Figure 5. *In vivo* mouse inflammation study testing NUE compounds targeting cytokine X. In this model, the clinical score, reflecting human diseases, increase gradually during the study. The score, here shown by mid-study and by end of study, was reported as % inhibition compared to the antibody targeting cytokine X. The compounds were dosed sub-cutaneously (depot under skin), twice daily. The NUE small molecule compound provided improvement in disease score at all doses throughout the study timeline. At the highest dose the compound is showing efficacy on par with the antibody yielding 102 % and 91% inhibition levels at mid-study and by end of study, respectively.

bodies that can bind and neutralize the function of the cytokine and provide patient benefit. Although antibodies can be effective in cytokine blockade they are also i) very costly, ii) dosed by injection by physicians iii) may cause adverse immune reactions against the antibody and iv) will weaken immune response to certain infections. Targeting disease cytokines by a tablet-based small-molecule may offer convenient and cost-efficient alternatives with fewer immune-related risks. Historically, the identification of small-molecules for cytokines has proven extremely difficult due to the nature of the cytokine protein surfaces and no small-molecule therapies directly targeting cytokines have yet been marketed.

In our cytokine X program, we have identified potent small-molecules that directly bind and neutralize a key cytokine responsible for multiple human diseases with the purpose of developing first-in-class, orally available (tablet-based), medicines.

In the past quarter, we continued the lead optimization efforts focusing on improving exposure of compounds in the main chemical series, while also promoting additional chemical series. One small molecule lead compound was subjected to an *in vivo* proof-of-concept study to further validate and solidify the mechanism-of-action in a mouse model relevant for multiple human diseases. The compound, which have a modest exposure in mice, was dosed at 20, 60 and 180 mpk twice daily by injection, and clinical efficacy scoring was compared to a benchmark injectable antibody targeting the same cytokine X (see Figure 5). Nuevolution's small molecule compound provided, a largely, dose proportional efficacy with the highest dose providing clinical efficacy on par with the benchmark antibody throughout the course of the study.

These data support that the same efficacy and mechanism-of-action can be achieve with Nuevolution's small molecule inhibitor compounds as can normally only be achieved with an injectable antibody. The positive data support the continued efforts in multiple chemical series toward a preclinical candidate in this important first-in-class program.

AMGEN COLLABORATION

In our interim report for the three-month period ended 30 September 2017, we announced on 7 November 2017, expectation for having the outcome of *in vivo* proof-of-concept studies within 3-6 months. We are pleased to report that two cancer programs have been fast-tracked in Nuevolution's lead discovery in the collaboration with Amgen. In the past quarter, we conducted testing of one Nuevolution lead compound and a competitor compound with the intention to obtain a first preliminary *in vivo* Proof-of-Concept (PoC). Our compound, dosed once daily by injection, showed dose proportional reduction in tumor growth with moderate effects observed already at the very low dosing of 1 mpk (see Figure 6). At the highest dose of 25 mpk, a near complete elimination of tumor volume is observed with this compound showing clear superiority versus the competitor compound having a similar mechanism of action. From this model, ad-

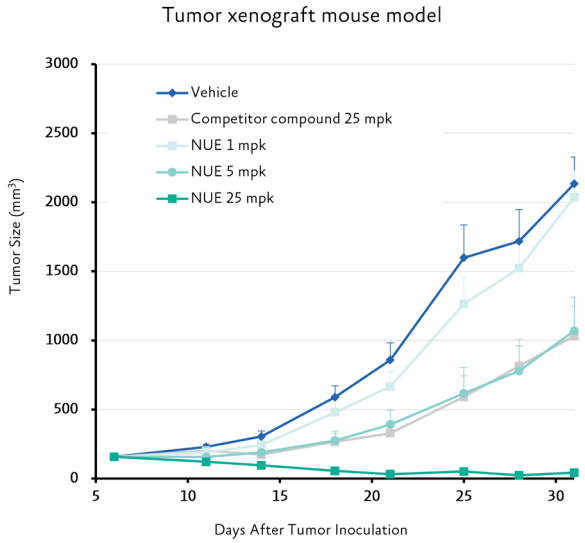


Figure 6. Tumor xenograft mouse model. One Nuevolution lead compound was tested for tumor efficacy at three different concentrations and compared to a competitor compound with similar mechanism of action with all compounds dosed by injection once daily. The NUE compound shows positive and dose-dependent effects on tumor growth, superior to the competitor compound, with the highest NUE dose resulting in near complete elimination of the tumor from only 2 weeks of dosing.

ditional biomarker data will become available during the first quarter of 2018. Following these first, but preliminary positive tumor xenograft data for the first compound series, we now continue further improvements and profiling of key additional compounds in the program before evaluation in a second *in vivo* model.

In our second cancer program, we have profiled potent compounds and identified the nominees eligible for entering *in vivo* PoC testing in a tumor model during the first quarter of 2018. We will continue with significant resources to move these programs forward and report additional data during the first half of 2018.

JANSSEN COLLABORATION

As announced on 3 January 2018 (post quarter), one program at early research stage (hit stage) was out-licensed to Janssen within the therapeutic area of anti-infective diseases. Janssen will now be wholly responsible for the continued discovery, preclinical and clinical development. This represents again an additional testimony to the value of Nuevolution technology and drug discovery approach in general.

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.

EARLY DISCOVERY

In our early projects, we are pursuing disease targets within cancers and inflammatory diseases. In one program, we are targeting a lipid kinase important for growth of cancer cells. Several of our initial hit compounds show potent effects in cancer cell lines and these compounds will now be further profiled across a panel of cancer cell types before evaluation of the next steps for the program. Two additional early programs within cancer and inflammation will be examined for cell-based activity during the first quarter of 2018.

NEW ADVISOR DR. PAUL SCIGALLA

After close of the fiscal quarter, Nuevolution appointed professor Paul Scigalla MD, PhD as new advisor to support Nuevolution in the role as a Chief Medical Officer on a consultancy basis. Dr. Scigalla brings tremendous experience in drug discovery and development across several therapeutic areas. He will have an important supporting role in making Nuevolution's programs clinical development ready in line with our Grand Plan of building a broad portfolio of clinical and pre-clinical programs.

Dr. Scigalla, is a physician and medical researcher with more than 30 years of experience in clinical development across multiple therapeutic areas. As head of Clinical Research for nephrology, oncology and bone metabolism at Boehringer Mannheim GmbH, he was responsible for the preclinical and clinical development of erythropoietin and approval of ibandronate for the treatment osteoporosis and bone metastases. He later served as Head of Global Development Therapeutics and Executive Vice President at SUGEN, Inc., responsible for the clinical development of multiple receptor tyrosine kinase inhibitors, including sunitinib (Sutent®) and as Vice President Research Oncology, Pharmacia/Pfizer Bedminster, New Jersey. Since August 2003, he has served as a consultant to several pharmaceutical companies in US, Japan and Europe. Dr. Scigalla received his medical training from the University of Humboldt and was appointed Professor of Medicine from the University of Heidelberg in 1992.

Business & Partnering Activities

HIGHLIGHTS

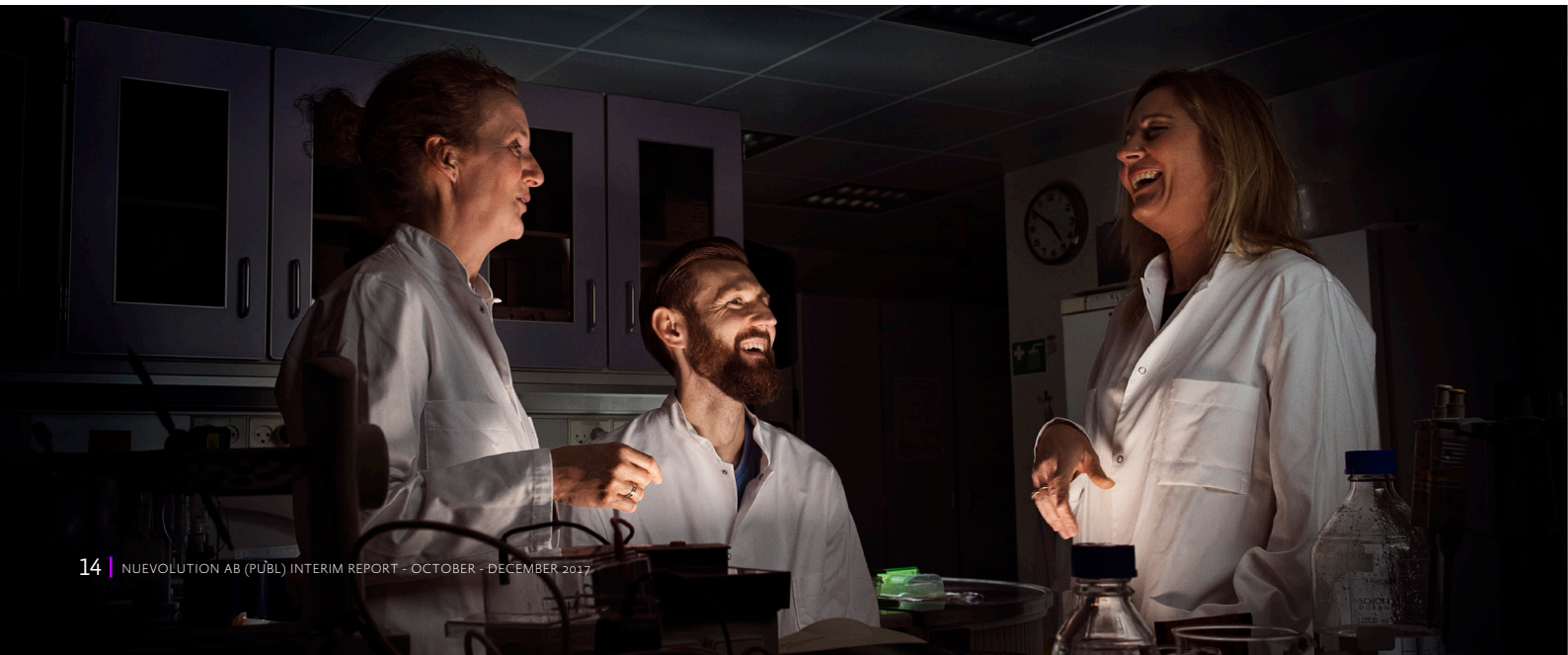
- The company has continued its partnering activities in line with its guidance and supported by realization important data in programs during the last 6 months.
- We are in several discussions with pharmaceutical companies exploring different types of deals; including potential program out-licensing, R&D/platform collaboration, and we maintain our guidance of potentially realizing a further partnership during the coming three to nine months.

It has been a clearly stated goal for Nuevolution to explore various therapeutic opportunities with the aim to maximize potential applicability and therefore value of our programs in general.

During the two last quarters, positive data from additional studies has been achieved in our Bromodomain BET BD1 selective inhibitor program (Inflammation) including further *in vivo* data and mechanism of action data supporting the potential application in treatment of skin diseases like psoriasis and equally interesting atopic dermatitis (eczema) – both areas of significant and imminent interest to the pharmaceutical industry. Previously, we have shown encouraging animal proof of concept data in the severe autoimmune disease Systemic Lupus Erythomatosus ("Lupus") and potential use in fibrotic diseases such as Idiopathic pulmonary fibrosis (IPF, lung fibrosis), which we have now further solidified with data from another fibrotic disease being Scleroderma. The program continues to attract positive interest from pharmaceutical companies and specialized larger biotech companies. Nuevolution may decide to partner the program or keep it for its own development. Both options being in line with the company's overall strategy of both having partnered and own programs in pre-clinical and clinical development.

Early January, we had the opportunity to promote our programs for potential partnering during the JP Morgan Healthcare conference in the US. Our main focus was promotion to several pharmaceutical companies of our selective BET BD1 inhibitor program and our internal anti-inflammatory program RORγt program, with potential use for treatment of Ankylosing Spondylitis (arthritis) and Inflammatory Bowel Disease (IBD, intestinal inflammation). Simultaneously, we are discussing different drug discovery collaboration structures with a number of pharmaceutical and biotech companies. We explore drug discovery and development collaboration structures as well as collaboration structures around our proprietary Chemetics® platform. We are not planning to undertake any CRO-type of fee-for-service work, and we have declined such offers and when negotiations end with unattractive financial terms. It is our main objective to realize partnerships that offers the potential to bring significant upside to the company, and its shareholders going forward. We remain confident in realizing a further partnership during the next three to nine months.

We wish to state however, that this guidance should not be interpreted as a guarantee that agreements will actually happen.



Investor activities

INTERNAL PREPARATIONS CONTINUING

During the three-month period that ended 31 December 2017, Nuevolution has continued the preparations for an application to list Nuevolution on to Nasdaq Stockholm's Main Market. For further details of the process, please see our previous interim report for the period ended 30 September 2017.

STRENGTHENING INVESTOR ACTIVITIES

In November 2017, we announced the appointment of Johnny Stilou as Director of Investor Relations & Corporate Communication, a new position within the company, which has been established to further support a successful execution of the company's goals. These goals include strengthening the shareholder base with international and institutional investors, but also to ensure that Nuevolution keep close bonds with its shareholders, and maintain high quality communication to the market. Johnny Stilou will join the company in mid-February 2018. Johnny will become member of the management team with reporting to the CEO.

Johnny Stilou, 50 years, has significant experience with investor relations work as well as corporate communication from Veloxis Pharmaceuticals (publicly listed on Nasdaq Copenhagen) during the period 2008-2016, where he was the CFO, and was responsible for all investor relations work in the EU and US.

MEET US

The following events where Nuevolution's executive management will present have so far been scheduled for 2018:

5 March: Store Aktiedagen, Aktiespararna, Stockholm

22 March: InvestorDagen, Dansk Aktionærforening, Copenhagen

11 June: Småbolagsdagen, Aktiespararna, Stockholm

12 November: Store Aktiedagen, Aktiespararna, Stockholm

26 November: Store Aktiedagen, Aktiespararna, Gothenburg

FINANCIAL REPORT

Group - Key ratios

TSEK, if not stated otherwise	1/10 - 31/12 2017	1/10 - 31/12 2016	1/7 - 31/12 2017	1/7 - 31/12 2016
	Unaudited	Unaudited	Unaudited	Unaudited
INCOME STATEMENT				
Revenue	3,180	110,971	4,827	112,768
Research and development expenses	-26,644	-29,289	-52,693	-52,304
Sales, general and administration expenses	-10,893	-5,835	-16,748	-12,351
Total operating expenses	-37,537	-35,124	-69,441	-64,655
Operating result	-34,204	75,847	-64,461	48,113
Net financial items	-300	1,083	-368	1,455
Net result	-32,694	56,426	-61,252	30,821
Comprehensive result for the period	-30,766	52,944	-59,057	27,460
BALANCE SHEET				
Non-current assets			11,674	9,639
Current assets			125,084	244,515
Total assets			136,758	254,154
Share capital			42,858	42,858
Shareholders' equity			111,091	225,362
Non-current liabilities			2,810	3,418
Current liabilities			22,857	25,374
Net working capital (NWC)			-15,982	86,505
Investment in intangible and tangible assets			1,587	1,340
CASH FLOW				
Cash flow from operating activities	-31,921	-25,235	-64,722	-55,029
Cash flow from investing activities	-926	-214	-1,170	-651
Cash flow from financing activities	-375	-334	-741	-582
Total cash flow	-33,222	-25,783	-66,633	-56,262
FINANCIAL RATIOS				
Basic earnings per share (EPS), SEK	-0.76	1.32	-1.43	0.72
Diluted earnings per share (EPS-D), SEK[1]	-0.76	1.32	-1.43	0.72
Shareholders' equity per share, SEK	2.59	5.26	2.59	5.26
Period-end share market price			16.60	14.45
Equity ratio (%)			81	89
Number of shares outstanding, average, million shares	42.858	42.858	42.858	42.858
Number of shares outstanding, end-period, million shares	42.858	42.858	42.858	42.858
Diluted number of shares outstanding, average, million shares	43.700	42.858	43.700	42.858
Average number of employees (FTE)			48	44
Number of employees (FTE) at period-end			47	43

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

Financial report

GROUP

REVENUES

Consolidated revenue for the three-month period ended 31 December 2017 was SEK 3.2 million compared to SEK 111.0 million in the three-month period ended 31 December 2016. Revenue in the three-month period ended 31 December 2017 stem from the drug discovery collaboration with Janssen Biotech, whereas revenue in the same three-month period last year came from the upfront payment of SEK 109.2 million from Almirall S.A. and revenue from the drug discovery collaboration with the Janssen Biotech.

Consolidated revenue for the six-month period ended 31 December 2017 was SEK 4.8 million compared to SEK 112.8 million in the six-month period ended 31 December 2016. Revenue in the six-month period ended 31 December 2017 came from the drug discovery collaboration with Janssen Biotech, whereas revenue in the same six-month period last year came from the upfront payment of SEK 109.2 million from Almirall S.A. and revenue from the drug discovery collaboration with the Janssen Biotech.

OPERATING EXPENSES

Total group operating expenses amounted to SEK 37.5 million in the three-month period ended 31 December 2017 against total expenses of SEK 35.1 million in the same three-month period last year. The net increase of SEK 2.4 million includes a decrease in research and development (R&D) expenses of SEK 2.7 million, primarily consisting of decreased personnel expenses, while an increase in sales, general and administrative (SG&A) expenses of SEK 5.1 million was incurred, due to higher administrative expenses, which mainly includes preparation expenses for the intended listing on Nasdaq Stockholm (main market).

Total operating expenses amounted to SEK 69.4 million in the six-month period ended 31 December 2017 against total expenses of SEK 64.7 million in six-month period ended 31 December 2016. The increase of SEK 4.8 million includes a minor increase in research and development (R&D) expenses of SEK 0.4 million, which mainly covers external research in the BET and RORγt inhibitor programs and fees for newly issued patents. The main increase comes from higher sales, general and administrative (SG&A) expenses of SEK 4.4 million, which mainly represents expenses in preparation of the intended listing on Nasdaq Stockholm (main market).

OTHER OPERATING INCOME

Other operating income of SEK 0.2 million in the three- and six-month period ended 31 December 2017 includes grants under the agreement with Innovation Fund Denmark.

PROFIT & LOSS

In the three-month period ended 31 December 2017, the group showed an operating loss of SEK 34.2 million against a profit of 75.8 million in the three-month period ended 31 December 2016. The result before tax was a loss of SEK 34.5 million in the three-month period ended 31 December 2017 against a profit of SEK 76.9 million in the same quarter last year. In the three-month period ended 31 December 2017, the group recorded a corporate tax income of SEK 1.8 million, due to the Danish R&D tax credit program, against a tax expense of SEK 20.5 million, due to the Spanish withholding taxation of the Almirall upfront payment in the three-month period ended 31 December 2016. A net loss of SEK 32.7 million was recorded in the three-month period ended 31 December 2017, against a profit of SEK 56.4 million in the same quarter last fiscal year. Basic (EPS) and diluted (EPS-D) earnings per share was SEK -0.76 in the three-month period ended 31 December 2017 against an EPS and EPS-D of SEK 1.32 in the three-month period ended 31 December 2016.

In the six-month period ended 31 December 2017, the group showed an operating loss of SEK 64.5 million against a profit of SEK 48.1 million in the six-month period ended 31 December 2016. The result before tax was a loss of SEK 64.8 million in the six-month period ended 31 December 2017 against a profit of SEK 49.6 million in the same six-month period in the prior fiscal year. A net loss of SEK 61.3 million was recorded in the six-month period ended 31 December 2017, following income from the Danish R&D tax credit program, against a net profit of SEK 30.8 million in the six-month period ended 31 December 2016, following the Spanish withholding tax of the Almirall upfront payment. EPS and EPS-D was SEK -1.43 in the six-month period ended 31 December 2017 against an EPS and EPS-D of SEK 0.72 in the same six-month period in the prior fiscal year.

CASH FLOW AND INVESTMENTS

The total cash flow for the three-month period ended 31 December 2017 showed an outflow of SEK 33.2 million against an outflow of SEK 25.8 million in the three-month period ended 31 December 2016.

In the three-month period ended 31 December 2017 cash flow from operating activities amounted to an outflow SEK 31.9 million against an outflow of SEK 25.2 million in the three-month period ended 31 December 2016. The outflow in the three-month period is primarily due the loss before tax. Investments in equipment in the three-month period ended 31 December 2017 were SEK 0.9 million compared to SEK 0.2 million in same three-month period in the prior year.

Cash-flow from financing activities in the three-month period

ended 31 December 2017 amounted to an outflow of SEK 0.4 million, due to repayment of leasing liabilities, against an outflow SEK 0.3 million in the three-month period ended 31 December 2016.

The total cash flow for the six-month period ended 31 December 2017 showed an outflow of SEK 66.6 million against an outflow of SEK 56.3 million in the six-month period ended 31 December 2016.

In the six-month period ended 31 December 2017 cash flow from operating activities amounted to an outflow SEK 64.7 million against an outflow of SEK 55.0 million in the six-month period ended 31 December 2016. The outflow in the three-month period is primarily due the loss before tax. Investments in equipment in the six-month period ended 31 December 2017 were SEK 1.2 million compared to SEK 0.7 million in same six-month period in the prior year.

Cash-flow from financing activities in the six-month period ended 31 December 2017 amounted to an outflow of SEK 0.7 million, due to repayment of leasing liabilities, against an outflow SEK 0.6 million in the six-month period ended 31 December 2016.

EQUITY AND NET CASH

As of 31 December 2017, total shareholders' equity amounted to SEK 111.1 million against SEK 170.0 million as of 30 June 2017, mainly caused by the net loss of SEK 61.3 million in the six-month period.

Cash and cash equivalents amounted to SEK 114.8 million as per 31 December 2017, as compared with SEK 179.6 million at 30 June 2017. Net cash amounted to SEK 110.6 million as per 31 December 2017 (SEK 175.2 million at 30 June 2017) after the deduction of leasing liabilities of SEK 4.2 million (SEK 4.4 million at 30 June 2017).

NUMBER OF SHARES

At 31 December 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 31 December 2017 of SEK 0.7 million against SEK 0.3 million in the three-month period ended 31 December 2016. The parent company incurred total expenses of SEK 5.7 million in the three-month period ended 31 December 2017, mainly led by expenses in preparation of the intended listing on Nasdaq Stockholm (main market), against total expenses of SEK 1.6 million in the same three-month in the prior year. The operating loss amounted to SEK 5.0 million in the three-month period ended 31 December 2017, against an operating loss of SEK 1.3 million in the three-month period ended 31 December 2016. A net loss of SEK 5.1 million was recorded in the three-month period ended 31 December 2017 against a net loss of SEK 1.2 million in same three-month period in the prior year.

The parent company had inter-company revenues in the six-month period ended 31 December 2017 of SEK 1.1 million against SEK 0.6 million in the six-month period ended 31 December 2016. The parent company incurred total expenses of SEK 8.2 million in the six-month period ended 31 December 2017, mainly led by expenses in preparation of the intended listing on Nasdaq Stockholm (main market), against total expenses of SEK 3.3 million in the same six-month in the prior year. The operating loss amounted to SEK 7.1 million in the six-month period ended 31 December 2017 against an operating loss of SEK 2.6 million in the six-month period ended 31 December 2016. A net loss of SEK 7.2 million was recorded in the six-month period ended 31 December 2017 against a net loss of SEK 2.4 million in same six-month period in the prior year.

The parent company's cash and cash equivalents amounted to SEK 35.5 million at 31 December 2017, against SEK 91.0 million at 30 June 2017. Shareholders' equity was SEK 716.1 million at 31 December 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 31 DECEMBER, 2017

On 3 January 2018, Nuevolution announced that it is to receive license fee payment of USD 750,000 from Janssen Biotech, which has exercised its option to license one of the early-stage research programs under the multi-target collaboration entered between the parties in October 2015.

Other information

LARGEST SHAREHOLDERS AS OF 29 DECEMBER 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	1,159,000	2.7
SEB Pensionsstiftelse	1,142,858	2.7
Avanza Pensionförsäkrings AB	1,074,747	2.5
Nordnet Pensionförsäkrings AB	422,626	1.0
Claus Resen Steenstrup and family	367,952	0.9
Granit Småbolag	315,000	0.7
Peter Ragnarsson	312,000	0.7
Henry Dunkers Förvaltning	296,069	0.7
Stig Løkke Pedersen	212,334	0.5
Hans Engblom and family	202,045	0.5
Fynske Bank	191,497	0.4
Catella Bank S.A.	136,000	0.3
Carl Thorsén	120,141	0.3
TIBIA Konsult AB	120,000	0.3
BNY Mellon, Belgium	86,067	0.2
Arbejdernes Landsbank	73,953	0.2
Others	5,748,453	13.4
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 September 2017.

FINANCIAL CALENDAR

EVENT	DATE
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

EASTERN HIGH COURT RULING

On 8 December 2017, The Eastern High Court decided to revoke the Maritime and Commercial High Court's (Sø- og Handelsretten's) original decision from 22 February 2016, in favour of Nuevolution's request, and to send the case back to the Maritime and Commercial High Court for renewed review. See the press release for further information.

NEW BOARD MEMBER

At the extraordinary general meeting on 11 December 2017, Fredrik Arp was elected as new member of the Board of Directors of Nuevolution AB (publ). Thus, the Board of Directors consists of Chairman Stig Løkke Pedersen and Directors Lars Henriksson, Søren Lemonius, Jutta Heim, Jeanette Wood and Fredrik Arp as per 31 December 2017.

ANNUAL GENERAL MEETING

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

NOMINATION COMMITTEE

In accordance with the resolution of the annual general meeting in 2017, the Nomination Committee for the AGM in 2018 is composed of: David Sonnek (SEB Venture Capital), Peter Benson (Sunstone Capital), Patrick Sobocki (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 8 February 2018 at 18:00.

Group - Condensed interim consolidated income statement

	1/10-1/12 2017 TSEK	1/10-31/12 2016 TSEK	1/7-31/12 2017 TSEK	1/7-31/12 2016 TSEK
Revenue	3,180	110,971	4,827	112,768
Research and development expenses	-26,644	-29,289	-52,693	-52,304
Sales, general and administration expenses	-10,893	-5,835	-16,748	-12,351
Operating expenses	**-37,537**	**-35,124**	**-69,441**	**-64,655**
Other operating income	153	0	153	0
Operating result	**-34,204**	**75,847**	**-64,461**	**48,113**
Financial income	71	1,423	306	2,396
Financial expenses	-371	-340	-674	-941
Result before tax	**-34,504**	**76,930**	**-64,829**	**49,568**
Corporate tax	1,810	-20,504	3,577	-18,747
Net result for the period	**-32,694**	**56,426**	**-61,252**	**30,821**
Net income attributable to stockholders of the parent company	**-32,694**	**56,426**	**-61,252**	**30,821**
Basic earnings per share (EPS), SEK	-0.76	1.32	-1.43	0.72
Diluted earnings per share (EPS-D), SEK	-0.76	1.32	-1.43	0.72

Group - Condensed consolidated statement of comprehensive income

Net result for the period	**-32,694**	**56,426**	**-61,252**	**30,821**
Other comprehensive income:				
Foreign exchange differences	1,928	-3,482	2,195	-3,361
Total net comprehensive result for the period	**-30,766**	**52,944**	**-59,057**	**27,460**

Group - Condensed interim consolidated balance sheet

	31 Dec. 2017 TSEK	30 June 2017 TSEK
ASSETS		
Non-current assets		
Tangible fixed assets	6,340	5,538
Financial fixed assets	5,334	6,397
Total non-current assets	**11,674**	**11,935**
Current assets		
Current receivables, non-interest bearing	10,326	10,125
Cash and cash equivalents	114,758	179,595
Total current assets	**125,084**	**189,720**
TOTAL ASSETS	**136,758**	**201,655**
EQUITY AND LIABILITIES		
Shareholders' equity	**111,091**	**169,962**
Non-current interest bearing liabilities	**2,810**	**2,939**
Current liabilities		
Current liabilities, interest bearing	1,375	1,482
Current liabilities, non-interest bearing	18,450	19,506
Deferred income	3,032	7,766
Total current liabilities	**22,857**	**28,754**
TOTAL EQUITY AND LIABILITIES	**136,758**	**201,655**

Group - Condensed interim consolidated statement of cash flows

	1/10 - 31/12 2017 TSEK	1/10 - 31/12 2016 TSEK	1/7 - 31/12 2017 TSEK	1/7 - 31/12 2016 TSEK
Operating activities				
Result before tax	-34,504	76,930	-64,829	49,568
Adjustment for depreciation of plant and equipment	492	425	906	839
Adjustment for non-cash effect of the share-based payments	186	0	186	-153
Financial income	-71	-1,423	-306	-2,396
Financial expenses	371	340	674	941
Cash flow before change in working capital	**-33,526**	**76,272**	**-63,369**	**48,799**
Change in working capital	-5,332	-109,017	-8,294	-111,223
Cash flow from operations	**-38,858**	**-32,745**	**-71,663**	**-62,424**
Interest received	67	34	296	92
Interest paid	-370	-228	-595	-401
Corporate taxes received	7,240	7,704	7,240	7,704
Cash flow from operating activities	**-31,921**	**-25,235**	**-64,722**	**-55,029**
Investing activities				
Investments in tangible fixed assets	-926	-214	-1,170	-651
Cash flow from investing activities	**-926**	**-214**	**-1,170**	**-651**
Financing activities				
Repayments of lease liabilities	-375	-334	-741	-582
Cash flow from financing activities	**-375**	**-334**	**-741**	**-582**
Cash flow for the period	**-33,222**	**-25,783**	**-66,633**	**-56,262**
Currency translation differences	1,620	-2,292	1,796	-2,011
Cash and cash equivalents, beginning of period	146,360	175,757	179,595	205,955
Cash and cash equivalents, end of period	**114,758**	**147,682**	**114,758**	**147,682**

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	-61,252	0	-61,252
Other comprehensive income	0	0	0	2,195	2,195
Total comprehensive income	**0**	**0**	**-61,252**	**2,195**	**-59,057**
Transactions with owners					
Share based payments	0	0	186	0	186
Total transaction with owners	**0**	**0**	**186**	**0**	**186**
Total changes in equity	**0**	**0**	**-61,066**	**2,195**	**-58,871**
Equity at 31 December 2017	**42,858**	**699,203**	**-631,559**	**589**	**111,091**

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	30,821	0	30,821
Other comprehensive income	0	0	0	-3,361	-3,361
Total comprehensive income	**0**	**0**	**30,821**	**-3,361**	**27,460**
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**	**30,668**	**-3,361**	**27,307**
Equity at 31 December 2016	**42,858**	**699,203**	**-514,186**	**-2,513**	**225,362**

Parent - Condensed interim income statement

	1/10 - 31/12 2017 TSEK	1/10 - 31/12 2016 TSEK	1/7 - 31/12 2017 TSEK	1/7 - 31/12 2016 TSEK
Revenue	694	322	1,088	645
Research and development expenses	0	0	0	0
Sales, general and administration expenses	-5,701	-1,640	-8,161	-3,272
Operating expenses	**-5,701**	**-1,640**	**-8,161**	**-3,272**
Operating result	**-5,007**	**-1,318**	**-7,073**	**-2,627**
Financial income	3	171	8	290
Financial expenses	-63	-10	-140	-24
Result before tax	**-5,067**	**-1,157**	**-7,205**	**-2,361**
Corporate tax	0	0	0	0
Net result for the period	**-5,067**	**-1,157**	**-7,205**	**-2,361**

Parent - Condensed interim balance sheet

	31 Dec. 2017 TSEK	30 June 2017 TSEK
ASSETS		
Non-current assets		
Financial fixed assets (Note 4)	682,699	632,699
Total non-current assets	**682,699**	**632,699**
Current assets		
Current receivables, Group Company, interest bearing	629	318
Current receivables, non-interest bearing	1,197	766
Cash and cash equivalents	35,451	90,982
Total current assets	**37,277**	**92,066**
TOTAL ASSETS	**719,976**	**724,765**
EQUITY AND LIABILITIES		
Shareholders' equity	**716,061**	**723,074**
Current liabilities		
Current liabilities, non-interest bearing	3,915	1,691
Total current liabilities	**3,915**	**1,691**
TOTAL EQUITY AND LIABILITIES	**719,976**	**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 the period 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.

FUNDING RISKS

Nuevolution's working capital as at December 31, 2017 is sufficient to support the Group's operating cash flow needs for at least the 12 months following the date of these consolidated financial statements. However, it is expected that Nuevolution in 2018 may need to attain additional funding to support working capital needs for 2019 and beyond in support of its long term strategy for growth of the company and its business. Management intends to finance its operations for 2019 and beyond by income from existing and/or new collaboration partners and potentially a capital markets transaction. Further, the Company will continue to revisit its strategic plans for 2018 and beyond. On this basis, the Board of Directors and management continues to view the Group as a going concern.

Note 4: Financial fixed assets (parent)

In connection with the preparation of the interim report for the parent company Nuevolution AB for the six-month period ended 31 December 2017, management has reviewed 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 six-month period ended 31 December 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 required.

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 – 31 December 2017 and 1 July – 31 December 2016, respectively, is outlined below.

	Warrant program 2015/21		Warrant program 2016/21	
	1 July – 31 Dec. 2017	1 July – 31 Dec. 2016	1 July – 31 Dec. 2017	1 July – 31 Dec. 2016
Outstanding warrants 1 July	5,070,518	5,087,837	0	0
Granted	0	0	70,000	0
Exercised	0	0	0	0
Expired/lapsed/cancelled	-8,660	-17,319	0	0
Outstanding warrants 31 December	5,061,858	5,070,518	70,000	0

A detailed description of the warrant programs can be found in the annual report for 2016/17, page 98-101.

Note 6: Related parties

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

	1 Oct. – 31 Dec. 2017 TSEK	1 Oct. – 31 Dec. 2016 TSEK	1 July – 31 Dec. 2017 TSEK	1 July – 31 Dec. 2016 TSEK
Consultancy fee etc. to member of Board of Directors:				
Stig Løkke Pedersen (extraordinary board remuneration and consultancy fee)*	0	0	0	200
Jeanette Wood (consultancy fee)	21	24	42	40
Jutta Heim (consultancy fee)	21	22	42	38
Related parties with significant influence:				
SEB (paid interest and fees)	97	60	208	33
SEB (deposit)			108,172	141,230

*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 12 October 2017. The senior management has 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

On 3 January 2018, Nuevolution announced that it is to receive license fee payment of USD 750,000 from Janssen Biotech, which has exercised its option to license one of the research programs under the multi-target collaboration entered between the parties in October 2015.

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, 8 February 2018

Alex Haahr Gouliaev
CEO

Stig Løkke Pedersen
Chairman of the Board

Lars Henriksson
Board member

Jutta Heim
Board member

Fredrik Arp
Board member

Søren Lemonius
Board member

Jeanette Wood
Board member

This interim report has not been reviewed by the company's auditors

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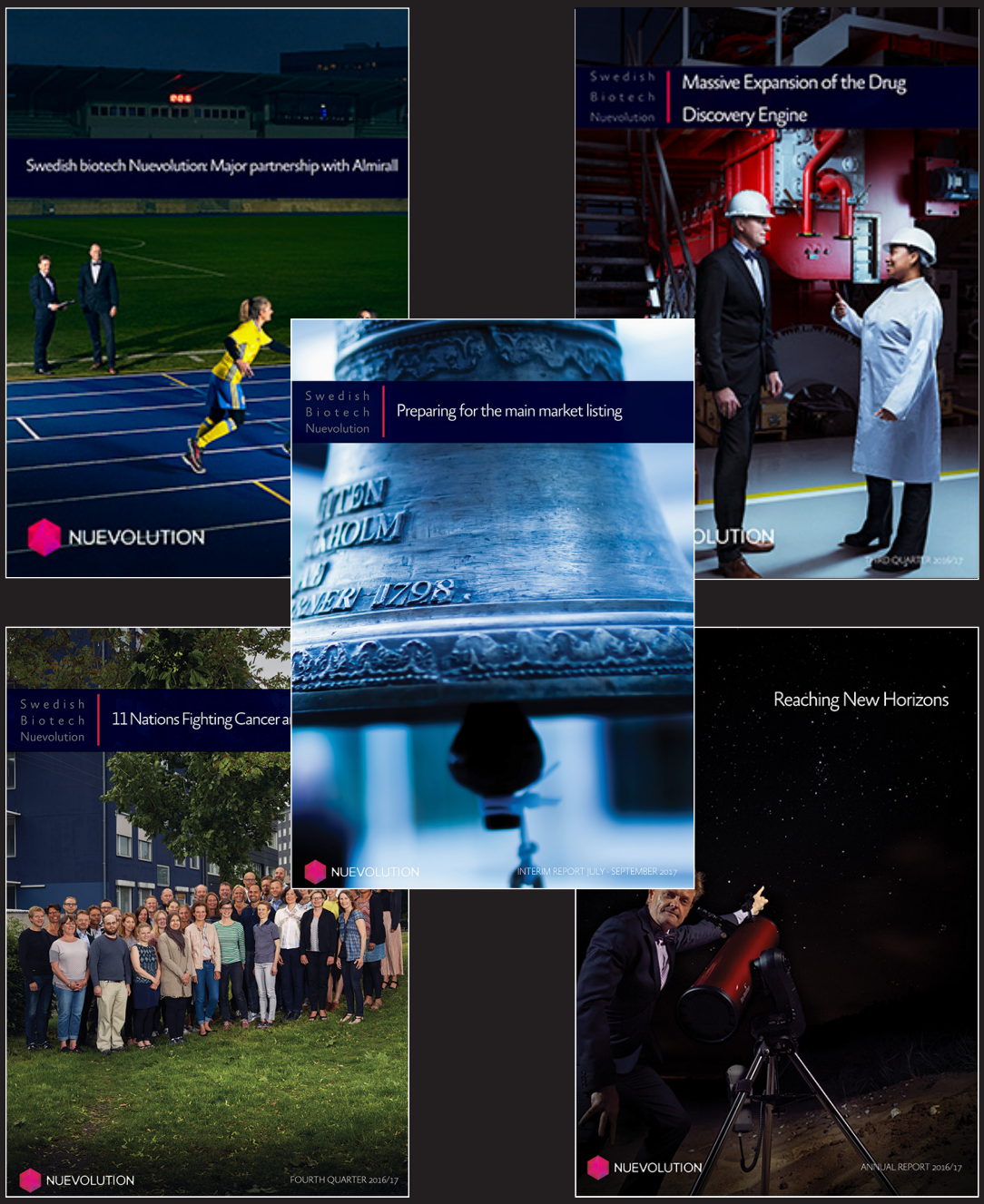

Subscribe at:

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

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